Office of the Inspector General
U.S. Department of Justice

Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the New Mexico Crime Victims Reparation Commission Albuquerque, New Mexico

Audit Division GR-60-17-006 April 2017

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA GRANTS AWARDED TO THE NEW MEXICO CRIME VICTIMS REPARATION COMMISSION ALBUQUERQUE, NEW MEXICO

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of six Office of Justice Programs (OJP) Office for Victims of Crime (OVC) *Victims of Crime Act* (VOCA) grants awarded to the New Mexico Crime Victims Reparation Commission (CVRC), located in Albuquerque, New Mexico. CVRC was awarded $21,426,962 under VOCA Victim Assistance Grant Numbers 2013-VA-GX-0070, 2014-VA-GX-0059, and 2015-VA-GX-0053, and VOCA Victim Compensation Grant Numbers 2013-VC-GX-0052, 2014-VC-GX-0038, and 2015-VC-GX-0049, to enhance crime victim services in New Mexico. As of August 2016, CVRC had drawn down $11,185,697 of the total grant funds awarded.

The objective of the audit was to evaluate how CVRC designed and implemented its crime victim assistance and compensation programs. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and accomplishment, grant financial management, and monitoring of subrecipients.

Overall, we found that CVRC used and managed its VOCA funding to enhance crime victim services. Our audit did not identify any significant concerns regarding CVRC's VOCA subaward allocation plan, subrecipient monitoring, performance reports, or drawdown process. However, we did find four instances in which CVRC reimbursed victims for medical marijuana purchases. While medical marijuana is permissible under New Mexico law, it is a banned substance under federal law. As a result of these deficiencies, we identified $7,630 in total questioned costs.

Our report contains one recommendation to OJP to remedy the unallowable costs for medical marijuana purchases. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with CVRC officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from OJP and CVRC, and their responses are shown in Appendix 3 and 4.

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA GRANTS AWARDED TO THE NEW MEXICO CRIME VICTIMS REPARATION COMMISSION ALBUQUERQUE, NEW MEXICO

TABLE OF CONTENTS

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA GRANTS AWARDED TO THE NEW MEXICO CRIME VICTIMS REPARATION COMMISSION ALBUQUERQUE, NEW MEXICO

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of six Office of Justice Programs (OJP) Office for Victims of Crime (OVC) *Victims of Crime Act* (VOCA) grants awarded to the New Mexico Crime Victims Reparation Commission (CVRC), located in Albuquerque, New Mexico. We audited VOCA Victim Assistance Grant Numbers 2013-VA-GX-0070, 2014-VA-GX-0059, and 2015-VA-GX-0053, and VOCA Victim Compensation Grant Numbers 2013-VC-GX-0052, 2014-VC-GX-0038, and 2015-VC-GX-0049. As shown in Table 1, CVRC received a total of $21,426,962 for the six awards under review.

Table 1

Victim Assistance and Compensation Grants Awarded to the New Mexico Crime Victims Reparation Commission

Grant Number	Award Date	Project Start Date	Project End Date	Award Amount
Victim Assistance Grants				
2013-VA-GX-0070	09/06/2013	10/01/2012	09/30/2016	$3,111,055
2014-VA-GX-0059	09/05/2014	10/01/2013	09/30/2017	$3,292,298
2015-VA-GX-0053	09/15/2015	10/01/2014	09/30/2018	$12,981,609
Victim Compensation Grants				
2013-VC-GX-0052	09/06/2013	10/01/2012	09/30/2016	$729,000
2014-VC-GX-0038	08/29/2014	10/01/2013	09/30/2017	$650,000
2015-VC-GX-0049	08/28/2015	10/01/2014	09/30/2018	$663,000
			Total:	**$21,426,962**

Source: OJP

Background

The Crime Victims Fund (CVF), established by VOCA in 1984, provides funding that supports state compensation and assistance services for victims of crime. Each year, states and territories receive victim assistance grant funds to support community-based organizations that serve crime victims. Victim assistance to crime victims includes crisis counseling, telephone and onsite information and referrals, criminal justice support and advocacy, shelter, and therapy. Additionally, funds may be used to develop new programs and address emerging needs, gaps in services, and training of victim service advocates. Victim compensation grants are made to enhance state victim compensation programs that provide financial assistance and reimbursement to victims for crime-related out-of-pocket expenses, including medical and dental care, counseling, funeral and burial expenses, and lost wages and income.

OVC annually distributes to states and territories proceeds from the CVF, which holds the fines, penalties, and bond forfeitures of convicted federal offenders. States and territories are required to give priority to programs serving victims of domestic violence, sexual assault, and child abuse. Additional funds must be set aside for "previously underserved" priority areas, as determined by the state administering agency.

CVRC is responsible for administering VOCA grants throughout New Mexico. CVRC was formed in 1981 under the *Crime Victims Reparation Act* to assist victims of violent crime with expenses incurred as a result of their victimization. To this end, CVRC provides compensation to victims, family, and dependents of deceased victims, and any individual who voluntarily assumes funeral or medical expenses of the victim. Eligible victims are those who have suffered physical injury or extreme mental distress as a result of one or more crimes as defined by the State of New Mexico. CVRC also administers victim assistance funding. This funding is subgranted to organizations throughout the State of New Mexico to enhance, expand, and develop programs to serve victims of crime. These services include counseling, providing shelter, assistance in filing compensation applications, crisis intervention services, and assistance with court proceedings.

OIG Audit Approach

The objective of the audit was to evaluate how CVRC designed and implemented its crime victim assistance and compensation programs. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and accomplishment, grant financial management, and monitoring of subrecipients.

We tested compliance with what we consider to be the most important conditions of the grants. OVC awards these grants in accordance with VOCA, the Victim Compensation Final Program Guidelines (Victim Compensation Guidelines), the Victim Assistance Grant Program Final Rule (Victim Assistance Guidelines), and the OJP and DOJ Financial Guides (Financial Guide).[1] These documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

State Program Implementation

In Fiscal Year (FY) 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than tripled the available funding from $745 million to $2.36 billion. As a result, OVC increased its annual VOCA victim

[1] The OJP Financial Guide governs the FY 2013 and 2014 grants in our scope, while the revised 2015 DOJ Financial Guide applies to the FY 2015 grants.

assistance grant to CVRC from $3.29 million in FY 2014, to $12.98 million in FY 2015.

VOCA Victim Assistance Subaward Allocation Plan

In response to the significant increase in FY 2015 funding available through the Crime Victims Fund, OVC's FY 2015 VOCA Victim Assistance Grant Solicitation required that state and territory applicants submit a preliminary plan for spending grant funds. In an attachment with its application for VOCA Victim Assistance Grant No. 2015-VA-GX-0053, CVRC indicated that it adopted a comprehensive statewide plan that outlined funding priorities and strategies for its VOCA victim assistance program. We reviewed the plan and found that CVRC planned to use the additional funding to increase subawards to existing subrecipients by 25 percent and to solicit new projects such as:

- Implementing victim advocates, counseling and victim coordinator positions within newly established Child Advocacy Centers throughout the state.
- Supporting and enhancing victim advocate positions within District Attorney's Offices throughout the state.
- Supporting victim advocate positions within law enforcement agencies throughout the state.
- Supporting and enhancing victim advocate positions with the Department of Corrections.
- Supporting the statewide victim notification systems with a victim coordinator to provide enhanced training to improve the provision of services to victims.

Victim Compensation Program Implementation

VOCA provides that the Director of OVC shall make an annual grant from the Crime Victims Fund to an eligible crime victim compensation program for 60 percent of the amount awarded during the preceding fiscal year. To help with this effort, OVC developed the Crime Victim Compensation State Certification Form to collect the financial data from the states. VOCA and the Victim Compensation Guidelines require each state crime victim compensation program to report all sources of state revenue available to the crime victim compensation program during the fiscal year. The amount of certified revenue, excluding VOCA funds, subrogation recoveries, and amounts awarded for property, must meet or exceed the amount of certified payments to crime victims. The total amount to be certified by the state program must include only those amounts paid from state funding sources to or on behalf of crime victims during the fiscal year. Without this information, OVC cannot accurately calculate the annual grant award amounts for VOCA state crime victim compensation programs.

As a result, we reviewed CVRC's most recent Crime Victim Compensation State Certification Form, and tested the amounts reported for: (1) total payments

to crime victims from all funding sources, (2) total payments to crime victims from victim compensation funds, and (3) total payments to crime victims/providers that were returned to the compensation program or never cashed. Based on our testing, we found CVRC's Crime Victim Compensation State Certification Form to be accurate and supported.

We also assessed the CVRC's implementation of its victim compensation program. To this end, we analyzed policies and procedures regarding the decision-making process for individual compensation claims, as well as what efforts have been made by CVRC to bring awareness to victims eligible for compensation program benefits. Based on our review of CVRC's victim compensation policies and procedures obtained during our audit, we found that CVRC's policies and procedures appear to be consistent with Victim Compensation Guidelines and OJP policy. Specifically, CVRC implemented policies and procedures for:

1. resolving conflicts of interest
2. processing victim compensation applications
3. approving, denying, and appealing of victim compensation claims

Additionally, we found CVRC encouraged and monitored efforts to bring awareness of victim compensation benefits by local community-based organizations receiving a victim assistance subaward from CVRC. Finally, we reviewed CVRC's website for information about its victim compensation program and found CVRC provided information on where to obtain a victim compensation application form and how to apply for victim compensation benefits.

Program Performance and Accomplishment

The primary objective of the VOCA victim assistance and compensation programs is to enhance crime victim services and support in the state. To help accomplish this, grantees are required to use 95 percent of the award funds to support eligible crime victim assistance and compensation programs that provide direct services and payments to crime victims. The remaining 5 percent is available to cover grantee administrative costs. In addition, the Victim Assistance Guidelines establish that a percentage of award funds must be allocated to priority and previously underserved victims. As the primary recipient of the award, the CVRC is responsible for monitoring the subrecipients and determining that all fiscal and programmatic requirements have been met.[2]

Program Goals and Objectives

Consistent with the goals of VOCA victim assistance and compensation programs, CVRC was awarded $19,384,962 under VOCA victim assistance and

[2] VOCA victim assistance awards should enhance crime victim services through competitive subawards to local community-based organizations. Primary recipients of these grants at the state or territory level must distribute the majority of the funding to local subrecipient organizations that provide direct services to victims.

$2,042,000 under VOCA victim compensation. According to CVRC, its goals and objectives of the VOCA funding included:

- Retaining core services for victims.
- Increasing support and services for victims.
- Increasing support and services for underserved populations, in a culturally appropriate manner.
- Providing culturally specific services and training to underserved communities based on factors such as race, ethnicity, language, sexual orientation, or gender identity.
- Enhancing or establishing services for victims of crime identified around the state as underserved.
- Providing basic and advanced training to systems that provide services to victims.
- Providing basic and advanced training to tribal victim services, tribal law enforcement, and tribal courts regarding services for victims in tribal communities.
- Providing comprehensive training to victim services, law enforcement, prosecution, and court personnel to encourage increased reporting, arrest and successful prosecution of perpetrators.
- Implementing evidence-based risk/danger assessments to identify and prioritize victims who are considered to be in relationships with a high risk of lethality.

Priority Area Funding Requirement

As the primary recipient of the award, CVRC is responsible for gathering information regarding priority and underserved victims. To this end, CVRC conducted a statewide survey and identified underserved populations as undocumented immigrants, Native Americans, and children; it also identified unserved populations such as lesbian, gay, bisexual, transgender, and questioning (LGBTQ), elderly, and disabled individuals. The Victim Assistance Guidelines also required state grantees to give priority to victims of sexual assault, domestic abuse, and child abuse by allocating 10 percent of each fiscal year grant to each of these specific categories of crime victims, or 30 percent in total. An additional 10 percent of each grant should be allocated to victims of violent crime who were "previously underserved." CVRC's implementation plan stated it would adhere to these guidelines. We reviewed and analyzed CVRC subaward allocations by subrecipient for FYs 2015 through 2017. Using CVRC's identification of subrecipient types, we calculated the percentage for each victim category and determined CVRC awarded funds to crime victims according to the mandated service priority areas.

Performance Reports

According to the Victim Assistance and Victim Compensation Guidelines, each state grantee is required to annually submit specific grant performance data on OVC-provided performance report. The Financial Guide requires that funding recipients should ensure that complete, accurate, and verifiable source documentation is available to support all data collected for each performance measure specified in the VOCA program solicitations. CVRC submitted annual performance reports for its VOCA victim assistance and compensation grants for FYs 2013 through 2016.[3] We reviewed program data for the most recent performance reports by obtaining supporting documentation to verify the CVRC's claims of achievement for selected data.

Victim Assistance Performance Reporting

As stated previously, in an effort to ensure subaward performance goals are achieved, CVRC as the primary grant recipient developed policies and procedures for monitoring programmatic subrecipient activities. Specifically, subrecipients are required to submit quarterly statistical reports. CVRC officials review these reports to measure the effectiveness of the activities carried out with grant funds and flag any reports that appear to contain statistical information that deviates from the subaward goals and objectives. After review, CVRC officials compile the information into the quarterly and annual reports to OVC, as required.[4] We reviewed CVRC's *FY 2016 Annual Victim Assistance Performance Report* covering the period October 1, 2015, through September 30, 2016. To validate the accuracy of CVRC's reported performance data, we reconciled CVRC-reported data to quarterly data reported by its subrecipients. We determined that the FY 2016 Annual Victim Assistance Performance Report was generally supported by documentation, with minor immaterial differences. Therefore, we make no recommendations in this area.

Victim Compensation Performance Reporting

We also reviewed CVRC's FY 2016 Annual Victim Compensation Performance Report covering the period October 1, 2015, through September 30, 2016. To validate the accuracy of CVRC's reported performance data, we reconciled CVRC-reported data to data found in its victim database. Based on our review, we did not find any data discrepancies with the FY 2016 Annual Victim Compensation Performance Report.

[3] The period of performance for both VOCA victim assistance and victim compensation grants is 4 years.

[4] During FY 2016, OVC began requiring state administering agencies submit quarterly performance data through a web-based Performance Measurement Tool (PMT).

Compliance with Special Conditions

Special conditions are the contractual terms and conditions that are included with DOJ grant awards. According to the Financial Guide, special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of federal funds, consultant rates, changes in key personnel, and proper disposition of program income. Failure to comply with special conditions may result in withholding of funds, suspension, or termination, as appropriate.

We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are related to the performance under the grants and are not addressed in another section of this report. For example, all six awards had a special condition requiring the recipient to collect and maintain information on race, sex, national origin, age, and disability of recipients of assistance, where such information is voluntarily furnished by those receiving assistance. Based on our analysis, we did not identify noncompliance with the grant special conditions we analyzed.

Grant Financial Management

According to the Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the CVRC's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and reviewed grant documentation to determine whether CVRC adequately safeguards the grant funds we audited. We also reviewed CVRC's most current Single Audit Report for FY 2015, which did not identify internal control weaknesses or significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the administration and management of these grants.

While our audit did not assess CVRC's overall system of internal controls, we did review the internal controls of CVRC's financial management system specific to the management of funds for each grant award during the grant periods under review. Based on our review, we found that CVRC generally had adequate internal controls to ensure that it complied with the grant requirements. However, we identified unallowable expenditures that we discuss separately in the Grant Expenditure sections of this report.

Drawdown Process

According to the Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. Award recipients should request funds based upon immediate disbursement or reimbursement requirements. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements to be made

immediately or within 10 days. According to CVRC officials, drawdowns are generally processed on a monthly basis. CVRC staff compiles the expenditure information and submits it to the New Mexico Department of Finance and Administration for processing. Table 2 shows the total amount requested for each grant as of August 2016.

Table 2

Amount Drawn Down For Each Grant
As of August 2016

Award Number	Total Award	Amount Drawn Down
2013-VA-GX-0070	$3,111,055	$3,064,603
2013-VC-GX-0052	$729,000	$729,000
2014-VA-GX-0059	$3,292,298	$3,088,328
2014-VC-GX-0038	$650,000	$649,800
2015-VA-GX-0053	$12,981,609	$3,653,966
2015-VC-GX-0049	$663,000	$0
Total:	**$21,426,962**	**$11,185,697**

Source: OJP

To assess whether CVRC managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures reported in the accounting system and accompanying financial records. From our review we did not identify any deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to allowability of individual expenditures. Those deficiencies were explained in the Grant Expenditures section in this report.

Grant Expenditures

According to the Financial Guide, an allowable expense must be reasonable, properly allocated, and adequately supported. It also must comply with applicable policies and procedures. CVRC VOCA expenses fall into three overarching categories: (1) administrative expenses, (2) reimbursements to subrecipients, and (3) compensation payments to victims of crime. Table 3 details the administrative, subrecipient, and compensation expenses that the CVRC charged to the audited grants as of August 2016.

Table 3

Grant Expenditures

Grant Number	Expenditures			
	CVRC Administrative Expenditures	Subrecipient Payments	Victim Compensation Payments	Total
2013-VA-GX-0070	$155,552	$2,908,454	-	$3,064,006
2013-VC-GX-0052	$36,450	-	$692,550	$729,000
2014-VA-GX-0059	$148,123	$2,940,377	-	$3,088,500
2014-VC-GX-0038	$32,300	-	$617,500	$649,800
2015-VA-GX-0053	$117,943	$3,541,410	-	$3,659,353
2015-VC-GX-0049	$0	-	$0	$0

Source: CVRC's accounting system.

We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. The following sections describe the results of that testing.

CVRC Administrative Expenditures

The Victim Assistance and Victim Compensation Guidelines allow state recipients to retain 5 percent of award funds for grant administration and training for service providers and allocate the remainder to direct services for victims of crime. We reviewed the cumulative administrative expenditures for all awards and found that CVRC used no more than 5 percent of the funds for grant administration in accordance with the Victim Assistance and Victim Compensation Guidelines.[5]

Based on CVRC's accounting records as of August 2016, the CVRC incurred expenses in the following administrative categories: (1) personnel, (2) fringe benefits, (3) travel, (4) training, and (5) accountable property. We conducted testing on payroll transactions and associated fringe benefits for two non-consecutive pay periods, consisting of three grant-funded employees for each period. We traced personnel costs to timesheets and verified that labor charges were correctly computed, properly authorized, accurately recorded, and properly allocated to the grant. For the five awards for which CVRC reported administrative expenditures, we also tested a judgmental sample of 94 non-payroll administrative expenditures, totaling $334,131, and determined the claimed costs were reasonable, supported, and in accordance with the Victim Assistance and Victim Compensation Guidelines.

VOCA Victim Assistance Subrecipient Payments

For VOCA victim assistance awards, we judgmentally selected 31 payments to subrecipients totaling $449,102 from CVRC's general ledgers for Grant Numbers 2013-VA-GX-0070, 2014-VA-GX-0059, and 2015-VA-GX-0053, and determined that the costs charged to the victim assistance grants were properly approved,

[5] As of August 2016, CVRC had not incurred any expenses under Grant Number 2015-VC-GX-0049.

authorized, and charged to the grant in compliance with award terms and conditions.

Additionally, as stated earlier, we conducted site visits for 5 of 78 subrecipients who received a VOCA victim assistance subaward from CVRC and conducted additional expenditure testing at the subrecipient level. According to CVRC's monitoring policies and procedures, subrecipients are required to submit invoices on a quarterly basis, with the option of submitting invoices monthly. As a result, we selected invoice submissions totaling $128,599 for the periods of June 2015 and June 2016 for each of the 5 subrecipients selected. From the invoice submissions, we found that the subrecipient expenditures consisted primarily of personnel and fringe benefits expenditures, supplies, and travel. We reviewed and determined that the expenditures listed in the invoice submissions were generally supported by documentation and allowable, with minor immaterial differences. Therefore, we make no recommendations in this area.

VOCA Victim Compensation Payments

For the victim compensation awards, we selected and reviewed 25 transactions from Grant Number 2013-VC-GX-0052, totaling $232,567; and 25 transactions from Grant Number 2014-VC-GX-0038, totaling $195,747.[6] Although we did not identify issues with the timeliness of the claim or supporting documentation for any of the sampled transactions, we did find grant funds were used to reimburse a victim for medical marijuana in the amount of $4,663. We inquired as to any other medical marijuana purchased with federal funding and CVRC self-reported additional transactions totaling $2,966. While medical marijuana is legal in the State of New Mexico, federal law does not recognize or protect the possession or use of medical marijuana.[7] As a result, medical marijuana is an unallowable expenditure and cannot be paid for with federal grant funds. CVRC officials agreed with this finding and have implemented policies and procedures to pay for these expenses using state funds in the future. We recommend that OJP remedy the $7,630 in unallowable victim compensation payments for medical marijuana.[8]

VOCA Victim Assistance - Subrecipient Matching Contributions

In accordance with the Victim Assistance Guidelines, CVRC requires matching contributions to increase the amount of resources available to the projects supported by VOCA victim assistance grants. CVRC informs its subrecipients of the match requirement in its subaward solicitations. For the five subrecipients in our

[6] As of August 2016, CVRC had not incurred any expenses under Grant Number 2015-VC-GX-0049.

[7] Under the federal *Controlled Substance Act of 1970*, marijuana is classified as a Schedule I substance. By definition, Schedule I drugs have a high potential for abuse and dependency, with no recognized medical use or value. Any marijuana possession, cultivation, or use is a federal crime, subjecting a defendant to fines, prison time, or both.

[8] The difference between the individual amounts and total is due to rounding.

sample, each tracked and allocated matching contributions on a monthly basis. We analyzed the application of match by selecting the associated matching contributions for the sampled invoice submissions noted in the previous section. We determined that subrecipient matching contributions were generally supported by documentation and allowable, with minor immaterial differences. Therefore, we make no recommendations in this area.

Financial Reporting

According to the Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. Recipients must file the Federal Financial Report (FFR) no later than 30 days after the end of the quarter, with the final FFR due within 90 days after the end date of the award. To determine whether CVRC submitted accurate FFRs, we compared the four most recent reports to CVRC's accounting records for each grant. We determined that quarterly and cumulative expenditures for the reports reviewed generally matched the accounting records, with minor immaterial differences. Therefore, we make no recommendations concerning federal financial reports.

Monitoring of Subrecipients

The Financial Guide states that the purpose of subrecipient monitoring is to ensure that grant funds are spent in accordance with the federal program and grant requirements, laws, and regulations, and ensure the subaward performance goals are achieved. Further, CVRC as the primary grant recipient should develop systems, policies, and procedures to ensure that all fiscal and programmatic subrecipient activities are conducted in accordance with these requirements. Additionally, the primary recipient should ensure that subrecipients are appropriately monitored. The Financial Guide also provides mechanisms that grantees may use to monitor subrecipients. These mechanisms include:

- Reviewing monthly financial and performance reports submitted by the subrecipient.

- Performing subrecipient site visits to examine financial and programmatic records and observe operations.

- Reviewing detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports.

- Regularly communicating with subrecipients and appropriate inquiries concerning program activities.[9]

To assess how well the CVRC monitored its VOCA subrecipients, we interviewed CVRC and subrecipient personnel, identified CVRC monitoring procedures, and obtained records of interactions between the CVRC and its subrecipients. According to CVRC, grant monitoring is performed periodically throughout the pre and post-award period to ensure that all subrecipients adhere to the programmatic and financial guidelines in a manner that is consistent with the approved subaward. To this end, CVRC developed detailed written subrecipient monitoring policies and procedures. These policies and procedures include pre-award programmatic and financial compliance review, review of the subrecipients' quarterly and annual progress reports, programmatic and financial and programmatic desk reviews, and site visits.

According to its monitoring procedures, CVRC requires its subrecipients to complete and submit invoices, which detail expenses for the month. Subrecipients must also attach supporting documents, such as receipts and proof of payment, for these reported expenses. CVRC officials compare the reimbursement request to the supporting documents to ensure that the amounts both reconcile to the expenses claimed and are allowable based on the subrecipient budget. If CVRC finds that all costs claimed were allowable and reconcile, it approves the reimbursement request for payment. We found that the CVRC had records on its subrecipient expenses and activities, and we noted evidence of CVRC officials reconciling and recalculating invoiced amounts, and initiating and responding to questions about expenditures contain in the submitted invoices.

CVRC also requires subrecipients to submit quarterly statistical reports. CVRC officials review these reports to measure the effectiveness of the activities carried out with grant funds and flag any reports that appear to contain statistical information that deviates from the subaward goals and objectives. As part of the programmatic review, CVRC officials evaluate the work performed under the subaward and reconcile this information against the quarterly programmatic reporting. We obtained examples of statistical reports and found evidence that the CVRC officials reviewed these reports for completeness and accuracy.

Site visits provide CVRC with an opportunity to obtain first-hand observations of subrecipient performance from assessing adminstrative and organizational capacity to inspecting actual work funded through the subaward. Each year, CVRC establishes the percentage of all subrecipients who will receive site visits. Site visits are determined based on the following factors: (1) subrecipients with unfavorable audits who require increased monitoring; (2) subrecipients who have repeated errors with their financial and/or programmatic reporting;

[9] The 2015 DOJ Financial Guide expanded on the previous versions of the OJP Financial Guides by requiring that subrecipient monitoring by the pass-through entity must include: (1) reviewing financial and performance reports submitted by the subrecipient; (2) following up and ensuring the subrecipient takes action to address deficiencies found through audits, onsite reviews, and other means; and (3) issuing a management decision for audit findings pertaining to the award.

(3) subrecipients who request technical assistance; (4) subrecipients with large awards who have not received a site visit within the past three years. CVRC provided us with a listing of all site visits conducted during the scope of our audit. Between July 2013 and August 2016, we found that CVRC conducted 33 site visits.

We obtained an example of a subrecipient site visit report. During a site visit, CVRC officials conducted both a programmatic and financial review to assess subrecipient compliance with administrative, programmatic, and financial guidelines. We found that CVRC site visits included tracing data contained in selected VOCA files to data reported in the subrecipients' statistical report submission to ensure that reported data was complete. Additionally, CVRC reviewed reported statistical data supported the overall goals and objectives of the subaward. Further, CVRC site visits traced tested expenditures to supporting documentation and ensured that expenditures were included in the approved subaward budget. Finally, we found that CVRC made recommendations for improvement to strengthen the services provided by the subrecipient.

Finally, we conducted our own site visits to 5 of 78 subrecipients who received a VOCA victim assistance subaward from CVRC. During these site visits, we interviewed subrecipient officials to discuss CVRC monitoring efforts and their interactions with CVRC. Based on our interviews, we determined that CVRC officials are in regular contact with the subrecipients either by telephone, e-mail, or in-person meetings. In our judgment, CVRC's subrecipient monitoring efforts appear adequate.

Conclusion

Based on the results of our audit, we concluded that CVRC generally managed the grants appropriately and demonstrated adequate progress towards achieving the grants' stated goals and objectives; however, we determined that CVRC did not always ensure that grant funding was used for allowable purposes. Specifically, CVRC reimbursed victims for medical marijuana purchases; while medical marijuana is permissible under New Mexico law, it is a banned substance under federal law. As a result of these deficiencies, we identified $7,630 in total questioned costs. We provide one recommendation to OJP to address this deficiency.

Recommendation

We recommend that OJP:

1. Remedy $7,630 in unallowable victim compensation payments for medical marijuana.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to evaluate how CVRC designed and implemented its crime victim assistance and compensation programs. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and accomplishment, grant financial management, and monitoring of subrecipients.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of Office of Justice Programs (OJP) grants awarded to the New Mexico Crime Victims Reparation Commission (CVRC) under the *Victims of Crime Act* (VOCA) Victim Assistance and Victim Compensation grant programs:

- 2013-VA-GX-0070, awarded for $3,111,055
- 2013-VC-GX-0052, awarded for $729,000
- 2014-VA-GX-0059, awarded for $3,292,298
- 2014-VC-GX-0038, awarded for $650,000
- 2015-VA-GX-0053, awarded for $12,981,609
- 2015-VC-GX-0049, awarded for $663,000

As of August 24, 2016, CVRC had drawn down $11,185,697 of the total grant funds awarded. Our audit concentrated on, but was not limited to October 2012 through September 2016.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of CVRC's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel expenditures and fringe benefit charges, subrecipient expenditures, and compensation payments to victims of crime. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP and DOJ Financial Guides, the Victim Compensation Guidelines, the Victim Assistance Rule, CVRC Policies and Procedures, and the award documents contain the primary criteria we applied during the audit. We also reviewed CVRC's most recent Single Audit Report for 2015.

During our audit, we obtained information from OJP's Grant Management System (GMS) as well as CVRC's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS[10]	Amount	Page
Unallowable Costs		
Unallowable reimbursements for medical marijuana paid with grant funds	$7,630	10
TOTAL QUESTIONED COSTS	**$7,630**	

[10] **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

APPENDIX 3

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION RESPONSE TO THE DRAFT AUDIT REPORT[11]

STATE OF NEW MEXICO
CRIME VICTIMS REPARATION COMMISSION

SUSANA MARTINEZ
GOVERNOR

FRANK ZUBIA
DIRECTOR

ROBIN BRASSIE
DEPUTY DIRECTOR

April 7, 2017

David M. Sheeren
Regional Audit Manager
Denver of the Inspector General
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, Colorado 80203

Dear Mr. Sheeren:

On behalf of the Crime Victim Reparation Commission, we are pleased to provide the following response and requested information in regard to the draft recommendation by the Office of Inspector General (OIG).

We appreciate the auditor's thoroughness when conducting this audit and we acknowledge the issue they have identified. This awareness has assisted us in making necessary improvements in certain financial management practices. As a minor clerical error, we want to clarify that on page 4, second paragraph, 3 lines from the bottom, CVRC is misspelled "CRVC".

CVRC concurs with the recommendation in the draft report and we hereby provide the following response for your review:

CVRC response to "Recommendation"

At the commencement of the audit period, the New Mexico Crime Victims Reparation Commission informed the OIG Auditor of four instances where federal funds were inadvertently used for the reimbursement of medical marijuana; which is a banned substance under federal law, but permissible under New Mexico law. These expenditures totaled $7,630.00 and were recommended/prescribed by a physician. It was the OIG Auditor who recommended that the CVRC administration submit a written procedure that would ensure federal funds would not be used for those reimbursements in the future. A written procedure was implemented and submitted to the OIG Auditor on the same day.

6200 UPTOWN BLVD. NE, SUITE 210 • ALBUQUERQUE, NM 87110
OFFICE (505) 841-9432 • FAX (505) 841-9437 • TOLL FREE 1-800-306-6262
Website: www.cvrc.state.nm.us • E-mail: cvrc.office@state.nm.us

[11] Attachments to this response were not included in this final report.

Implemented Procedure:

Special Payment Procedure

For expenses that will be paid by State funds, State Investigators (SI) and the Financial Department will adhere to the following instructions:

State Investigators:

- State Investigators will enter the information according to expense into the CVRC database.
- These expenses will be indentified "type of service" in database as property loss, rent and relocation, alternative medicine and medical cannibas.
- Supporting documentation is required on all these special payment procedures (i.e., contracts, leases, receipts, invoices and medical prescription/recommendation(s) etc.)
- Information is then provided to financial department for processing.

Financial Department:

- Chief Financial Officer (Fincial Department) will assign the appropriate funding code (state or federal money) and will proceed with regular payment process.

We have remedied the recommendation by reimbursing the federal grant award for 2014-VC-GX-0038 and reallocated the amount of $7,629.60 to another allowable victim expenditure. Source documentation is attached for review. The recommendation will be considered resolved by our agency, but will remain open until the final audit report is completed.

The New Mexico Crime Victims Reparation Commission agrees with the OIG's recommendation and we have used this opportunity to make internal procedural changes to ensure that this issue is avoided in the future. Our staff is passionate and conscientiously committed to serving victims in our state and we would be happy to respond to any questions or provide additional information in this regard.

Sincerely,

Frank Zubia
Director
New Mexico Crime Victim Reparation Commission

Enclosures:

APPENDIX 4

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT

U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

APR 1 0 2017

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the New Mexico Crime Victims Reparation Commission, Albuquerque, New Mexico*

This memorandum is in reference to your correspondence, dated March 14, 2017, transmitting the above-referenced draft audit report for the New Mexico Crime Victims Reparation Commission (CVRC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **one** recommendation and **$7,630** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendation. For ease of review, the recommendation directed to OJP is restated in bold and is followed by our response.

We recommend that OJP remedy $7,630 in unallowable victim compensation payments for medical marijuana.

OJP agrees with this recommendation. However, CVRC provided OJP with a copy of its April 7, 2017, response to the draft audit report. In its response, CVRC provided documentation to support that the $7,630 in unallowable victim compensation payments for medical marijuana, which were reimbursed under grant number 2014-VC-GX-0038, were removed from the grant and reallocated to another allowable victim compensation expenditure paid with state funding. In addition, CVRC implemented new procedures to ensure that victim compensation payments reimbursed for medical marijuana purchases are paid from state funds in the future. We believe these corrective actions are sufficient to address the recommendation. Accordingly, the Office of Justice Programs requests closure of this recommendation.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Lara Allen
Senior Advisor
Office of the Assistant Attorney General

Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment and Management

Marilyn Roberts
Acting Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Kristina Rose
Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Toni Thomas
Associate Director
State Compensation and Assistance Division
Office for Victims of Crime

DeLano Foster
Lead Victim Justice Program Specialist
Office for Victims of Crime

Joel Hall
Victim Justice Program Specialist
Office for Victims of Crime

APPENDIX 5

OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS CLOSING THE REPORT

The Office of the Inspector General (OIG) provided a draft of this audit report to the New Mexico Crime Victims Reparation Commission (CVRC) and Office of Justice Programs (OJP). CVRC's response appears in Appendix 3 and OJP's response appears in Appendix 4. In response to our draft audit report, CVRC and OJP concurred with our recommendation and provided information sufficient to close this report. The following provides the OIG analysis of the responses.

Recommendation:

1. Remedy $7,630 in unallowable victim compensation payments for medical marijuana.

Closed. Both OJP and CVRC concurred with our recommendation. In its response, CVRC provided documentation to support that the $7,630 in unallowable victim compensation payments for medical marijuana, which were reimbursed under Grant No. 2014-VC-GX-0038, were removed from the grant and reallocated to another allowable victim compensation expenditure paid with state funding. In addition, CVRC implemented new procedures to ensure that victim compensation payments reimbursed for medical marijuana purchases are paid from state funds in the future.

We reviewed the documentation and determined it adequately addressed our recommendation.

The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at www.justice.gov/oig/hotline or (800) 869-4499.

Office of the Inspector General
U.S. Department of Justice
www.justice.gov/oig