



**OFFICE OF JUSTICE PROGRAMS
OFFICE FOR VICTIMS OF CRIME
GRANTS AWARDED TO THE NEW JERSEY
VICTIMS OF CRIME COMPENSATION OFFICE
NEWARK, NEW JERSEY**

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

Audit Report GR-70-12-006
May 2012

**OFFICE OF JUSTICE PROGRAMS
OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO THE
NEW JERSEY VICTIMS OF CRIME COMPENSATION OFFICE
NEWARK, NEW JERSEY**

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Victims of Crime Act (VOCA) Compensation grant numbers 2005-VC-GX-0037, 2007-VC-GX-0041, and 2008-VC-GX-0056, awarded by the U.S. Department of Justice, Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the New Jersey Victims of Crime Compensation Office (NJVCCO). The main purpose of the grants was to help reduce the financial burden incurred by victims of violent crime and their families through payment for items such as medical and hospital related expenses, counseling, funeral and burial expenses, or loss of income related to the crime.

The objective of this audit was to determine whether reimbursements claimed for costs under the grants were allowable and supported. In addition, we evaluated program performance and accomplishments.

We determined that NJVCCO generally complied with the grant requirements we tested and all tested expenditures were found to be allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants.

The results of our audit are discussed in detail in the Conclusions section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

We provided a copy of the draft report to both NJVCCO and OJP for their review and comment. The NJVCCO response is included as Appendix II of this report, and the OJP response is included as Appendix III.

Both NJVCCO and OJP acknowledged the report, but because there were no findings or recommendations in the report, neither agency provided further comment.

Because this report contains no audit recommendations, this audit report is closed.

TABLE OF CONTENTS

INTRODUCTION	1
Office of Justice Programs	1
Office for Victims of Crime	2
New Jersey Victims of Crime Compensation Office	2
Audit Approach	3
FINDINGS	4
Internal Control Environment	4
Grant Expenditures	5
Requests for Grant Funding	7
Budget Management and Control.....	8
Reporting.....	9
Program Performance and Accomplishments	10
Compliance with Grant Requirements.....	10
Conclusions.....	10
APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY	11
APPENDIX II – NEW JERSEY VICTIMS OF CRIME COMPENSATION OFFICE TO THE DRAFT AUDIT REPORT .	12
APPENDIX III –OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT	13

INTRODUCTION

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Victims of Crime Act (VOCA) Compensation grant numbers 2006-VC-GX-0037, 2007-VC-GX-0041, and 2008-VC-GX-0056, awarded by the U.S. Department of Justice Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the New Jersey Victims of Crime Compensation Office (NJVCCO). Between October 1, 2005 and October 7, 2007, the NJVCCO received three grants totaling \$15,920,000.¹ The main purpose of the grants was to help reduce the financial burden of victims of violent crime and their families through payment for items such as medical and hospital related expenses, counseling, funeral and burial expenses, or loss of income related to the crime.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable and supported. In addition, we evaluated program performance and accomplishments. Our audit covered award activities from October 2005 through December 2008.

As shown in the table below, the NJVCCO was awarded a total of \$15,920,000.

OFFICE FOR VICTIMS COMPENSATION AWARDS TO NJVCCO

AWARD	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2006-VC-GX-0037	10/01/05	09/30/09	\$ 5,620,000
2007-VC-GX-0041	10/01/06	09/30/10	6,124,000
2008-VC-GX-0056	10/01/07	09/30/11	4,176,000
Total			\$15,920,000

Source: OJP

Office of Justice Programs

The Office of Justice Programs (OJP), within the U.S. Department of Justice, provides the primary management and oversight of the grants we

¹ NJVCCO was transferred from the New Jersey Department of Treasury to the New Jersey Department of Law & Public Safety during the time grant 2008-VC-GX-0056 was being spent. Because of this transfer, OJP required NJVCCO to return the remainder of grant funds and reapply. Subsequently, NJVCCO was awarded the remainder of funds under grant 2008-VC-GX-4056. Since this new grant technically was an extension of the original one, unless otherwise noted in the report, we will refer to both grants under the original grant number 2008-VC-GX-0056.

audited. Through the programs developed and funded by its bureaus and offices, OJP works in partnership with the justice community to provide information, training, coordination, and innovative strategies and approaches for addressing crime-related challenges confronting the justice system.

Office of Victims of Crime

The Office for Victims of Crime (OVC) is one of five bureaus and one office with grant making authority within OJP. OVC was established by the 1984 Victims of Crime Act (VOCA) to oversee diverse programs that benefit victims of crime. The OVC administers the Crime Victim Compensation formula grant program and awards a grant to each state, the District of Columbia, the U.S. Virgin Islands, Guam, and Puerto Rico annually to support state crime victim compensation programs.

New Jersey Victims of Crime Compensation Office

The New Jersey Victims of Crime Compensation Office (NJVCCO) is located in Newark, New Jersey. The NJVCCO's mission is to provide compensation to innocent victims of violent crime for some expenses they suffer as a result of a crime.

The NJVCCO was formerly called the New Jersey Victims of Crime Compensation Board (VCCB) that acted as an independent organization that was administratively within the New Jersey Department of Law and Public Safety. In August 2007, the VCCB was abolished and replaced with the New Jersey Victims of Crime Compensation Agency (VCCA). VCCA was also moved to the New Jersey Department of Treasury and no longer acted as an independent agency. In January 2008, the VCCA was renamed yet again when it was transferred back to the Department of Law and Public Safety and named the NJVCCO.

During FY 2008, NJVCCO paid 1,766 victim compensation claims totaling \$10,265,598.² Assaults, which included domestic violence related claims, accounted for 63 percent of the total claims paid that year by NJVCCO.

² According to NJVCCO, funding sources include: (1) assessments paid by defendants in various criminal and municipal courts throughout the state, (2) fees generated from prisons and jail commissaries, and (3) federal grants.

Audit Approach

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audited against were contained in the OJP Financial Guide and the award documents. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard awarded funds and ensure funds are used appropriately. We tested the NJVCCO's:

- **Internal control environment** to determine whether the internal controls in place for the processing and payment of victim compensation claims were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant.
- **Grant expenditures** to determine whether costs charged to the grants were allowable and supported.
- **Requests for grant funds** to determine whether the NJVCCO's requests for funding reimbursements or advances were adequately supported, and if NJVCCO managed grant receipts in accordance with federal requirements.
- **Budget management and control** to determine whether the grantee adhered to the OJP-approved budget for expenditures of grant funds.
- **Reporting** to determine whether the required Financial Status Reports and progress reports were filed on time and accurately reflected grant activity.
- **Program performance and accomplishments** to determine whether the NJVCCO achieved grant objectives and to assess performance and grant accomplishments.
- **Compliance with other grant requirements** to determine whether NJVCCO complied with the terms and conditions specified in the individual grant award documents.

When applicable, we also test for compliance in the areas of program income, matching funds, and monitoring of subrecipients and contractors. For these grants, we determined that NJVCCO generated no program income, matching funds were not required, and no subrecipients or contractors were paid with grant funds.

FINDINGS

COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS

We determined that NJVCCO generally complied with grant requirements in the areas we tested. We found that there were policies and procedures in place to ensure proper use of grant funding, and all grant related expenditures were allowable and supported with proper documentation.

Internal Control Environment

We began this audit by developing an understanding of the internal controls the NJVCCO employed for the processing and payment of victim compensation claims, in order to ensure these controls were consistent with the terms and conditions of the grants we audited. We interviewed grant officials and requested data from the accounting and claims processing systems to determine whether controls were designed to properly account for grant funds.

An important aspect of processing claims is to have policies and procedures in place to ensure consistent treatment of victim compensation claims that result in allowable and supportable payments. We interviewed staff who were directly involved in the processing of claims and they told us that there was a written procedure manual developed many years ago but it has not been continually updated.

These staff members also told us current procedures include a combination of this outdated manual as well as other unwritten procedures developed over the years that they described for us in detail. The Executive Director told us the NJVCCO is in the process of updating and revising the manual for processing claims.

We reviewed 225 claims and determined that the procedures described to us were followed by the staff when providing payment for these claims, and that all related expenditures were allowable and supported with proper documentation. A detailed summary of our testing can be found below.

Grant Expenditures

Testing

For the three grants we audited, the NJVCCO's accounting system records contained over 10,000 grant-related transactions associated with more than 3,000 claims for victim compensation. Of these, we selected a statistical sample of 1,061 transactions, related to 225 claims, totaling \$1,842,600. We performed testing in order to determine whether expenditures made with funds from these grants were allowable according to the terms of the grants, supported with proper documentation, and reasonable.

We reviewed case files associated with each of the claims in order to determine whether payments were properly supported by a complete investigation of the claim. As part of our testing, we reviewed the supporting documents that NJVCCO used to calculate the payment amount and establish victim eligibility. These supporting documents included, but were not limited to, death certificates, police reports, and medical bills.

In all of the 225 case files we reviewed, we determined that the expenditures were allowable and supported with proper documentation.

Administrative

According to the VOCA Crime Victim Compensation Program guidelines, grantees may retain up to 5 percent of each year's grant for administrative costs to expand, enhance, or improve the state's previous level of effort in administering the VOCA grant program at the state level and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state. Further, the grantee is required to submit a statement to OVC that reports the amount of the total grant award that will be allocated to administrative costs. We determined the NJVCCO submitted the required statement for each of the grants we reviewed.³ The following table describes the NJVCCO's use of funds for administrative costs.

³ Although NJVCCO submitted the required statement for the use of administrative funds for grant 2008-VC-GX-0056, during our fieldwork, they had not yet obligated any funds.

NJVCCO Administrative Costs

Category	Grant 2006-VC-GX-0037	Grant 2007-VC-GX-0041
Salaries	\$ 276,374	\$ 279,580
Office Furniture	4,363	0
Equipment	264	8,332
Temporary Personnel	0	18,274
Total	\$ 281,001	\$306,186

Source: NJVCCO's accounting records

Property

For both grants, the NJVCCO expended a total of \$12,959 for office furniture and computer related equipment. The NJVCCO provided us with purchase orders and invoices for all related expenditures and in reviewing the documentation, we determined the expenditures were allowable in accordance with New Jersey State guidelines and properly supported. We physically inspected each piece of property and compared identification numbers to the inventory records and determined that each item was properly documented in the NJVCCO's inventory records, was properly accounted for, and was being used as intended.

Personnel

According to VOCA program guidelines, administrative grant funds can only support that portion of a staff person's time devoted to the VOCA program and if the staff person has other functions, the proportion of their time spent on the VOCA assistance program must be documented using regular time and attendance records. Further, the documentation must provide a clear audit trail for the expenditure of grant funds.

The NJVCCO obligated a total of \$574,228 in administrative costs related to personnel for grants 2006-VC-GX-0037 and 2007-VC-GX-0041. These costs included full-time State employees as well as contracted temporary personnel. The NJVCCO provided us with time and attendance sheets that supported temporary personnel costs of \$18,274. The documentation included the following: total gross salary paid, number of hours worked, appropriate supervisory signatures, and the department in which the person worked. Based on this documentation, we determined that the expenditures were allowable in accordance with VOCA guidelines.

Staff salaries accounted for a total of \$555,954 in administrative costs. We requested time and attendance sheets related to all salaried personnel that were paid with grant funds. According to grant officials, all funds allocated to salaries were pooled into the total agency (NJVCCO) salaries for the particular fiscal year. We were also told that all of the employees that work for the NJVCCO work on providing compensation to victims of crime.

We tested salaries by comparing total salaries paid during the grant activity period to the total amount of grant funding applied to salaries during that same period. We also reviewed all payroll documentation for all employees paid during the same time frame.

We determined for 2006-VC-GX-0037 that grant funds were used to pay for all victim compensation claims between October 2006 and May 2007. During this period, the NJVCCO incurred \$1,792,267 in total salaries, of which grant funds supported \$276,374, which represents 15.4 percent of the total salaries paid during that period.

We determined for 2007-VC-GX-0041 that grant funds were used to pay for all victim compensation claims between May 2007 and April 2008. During this period, the NJVCCO incurred \$2,318,723 in total salaries, of which grant funds supported \$279,580, which represents 12 percent of the total salaries paid during that period.

We determined that all grant funds used for administrative costs were allowable according to the program guidelines and adequately supported.

Requests for Grant Funding

The OJP Financial Guide establishes the methods by which the Department of Justice makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee. Grantees may request grant funding on a reimbursable basis or in advance of making actual outlays. However, if grant funding is requested as an advance, the grantee must ensure that cash on hand is kept to a minimum and disbursed immediately or within 10 days.

We determined that between January 2007 and November 2008, the NJVCCO requested and received grant funding totaling \$14,168,060.

According to the NJVCCO officials, funding requests were typically done quarterly and as reimbursements. We compared the requests for funding to the accounting records and determined that for grants

2006-VC-GX-0037 and 2008-VC-GX-0056, the NJVCCO requested grant funding on a reimbursable basis.

However, for grant 2007-VC-GX-0037, OJP determined that the NJVCCO had excess cash on hand between May 2007 and January 2008. This occurred because the NJVCCO requested the entire grant award amount of \$6,124,000 in May 2007 and expended only \$1,538,151 for the reporting period ending June 2007.

OJP worked with the NJVCCO to refund the excess cash on hand and the issue was resolved by January 2008. The NJVCCO's request for the remainder of the grant's funds was on a reimbursement basis.

There have been no funding requests for the second half of the 2008 grant (2008-VC-GX-4056).

Budget Management and Control

VOCA funds supplement state efforts to compensate crime victims. The formula for VOCA compensation grants to states is based on a percentage of state payments to crime victims from the previous year (currently 60 percent). Also, as described earlier in this report, grantees may retain up to 5 percent of each year's grant for administrative costs.

Because all three grants were considered formula grants, the NJVCCO was not required to submit budgets for approval. However, it was required to submit an annual Crime Victim Compensation State Certification Form. The information reported on these forms was used to calculate the annual formula grant amount. We determined that the NJVCCO submitted the required forms.

As described in the Expenditure section of this report, we determined that the NJVCCO submitted the required statements for the use of 5 percent of total grant funds for administrative costs. We further determined that the funds obligated for administrative costs were allowable by the program guidelines and adequately supported.

Reporting

Financial Status Reports

OJP monitors the financial aspects of grants through Financial Status Reports (FSRs).⁴ FSRs provide OJP grant managers current and cumulative information on expenditures and obligations on a quarterly basis and are one way OJP monitors grants. According to the OJP Financial Guide, FSRs should be submitted within 45 days of the end of the most recently passed quarterly reporting period.

Between May 2006 and May 2009, the NJVCCO submitted a total of 24 FSRs for the three grants. We tested these FSRs for accuracy and timeliness.

By comparing the amount of total expenditures reported on the FSRs with expenditure data from the accounting records maintained by the NJVCCO, we determined that all FSRs accurately reflected grant related activities.

We also found that the NJVCCO submitted all of the required FSRs for all three grants, and that of the 24 FSRs required, 22 were timely and 2 were immaterially late.

Progress Reports

According to the VOCA program guidelines, grantees are required to submit an annual performance report. The reports request specific information about claims for compensation, such as types of crimes compensated, disposition of claims, payments for compensable expenses, and use of funding for administrative purposes. The performance report covers the federal fiscal year ending September 30 and is due to OVC by December 30 of the same year.

We reviewed the three progress reports submitted by the NJVCCO during the grant periods audited for accuracy and timeliness. We determined the information contained in these reports was consistent with financial and other documents related to the grants. We also determined all three reports were submitted on time.

⁴ These reports are no longer called Financial Status Reports. Effective for the quarter beginning October 1, 2009, grant recipients report expenditures online using the Federal Financial Report (FFR-425) Form no later than 30 days after the end of each calendar quarter.

Program Performance and Accomplishments

As part of this audit, we measured the NJVCCO's success in meeting grant objectives. The general objectives of the VOCA program, as described in the grant award documents, were to provide compensation to Federal and State victims of crime. The compensation covers crime related expenses such as medical, mental health, loss of support or earnings, funeral expenses, housing, and relocation costs. The NJVCCO specified that it would use 5 percent of the grant awards for administrative costs to include salaries, information technology, and operations.

Based on our testing of expenditures, described earlier, we determined that 95 percent of grant funds for each of the three awards was spent on compensation to victims of crime. We further determined that the NJVCCO's use of administrative funds were allowable according to the grant guidelines.

Compliance with Grant Requirements

In addition to the general grant requirements, we tested for compliance with the terms and conditions specified in the individual grant award documents. We determined that the award documentation included 13 special conditions that were the same for each of the three grants. We reviewed the special conditions and tested compliance with those that were most significant to the grants. We determined that the NJVCCO complied with all of the special conditions we tested for each of the three grants.

Conclusions

In review of the Victims of Crime Act (VOCA) Compensation grants awarded to NJVCCO, we found that NJVCCO generally complied with the grant requirements we tested and all of the expenditures that we tested were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. The objective of our audit was to review activities in the following areas: (1) internal control environment, (2) grant expenditures, including personnel and indirect costs, (3) drawdowns, (4) budget management and control, (5) matching, (6) program income, (7) financial status and progress reports, (8) program performance and accomplishments, (9) grant requirements, and (10) monitoring of subrecipients and contractors. We determined matching, program income, and monitoring of subrecipients and contractors were not applicable to this grant.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we planned and performed 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on the award periods of the grants and included award activities from October 2005 through December 2008. This was an audit of the Victims of Crime Act (VOCA) Compensation grant numbers 2006-VC-GX-0037, 2007-VC-GX-0041, and 2008-VC-GX-0056. The grantee had a total of \$14,168,059 in requests for grant funding through December 2008.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against are contained in the *Office of Justice Programs Financial Guide* and the award documents.

In addition, we reviewed the timeliness and accuracy of Financial Status Reports and Progress Reports, evaluated performance of grant objectives, and considered internal control issues. However, we did not test the reliability of the financial management system as a whole.

**NEW JERSEY VICTIMS OF CRIME COMPENSATION OFFICE
RESPONSE TO THE DRAFT AUDIT REPORT**



CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CRIMINAL JUSTICE
VICTIMS OF CRIME COMPENSATION OFFICE
50 Park Place
Newark, NJ 07102
Telephone: (973) 648-2107 Fax: (973) 648-3937
Website: www.njvictims.org E-mail: njvictims@njvictims.org

JEFFREY S. CHIESA
Attorney General

STEPHEN J. TAYLOR
Director

MARSETTA LEE
Executive Director

May 9, 2012

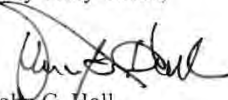
Mr. Thomas O. Puerzer, Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Philadelphia Regional Audit Office
701 Market Street, Suite 201
Philadelphia, Pennsylvania 19106

Dear Mr. Puerzer:

On behalf of Executive Director Marsetta Lee, who is away from the Office, please accept this response from the New Jersey Victims of Crime Compensation Office, concerning the audit report of the Office of Justice Programs (OJP) grant numbers 2006-VC-GX-0037, 2007-VC-GX-0041 and 2008-VC-GX-0056 that were awarded to us. We are in agreement with your findings that the VCCO was in compliance with the grant requirements and expenditures that were tested.

Thank you very much. If you have any questions you can contact me at (973) 648-7948.

Very Truly Yours,


John G. Holl
Assistant Attorney General
Deputy Director

Cc: Office of Justice Programs
810 Seventh Street, NW
Washington, D.C. 20531

Cc: Marsetta Lee, Executive Director
Victims of Crime Compensation Office
50 Park Place
Newark, New Jersey 07102

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

12 9 APR 2012

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM: Maureen A. Henneberg
Director 

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs,*
Office for Victims of Crime Grants Awarded to the New Jersey
Victims of Crime Compensation Office, Newark, New Jersey

This memorandum is in reference to your correspondence, dated March 30, 2012, transmitting the above-referenced draft audit report for the New Jersey Victims of Crime Compensation Office. The draft report does not contain any recommendations. The Office of Justice Programs has reviewed the draft report and does not have any comments.

We appreciate the opportunity to review and comment on the draft 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: Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Joye E. Frost
Acting Director
Office for Victims of Crime

James Cantrall
Deputy Director
Office for Victims of Crime

cc: Dennis Greenhouse
Deputy Director
Office for Victims of Crime

Kisha Green
Program Specialist
Office for Victims of Crime

Louise M. Duhamel, Ph.D.
Acting Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Marcia L. Wallace
Director, Office of Operations – Audit Division
Office of the Inspector General