



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 Iowa Department of Justice
Office of the Attorney General
Crime Victims Assistance Division
Des Moines, Iowa**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE AND VICTIM COMPENSATION
FORMULA GRANTS AWARDED TO
THE IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
CRIME VICTIMS ASSISTANCE DIVISION
DES MOINES, IOWA**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of Victims of Crime Act (VOCA) Victim Assistance Formula and Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP) to the Iowa Department of Justice Office of the Attorney General Crime Victim Assistance Division (CVAD) in Des Moines, Iowa. CVAD was awarded \$34,227,383 under Grant Numbers 2013-VA-GX-0049, 2013-VC-GX-0024, 2014-VA-GX-0056, 2014-VC-GX-0037, 2015-VA-GX-0042, and 2015-VC-GX-0004 to support eligible crime victim assistance programs that provide direct services to crime victims, and to provide assistance for awards of compensation benefits to crime victims.

The objective of our audit was to determine whether costs claimed under the victim assistance and compensation grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. To accomplish this objective, we assessed performance in the following areas of grant management: (1) accounting and internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) program performance and accomplishments; (5) monitoring of subgrantees; and (6) federal financial and progress reports. The criteria we audited against are contained in the OJP Financial Guide and the grant award documents.

As of September 30, 2015, CVAD expended a total of \$15,467,945 from the six grants reviewed. We judgmentally selected \$1,224,987 in expenditures and examined those transactions for compliance with applicable federal criteria. We identified no exceptions in our expenditure testing and concluded that CVAD's activities were furthering its program goals of providing services and compensation to crime victims. However, we found that CVAD did not provide complete and accurate performance statistics in its progress reports. In addition, we also found that CVAD could better communicate that a paid membership in the Iowa Coalition Against Sexual Assault or the Iowa Coalition Against Domestic Violence is not required to receive CVAD funding even though some subgrantees believed this to be true. This belief may be preventing organizations from applying to CVAD for funding.

Our report contains three recommendations, which are detailed in the Findings and Recommendations section of the report. We discuss our audit objective, scope, and methodology in Appendix 1. We discussed the results of our audit with CVAD officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from CVAD and OJP, and their responses and the OIG's analysis of them are appended to the final audit report.

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of six grants, totaling \$34,227,383, awarded by the Office of Justice Programs (OJP) to the Iowa Department of Justice Office of the Attorney Crime Victim Assistance Division (CVAD), as shown in Table 1.

**Table 1
Audited Grants to CVAD**

GRANT NUMBER	GRANT NAME	AMOUNT AWARDED
VICTIM ASSISTANCE GRANTS		
2013-VA-GX-0049	VOCA VICTIM ASSISTANCE FORMULA	\$4,348,824
2014-VA-GX-0056	VOCA VICTIM ASSISTANCE FORMULA	4,638,213
2015-VA-GX-0042	VOCA VICTIM ASSISTANCE FORMULA	19,095,346
SUBTOTAL:		28,082,383
VICTIM COMPENSATION GRANTS		
2013-VC-GX-0024	VOCA VICTIM COMPENSATION FORMULA	2,222,000
2014-VC-GX-0037	VOCA VICTIM COMPENSATION FORMULA	1,852,000
2015-VC-GX-0004	VOCA VICTIM COMPENSATION FORMULA	2,071,000
SUBTOTAL:		6,145,000
GRAND TOTAL:		\$34,227,383

Source: Office of Justice Programs' (OJP) Grants Management System (GMS)

CVAD received grants under the Victims of Crime Act (VOCA) Victim Assistance Formula program from OJP, which is funded under 42 U.S.C. 10603 (a). Victim Assistance (VA) grants are awarded to each state based upon the population of the state. The primary purpose of the victim assistance grants is to support the provision of services to victims of crime. Services are defined as those efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization,

- (3) assist victims to understand and participate in the criminal justice system, and
- (4) provide victims of crime with a measure of safety and security.

CVAD also received grants under the VOCA Victim Compensation Formula program from OJP, which is funded under 42 U.S.C. 10602 (a). Each state is allocated Victim Compensation (VC) formula grant funds equal to 60 percent of the eligible compensation paid out to victims during the preceding fiscal year (2 years prior to the grant year). For example, Iowa's allocation in 2013 was based upon compensation payments that Iowa reported for FY 2011. The primary purpose of the victim compensation grants is to compensate victims and survivors of criminal violence, including drunk driving and domestic violence, for: (1) medical expenses attributable to a physical injury resulting from a compensable crime, including expenses for mental health counseling and care; (2) loss of wages attributable to a physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.

Background

The mission of the Office for Victims of Crime (OVC), an office within DOJ's Office of Justice Programs, is to enhance the nation's capacity to assist crime victims and to provide leadership in changing attitudes, policies, and practices to promote justice and healing for all victims of crime. Established in 1988 through an amendment to the VOCA, OVC is charged with administering the Crime Victims Fund (Fund). Through OVC, the Fund supports a broad array of programs and services that focus on helping victims in the immediate aftermath of crime and continuing to support them as they rebuild their lives.

CVAD was established in 1989 to provide services and assistance to victims of violent crimes in Iowa. CVAD administers programs that directly benefit victims of crime, including those that assist victims with a financial burden resulting from crime-related injuries, local crime victim-service programs, and the criminal justice system in holding offenders responsible for the effects of their crimes. The mission of CVAD is to advocate for the rights and the needs of crime victims and ensure that all victims and survivors will be treated with dignity and respect. CVAD receives additional grant funds from other federal sources such as other DOJ agencies and the Department of Health and Human Services, and state funding from the state of Iowa.

Our Audit Approach

The objective of the audit was to determine whether costs claimed under the assistance and compensation grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. We tested compliance with what we consider to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audited against are contained in the OJP Financial Guide, the Uniform Grant Guidance (UGG), the Code of Federal Regulations (CFR), Office of Management and Budget (OMB) Circulars, and grant award documents. We tested CVAD's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls in place for the processing and payment of funds and controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Drawdowns** to determine whether grant drawdowns were adequately supported in accordance with federal requirements;
- **Expenditures** to determine the accuracy and allowability of costs charged to the grants;
- **Program Performance and Accomplishments** to determine if CVAD met or is capable of meeting the grants' objectives;
- **Monitoring of Subgrantees** to determine if CVAD performed adequate monitoring; and
- **Reporting** to determine if CVAD's reports to OJP contained accurate and supportable information.

Our findings and recommendations are detailed in the Findings and Recommendations section of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

Our audit revealed that CVAD's activities were furthering its grant goals of enhancing the provision of services and compensation to crime victims. However, our audit revealed an inconsistent interpretation of subgrantee requirements. Specifically, we found that some CVAD subgrantees believed that a paid membership in the Iowa Coalition Against Sexual Assault or the Iowa Coalition Against Domestic Violence is required to receive CVAD funding. In turn, CVAD officials stated that coalition membership is not a prerequisite for subgrantees. We also determined that some statistical data that CVAD submitted to OJP in grant performance reports were either inaccurate or unsupported.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. Further, the OJP Financial Guide states that the accounting system should ensure, among other things, the identification and accounting for receipt and disposition of all funds, as well as all expenditures governed by any special and general provisions, and non-federal matching contributions.

While our audit did not assess CVAD's overall system of internal controls, we did review the internal controls of CVAD's financial management system specific to the management of DOJ grant funds during the grant periods under review. We developed an understanding of CVAD's financial management system and its policies and procedures to assess CVAD's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

Financial Management System

Our limited review of CVAD's financial management system included interviewing personnel, reviewing accounting activities and processes, and reviewing CVAD's Accounting and Operations manuals. This review indicated that CVAD established and maintained a unique identifier for all audited award-related accounting activities. In addition, CVAD had internal operating procedures that identified controls established for separation of duties, system security, and multiple levels of approval for payments.

Single Audits

According to the special conditions of the grants, the OJP Financial Guide and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, any organization that expends \$500,000 or more in federal funds in the organization's fiscal year (FY) is required to have a single organization-wide

audit conducted.¹ The State of Iowa had expenditures of federal funds exceeding \$500,000 in each fiscal year of our review period.²

We reviewed the state of Iowa's FY 2014 Single Audit Report, which was conducted in accordance with the provisions of OMB Circular A-133.³ In addition, the FY 2014 Single Audit Report disclosed no weaknesses, noncompliance issues, or crosscutting findings related to CVAD's grant management.

Drawdowns

The OJP Financial Guide requires recipient organizations to request funds based upon immediate disbursement/reimbursement requirements, as project costs are incurred or anticipated. We reviewed CVAD's process for requesting reimbursement for its grant-related costs to ensure that the requests were adequately supported by official accounting records and were in accordance with federal requirements.

CVAD officials stated that drawdowns were requested on a reimbursement basis and that they calculated the drawdown amounts by generating expenditure reports from their accounting system. The total drawdowns and remaining balances as of October 1, 2015, are shown in Table 2.

¹ On December 26, 2014, OMB Circular A-133 was superseded by 2 C.F.R. 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raises the audit threshold to \$750,000 in federal expenditures. According to OMB, although OMB Circular A-133 has been replaced by the Uniform Guidance, the Circular will have a continuing effect of 2 years or more. Audits performed under the requirements of the new Uniform Guidance are not expected to be submitted until late in calendar year 2016.

² The state of Iowa's fiscal year is from July 1 to June 30.

³ The FY 2014 report was the most recent report available at the time of our fieldwork.

Table 2
Award Balances as of October 1, 2015

Grant Number	Amount Awarded	Amount Drawn Down	Amount Remaining
VICTIM ASSISTANCE GRANTS			
2013-VA-GX-0049	\$4,348,824	\$4,348,824	\$0
2014-VA-GX-0056	4,638,213	3,961,231	676,981
2015-VA-GX-0042	19,095,346	0	19,095,346
VICTIM COMPENSATION GRANTS			
2013-VC-GX-0024	2,222,000	2,222,000	0
2014-VC-GX-0037	1,852,000	1,852,000	0
2015-VC-GX-0004	2,071,000	2,071,000	0

Note: Differences in totals are due to rounding.

Source: OJP's GMS

When our audit work began, CVAD had only recently received the 2015 Victim Assistance grant, and thus no 2015 funds had yet been drawn down. All three Victims Compensation grants we audited had been fully drawn down. CVAD officials explained that the federal funds are used to reimburse the state for transactions executed from the beginning of the federal fiscal year.

We reviewed the total drawdowns for all of the audited grants and determined that funds were drawn down on a reimbursement basis and, for each period reviewed, matched expenditures as recorded in CVAD's accounting records.

Grant Expenditures

The OJP Financial Guide requires that expenditures be accounted for and adequately supported. We reviewed grant expenditures to determine if costs charged to the six grants were accurate, allowable, supported, and properly allocated in accordance with grant requirements.⁴ Overall, we found that CVAD properly maintained financial records for each grant and for each type of activity. Specifically, CVAD maintained financial records for each of its grants, separate financial records specific to its non-OJP funded activities, and an appropriate level of internal controls related to the financial activities.

Administrative Expenditures

The Victim Assistance and Victim Compensation grants have an allowance of 5 percent of the grant amount that is permitted for administrative expenses in

⁴ As of October 1, 2015, there were no drawdowns for the 2015 VA grant. However, \$56,636 in administrative expenditures were charged to the grant from the award date to the end of the quarter (August 25, 2015, to September 30, 2015).

running the grants, including payroll, training, supplies, equipment, and other operating expenses. CVAD only charged payroll expenses to the administrative portion of each grant. We reviewed the administrative expenses that were charged to each of the six grants through September 30, 2015, and determined that CVAD did not charge any of the grants more than the 5 percent allowed.

The OJP Financial Guide requires that where salaries apply to the execution of multiple grant programs, a reasonable allocation of costs to each activity must be made based on timesheets. In addition, all payroll records for charges to federal grants should be approved by a responsible official.

We reviewed a sample of transactions from each of the six grants' payroll expenditures. In total, we tested one pay period for each of the six grants, and our sample totaled \$36,222 of the \$813,238 charged to the administrative portion of the grants as of September 30, 2015. We determined whether costs charged to the six grants were in accordance with the requirements, computed correctly, properly authorized, properly allocated, and accurately recorded in the accounting records. In addition, we reviewed the timesheets for the sample pay periods for the Victim Assistance and Victim Compensation grant personnel in CVAD to determine whether the actual hours worked on the grants were consistent with what was being expensed to the grant general ledgers. As a result of our payroll testing, we noted no exceptions.

Victim Assistance Subgrantee Expenditures

As discussed in the introduction section of this report, federal Victim Assistance funds were established by the Victims of Crime Act (VOCA). Other than the portion dedicated to CVAD's administrative expenses, Victim Assistance funds are awarded to subgrantees throughout the state. These subgrantees provide services such as sheltering, counseling, and legal advice directly to crime victims.

To test the Victim Assistance grants, we examined \$398,788 out of \$8,816,957 in VA expenditures to subgrantees during our review period.⁵ We judgmentally selected 10 subgrantees based on their level of grant funding, services offered, and location within Iowa, and examined expenditures from each of them. Each of the sampled subgrantees generally submitted detailed requests for reimbursement to CVAD, in the form of vouchers, on a monthly basis. From those 10 subgrantees, we selected a total of 43 vouchers based on cost category, dollar amount, and perceived risk. Cost categories tested included payroll, fringe benefits, rent, travel, and training. After examining voucher support and approval, we found that the CVAD's Victim Assistance expenditures we tested were in compliance with applicable criteria.

⁵ The \$8,816,957 represents the expenditures as recorded in CVAD's accounting records for the period ending October 1, 2015. CVAD had not yet requested reimbursement for some expenditures, therefore this number does not reconcile to the drawdowns reported in Table 2.

Victim Compensation Expenditures

The Victim Compensation (VC) Program is designed to compensate victims directly for expenses incurred from a criminal victimization. 42 U.S. Code § 10602 identifies eligible crime victim compensation programs as those that compensate victims of crime or their survivors for: (1) medical expenses, (2) loss of wages, and (3) funeral expenses. The policies of the state of Iowa's VC program allow victims to be reimbursed for specific crime-related expenses, such as medical expenses, funeral expenses, and loss of income due to victimization. We determined that Iowa's program criteria was in compliance with the federal code.

As of October 1, 2015, all three VC grants in our review period had been fully drawn down on a reimbursement basis. We selected a sample of 20 transactions from each of the three VC grants, for a total sample size of 60 transactions.⁶ The sample included a mixture of high dollar and judgmental selections based on payee information. Our sample totaled \$789,977 out of the \$5,837,750 of Victim Compensation grant dollars paid out to victims of crime.⁷ We reviewed each of these payments for allowability based on federal and state guidelines, and we determined that each of the payments we reviewed were allowable. In addition, we selected 45 denied claim requests covering the 3 fiscal years of the VC grants to further review the application review process, and we identified no exceptions.

Program Performance and Accomplishments

The main purposes of the Victim Assistance and Victim Compensation grants are to enhance crime victim services in the state and to enhance state victim compensation payments to eligible crime victims, respectively. To determine if CVAD met the purposes of the audited grants, we interviewed CVAD officials, reviewed the grant award documents, and examined supporting documentation related to the achievement of grant objectives. In addition to the general grant requirements, we tested for compliance with terms and conditions specified in the grant award documents.

For the Victim Assistance grants, CVAD awarded grant funds to at least 58 subgrantees in each of the years under our review. Subgrants were awarded after an application process in which CVAD officials reviewed programmatic and financial information from each applicant organization. When sub-grantees apply, they are subjected to an in-depth application process where CVAD staff members, a CVAD financial official, and members of the CVAD Board review applications.⁸ Further, sub-grants are subject to a formula that CVAD uses to ensure that services

⁶ Based upon CVAD's federal grant expenditure allocation method detailed previously in the report, the universe of grant fund expenditures for each fiscal year is the transactions from the beginning of the fiscal year until the federal grant money is fully used.

⁷ \$5,837,750 is the total Victim Compensation grant dollars awarded to CVAD less the 5 percent administrative expenditures from each grant.

⁸ The CVAD Board is a governing board for CVAD's programs. Board members are appointed by the Governor and consist of non-CVAD employees; the members represent various elements of the victim assistance community, include crime victim survivors, law enforcement, and victim service providers.

are funded all over the state. A CVAD official also stated that new sub-grantees receive training and technical assistance to ensure their readiness for the program and to ensure that CVAD is providing adequate oversight.

CVAD distributes money on a reimbursable basis to organizations that provide services for victims of domestic violence, sexual assault, child abuse, familial victims of homicide, and underserved communities. After reviewing the dollar amounts awarded and expended, as well as subgrantee documentation, we did not identify any areas of concern within the sub-granting procedures.

During our review of Victim Assistance program performance, we selected and met with five subgrantees to learn about their work with CVAD. According to one subgrantee, in order to receive funding from CVAD, an organization must be a member of either the Iowa Coalition Against Sexual Assault (ICASA) or the Iowa Coalition Against Domestic Violence (ICADV). ICASA works with about 20 programs in the state of Iowa that provide services directly to sexual assault survivors. ICADV fills a similar function, but with about 20 organizations within Iowa that provide direct services to domestic assault victims. The member organizations pay annual dues to either, or both, coalitions depending on their activity in exchange for training and certification of staff members, technical assistance, and advocacy as needed.

We met with officials from both coalitions to discuss their roles in working with CVAD's Victim Assistance subgrantees. We asked officials from each coalition if membership in a coalition is required in order to receive CVAD funding. The officials at one coalition stated that membership to either coalition is required to receive grant funds. The officials at the other coalition stated that it is not required; however, they added that to receive funding from CVAD, sub-grantees have to abide by the coalition standards, and abiding by the coalition standards requires membership.⁹ Membership to either or both coalitions requires an annual payment of dues, which is calculated based on a flat percentage of the sub-grantee's Victim Assistance operating budgets; therefore the cost of membership can vary widely. We examined the list of the current CVAD Victim Assistance subgrantees categorized as providing sexual assault or domestic abuse services and confirmed that all of them are members of either or both coalitions.

When we asked CVAD officials about this, they stated that coalition membership is not necessary to receive Victim Assistance funds. However, based on the statements from the coalition officials and coalition members summarized above, we believe that the victim assistance subgrantee community lacks a clear understanding of the role and necessity of coalition membership. We are concerned that potential subgrantees could reasonably conclude that coalition membership is required to receive CVAD funding. Furthermore, potential subgrantees may decide that the financial burden of a coalition membership would be an impediment to receiving CVAD funding.

In our opinion, organizations should have a fair opportunity to become CVAD subgrantees without facing a financial penalty in the form of coalition dues.

⁹ According to coalition officials, the coalition standards cover things such as requirements for victim confidentiality, ethics, and service provision levels.

Therefore, we recommend that OJP ensure that CVAD communicates to its subgrantee community that coalition membership is not a pre-requisite for obtaining Victim Assistance funding that originates with DOJ. We also recommend that OJP require CVAD to ensure that subgrantees can receive funding without membership in a coalition.

Victim Compensation awards are distributed on an individual basis throughout the year, as victims of crime apply to CVAD for compensation funds. These funds are distributed to either victims of crime themselves or directly to organizations that incurred the crime-related costs, such as hospitals that provide medical care for an individual who was victimized. Following the occurrence of a crime, a victim will apply to CVAD for compensation directly related to expenses incurred as a result of the crime. CVAD staff and officials examine the application, along with the required paperwork, such as police reports and invoices, and either accept or deny the claim. Common reasons for denied claims include ineligible expenditures or an expense that was not the result of an eligible crime being committed. CVAD's regulations specify that only certain types of crime, generally those that pose a substantial threat of personal injury, harm, or death, are considered for victim reimbursement. Based on our review of CVAD's performance documentation and interviews with CVAD officials, we concluded that CVAD has accomplished the purposes of the audited VC grants, which is to enhance state victim compensation payments to eligible crime victims.

Despite the potential for subrecipients to have a misunderstanding related to coalition membership, which is discussed above, we concluded that CVAD's activities were furthering its grant goals of enhancing the provision of services and compensation to crime victims.

Monitoring of Subrecipients

The OJP 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. Further, the CVAD, as the primary 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 complete required audits and verify that findings identified in subrecipient audit reports are timely and effectively resolved and corrected. As noted above, CVAD awarded grant funds to at least 58 subgrantees in each of the years under our review. The CVAD's Site Monitoring Guideline and Forms are outlined in the portion of the Iowa Attorney General's Office Guidelines that pertain to the Victim Services Support Program staff. This guidance requires CVAD program staff to review subrecipient applications, budgets, budget revision requests, claims for reimbursement, audit summaries, and performance reports. In addition, the guidance addresses onsite monitoring, technical assistance activities, and desk monitoring audits.

The VA Program Coordinator explained that any subrecipient that received more than \$25,000 will have a site visit every 3 years. All others have a site visit at least every 6 years. All programs will also have a desk review every 6 years. Also, according to the Program Coordinator, CVAD personnel also visit subgrantees

if there is any fiscal or programming concern. During the CVAD site visit, an evaluation is done of the subrecipient's financial management systems, determining how the subrecipient handles deposits and reviewing a sample of documentation for expenditures. The CVAD employee that performs the site visit fills out a site monitoring report, which may include recommendations if necessary. In addition, the CVAD Accountant reviews the subgrantee single audits and any other audits of the subrecipient.

We visited seven CVAD subrecipients and were able to confirm that CVAD site visits of those subgrantees took place. According to officials employed by the subrecipients, the CVAD employee performing the monitoring visit reviewed the subrecipients' grant-related files and wrote recommendations for some subrecipients. We did not identify any issues with the CVAD monitoring of the subrecipients for the VA grant. As a result, we conclude that CVAD's subgrantee monitoring procedures, if followed, appear effective at helping ensure appropriate subgrantee financial and program management.

Reporting

The special conditions of the grants required that CVAD comply with administrative and financial requirements outlined in the OJP Financial Guide. This document requires that recipients submit both financial and program progress reports to inform the awarding agency on the status of each award.

Financial Reporting

The OJP Financial Guide states that Federal Financial Reports (FFR) should detail the cumulative expenditures incurred for each quarterly reporting period. For the FY 2013 and FY 2014 Victim Assistance grants, we tested a sample of eight FFRs for periods ending between March 31, 2014, and September 30, 2015, and the one FFR submitted for the FY 2015 VA grant. In addition, for each of the three Victim Compensation grants, we tested a sample of three FFRs for periods ending between December 31, 2012, and June 30, 2015. We found that all 18 of these reports accurately reflected the grant-funded expenditures recorded in CVAD's accounting records.

Progress Reports

According to the grants' special conditions, progress reports should be submitted annually and are due on December 30 for the life of the grants. For the Victim Assistance grants, these reports are required to include data on the number of victims served, types of services given to victims, and selected financial data. The Victim Compensation grant progress reports include data on the number of claims, types of crime, expenses paid, and selected financial data.

According to CVAD officials, staff members assemble the Victim Assistance progress reports from data submitted by subgrantees. CVAD staff members take information from documents electronically mailed in by subgrantees, assemble it into an electronic spreadsheet, and use summary totals from the spreadsheet to enter into OJP's online reporting system. The Victim Compensation progress reports are assembled by a CVAD staff member, who collects the information from

a database that CVAD uses to track victims and victim reimbursements, and then entered into the federal reporting system by a CVAD official.

To test the accuracy of performance data reported, we selected for review the most recently available annual progress reports at the time of the start of our fieldwork from the FY 2014 Victim Assistance and Victim Compensation grants, and we attempted to reconcile the progress report statistical data to supporting documentation and accompanying explanations from CVAD officials. These reports were for the periods that ended September 30, 2015, in the case of the Victim Assistance grant, and September 30, 2014, for the Victim Compensation grant.

When we reviewed data in the statistical sections in the Victims Assistance report, we identified incomplete performance statistics, data entry errors, and double-counting. In addition, one report lacked 6 months of victim service information for 10 subgrants. When we presented this to CVAD officials, they stated that these were instances of human error in the manual process of subgrantee submission and CVAD processing and summarization of the data. The officials confirmed that prior to our audit they were in the process of updating to a web-based reporting system that they expect will lower the risk of entry errors. The officials said they expect this system to be active in the summer of 2016. The overall effect of the errors we identified was that CVAD under-reported the number of victims served and services provided.

In general, the inaccuracies in the progress report statistics were the result of human error and the use of a manual system. However, we believe that without complete and accurate information, OJP cannot adequately evaluate CVAD's performance and achievements in executing the grants. Therefore, we recommend that OJP ensure that CVAD implements and develops a system for gathering and reporting accurate Victim Assistance data to OJP. We also recommend that OJP determine if the past reports need to be corrected, and if so, ensure that this is done.

We also attempted to verify the values in the most recent Victim Compensation grant annual report to OJP. To do so, we met with a CVAD staff member and attempted to trace the reported values to the original data. However, due to the CVAD system setup, we could only obtain supporting data as of the current date, but not as of the date of the original query. According to a CVAD staff member, most of the data would not have changed, but due to timing differences, such as victim reimbursements going through after the end of the fiscal year, some numbers would be different. We took this into consideration and made note of any number that differed from the reported data by at least 5 percent. Out of 22 metrics listed in the annual report, 4 were outside this margin. Of those four, one appeared incorrect due to an entry error. When we asked a CVAD staff member about this, she provided evidence that the number was calculated correctly, but was incorrectly recorded in the report to OJP. We could not conclude with certainty the reason behind the other three differences. According to the CVAD official, they were in the process of switching Victim Compensation reporting software prior to the start of our audit.

The OJP Financial Guide requires grant recipients to retain all financial records for at least 3 years after receiving notification from the awarding agency

that the award has been financially and programmatically closed, for purposes such as a federal examination and audit. We believe that because CVAD's system limitations prevented compliance with this requirement, we cannot adequately determine if the reported values were correct. To ensure proper reporting of its use of taxpayer funds, CVAD's Victim Compensation data must be supported by adequate documentation. Therefore, we recommend that OJP ensure that CVAD maintains a system that provides support for all values in any Victim Compensation reports.

Conclusion

Our audit revealed that CVAD's activities were furthering its grant goals of enhancing the provision of services and compensation to crime victims. However, as previously noted, some CVAD subrecipients have a perception that a paid membership to either the Iowa Coalition Against Sexual Assault or the Iowa Coalition Against Domestic Violence is required in order to receive victim assistance funding. We believe that CVAD should address this issue and ensure that subgrantees can receive funding without membership to a coalition. We also found that CVAD did not accurately report required information within its OJP annual reports, and some reported information was not adequately supported.

Recommendations

We recommend that OJP:

1. Ensure that CVAD communicates to its subgrantee community that coalition membership is not a pre-requisite for obtaining Victim Assistance funding that originates with DOJ and ensure that subgrantees can receive funding without membership in a coalition.
2. Ensure that CVAD implements and develops a system for gathering and reporting Victim Assistance and Victim Compensation grant data to OJP, and that supporting documentation is maintained for future auditing purposes.
3. Determine if the past progress reports submitted to OJP need correction, and if so, ensure that this is done.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether costs claimed under the victim assistance and compensation grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. To accomplish this objective, we assessed performance in the following areas of grant management: (1) accounting and internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel expenditures; (4) program performance and accomplishments; (5) monitoring of subgrantees; and (6) federal financial and progress reports.

We performed audit work at CVAD's office in Des Moines, Iowa, where we interviewed key CVAD personnel to obtain an understanding of the accounting system, and we tested a sample of grant expenditures. We reviewed the criteria governing grant activities, including the OJP Financial Guide, Uniform Grant Guidance (UGG), OMB Circular A-102, and CFRs. In addition, we reviewed grant documents, including the applications, awards, financial reports, and progress reports.

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 the VOCA Victim Assistance and VOCA Victim Compensation Formula grants awarded to the state of Iowa, as noted in Table 3.

Table 3
Audited Grants to CVAD

GRANT NUMBER	GRANT NAME	AMOUNT AWARDED
VICTIM ASSISTANCE GRANTS		
2013-VA-GX-0049	VOCA VICTIM ASSISTANCE FORMULA	\$4,348,824
2014-VA-GX-0056	VOCA VICTIM ASSISTANCE FORMULA	4,638,213
2015-VA-GX-0042	VOCA VICTIM ASSISTANCE FORMULA	19,095,346
SUBTOTAL:		28,082,383
VICTIM COMPENSATION GRANTS		
2013-VC-GX-0024	VOCA VICTIM COMPENSATION FORMULA	2,222,000
2014-VC-GX-0037	VOCA VICTIM COMPENSATION FORMULA	1,852,000
2015-VC-GX-0004	VOCA VICTIM COMPENSATION FORMULA	2,071,000
SUBTOTAL:		6,145,000
GRAND TOTAL:		\$34,227,383

Source: OJP's GMS

Our audit concentrated on, but was not limited to, the inception of the grants through September 30, 2015. CVAD was awarded the 2013 VA and VC grants on September 6, 2013; the 2014 VC grant on August 29, 2014; the 2014 VA grant on September 15, 2014; the 2015 VA grant on August 25, 2015; and the 2015 VC grant on July 16, 2015.

In conducting our audit, we reviewed FFRs and progress reports and performed testing of expenditures, including reviewing supporting accounting records for each grant. We judgmentally selected a sample of expenditures based on high-dollar amounts as well as unique payee names. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures.

As of September 30, 2015, CVAD expended a total of \$5,837,750 in Victim Compensation funds paid out in claims to the victims from the three audited VC grants. We tested 60 non-personnel transactions from these grants, which amounted to \$789,977. Of these transactions, 50 percent were high-dollar transactions, and we judgmentally selected the remaining 50 percent of the transactions from CVAD's grant general ledgers. In addition, we judgmentally selected a total of 45 denied claim requests from each of the 3 fiscal years in order to test the entire application review process.

Also as of September 30, 2015, CVAD expended a total of \$8,816,957 in Victim Assistance grant dollars. We judgmentally selected \$398,788 in expenditures

from 43 vouchers submitted by 10 subgrantees and examined those transactions for compliance with applicable federal criteria.

The Victim Assistance and Victim Compensation grants have an allowance of 5 percent of the grant amount that is permitted for administrative expenses in running the grants, including payroll, training, supplies, equipment, and other operating expenses. CVAD only charged payroll expenses to the administrative portion of each grant. We reviewed a sample of payroll expenditures by testing one judgmentally selected pay period from each of the six grants audited. Our sample totaled \$36,222 of the \$813,238 charged to the administrative portion of the grants as of September 30, 2015. We determined if costs charged to the six grants were in accordance with the requirements, computed correctly, properly authorized, properly allocated, and accurately recorded in the accounting records.

In addition, we assessed the grantee's monitoring of subrecipients and conducted site visits to seven subgrantees. We selected the seven subgrantees by the dollar amount awarded, geographic location, victim services provided, and types of expenditures. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objective.

AUDITEE RESPONSE

THOMAS J. MILLER
ATTORNEY GENERAL

JANELLE MELOHN
DIVISION DIRECTOR



IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
CRIME VICTIM ASSISTANCE DIVISION

321 EAST 12 STREET
LUCAS BUILDING,
GROUND FLOOR
DES MOINES, IA 50319
www.iowaattorneygeneral.gov

Attn: Linda Taylor, OJP
cc: Carol Taraszka, OIG
Re: State of Iowa-Response to Recommendations
Date: July 27, 2016
From: Janelle Melohn, Director

Please allow this letter to serve as the formal response by the Crime Victim Assistance Division (CVAD) of the Iowa Attorney General's Office, to the recommendations found in the OIG final report.

Recommendation 1:

CVAD does not concur with OIG's assessment that sub-grantees have been given the impression that membership with the coalitions is a condition of receipt of funding. There isn't language in any of CVAD's grant materials; contract stipulations; contract language; or any other CVAD correspondence to suggest, imply or direct membership is a requirement. In order to address the recommendation, however, CVAD will send a memo via email and mail to every funded sub-grantee, clarifying that membership to any coalition is not required in order to receive either state or federal grant funds from CVAD. A memo will be drafted and sent to sub-grantees no later than August 12th, 2016. In subsequent contract years, CVAD will include the following affirmative language in every sub-grantee contract. "Membership to a statewide coalition is not a requirement to receive funding through CVAD."

Recommendation 2:

CVAD concurs with OIG's second recommendation. CVAD has been in the process of updating technology for both our compensation and assistance sides. CVAD compensation had been using software developed by Emerging Technologies. This company went bankrupt roughly 7-8 years ago, which left us without vendor support. Our IT staff did their best to develop fixes for issues, but many were left unfixed due to an inability to modify the system. In May 2016, we went live with a new compensation database through vendor Genoa. This system should make accurate data collection possible in future years. On our grants side, we were utilizing "Grants Assistant" through Emerging Technologies and ran into the same issue as noted above. As of July 1, 2016 we have moved to the State of Iowa's grant management system-iowagrants.gov. We also contracted with vendor-Eccovia/Client Track to provide sub-grantees with a new data collection system for reporting service statistics. This system also went live July 1, 2016. These three systems should drastically improve our accuracy and the accuracy of our sub-grantees as far as data collection is concerned.

Recommendation 3:

CVAD concurs with this recommendation, however, are not certain how this could be addressed at this point, given the technological limitations in place at the time. I would note that even OIG determined that if there were errors, they were more likely errors that undercounted, rather than over-counted, or duplicated victims. As stated above, we believe we've corrected this issue through the new database and statistical collection systems we've now put in place. If OJP determines otherwise, we will work to reproduce the statistics to the best of our ability, or make additional changes based on recommendations.

In conclusion, we appreciate the opportunity to respond to the recommendations found during the site visit and noted in the report.

I would like to take a moment to also note a few issues we had during our site visit with our OIG "team," that we believe OIG and OJP should be aware of.

1. Three different CVAD staff members were individually asked to reproduce confidential documents (police reports, medical/mental health documentation, etc.) contained within crime victim compensation files for the OIG team. All three staff told the OIG team members that reproduction of these materials would violate State of Iowa law, but the team persisted. It was only after OIG staff called in to their main office and were informed they were not entitled to this information due to Iowa State law, they finally backed off. I found it unprofessional to try to manipulate staff to violate law after being told what the law stated. If OIG is told a request may violate state law, I believe the team should ask the individual in charge (in this case, me), rather than trying to circumvent and potentially ask a staff member who may not have known better.
2. One of the OIG team members was training a new OIG member while at our office. The two were set up in an empty cubicle to view files, memos, etc. on a computer, all pertaining to compensation. The cubicle the OIG employees were set up in is typically used by CVAD interns. While viewing files, they were first overheard by one of my staff members flirting, giggling and bantering in an unprofessional manner. This behavior then turned into making fun of the victim's situations, statements and other documentation contained within compensation files. This behavior became so egregious, that my new staff member who was overhearing all of this, complained to her direct supervisor, because she believed she was overhearing new CVAD interns. When she approached her supervisor, she believed the behaviors and comments were so inappropriate, she recommended we let the "interns" go, but in fact it was two of the OIG team members. When on-site, the state should be able to expect the highest levels of professionalism out of the OIG team members at all times.
3. Crime Victim Compensation programs are state run programs supported only in part by federal resources. It is completely appropriate for OIG to monitor costs paid out, financial controls, adherence to federal guidelines, etc. In our case, however, OIG wanted to scrutinize whether or not we were correctly interpreting our own state code and internal policy in compensation claim determinations. Even after we demonstrated how we are adhering to state law, rule and policy, OIG continued to scrutinize and essentially argue with compensation claim determinations. At the state level, at least in Iowa, we are audited annually. It seems unnecessary to have to explain, defend and

eventually argue interpretation of state policy, in a state run, predominantly state sponsored and resourced program for a federal OIG site visit.

4. CVAD administers federal FVPSA, STOP VAWA & SASP funds as well as two state funding streams, as well as VOCA compensation and assistance. Once arriving on site, the OIG team requested documentation for every payment/reimbursement made to a sub-grantee, regardless of the fact they were only auditing three years of both VOCA assistance and compensation. CVAD staff pushed back, because the sheer volume and time it would take to produce all of the supporting documentation for thousands of payments, would have been ridiculous. The OIG team persisted, but CVAD staff held firmly that OIG was not auditing other federal/state sources and weren't entitled to that information in this audit. OIG eventually relented. Again, it would be very helpful if the OIG team were more educated about what they should/shouldn't be asking for and what they are/aren't entitled to while on a state site visit.

In conclusion, thank you for the opportunity to address the recommendations in the site report. We appreciate the affirmation of the many processes CVAD does well and we also welcome the feedback to help us be better in the future. Thank you for also allowing an opportunity to report the things that didn't go well during our site visit. There are definitely some opportunities for improvement in OIG team member training around OVC and VOCA funding, regulations and processes.

U.S. DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management

Washington, D.C. 20531

AUG - 3 2016

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago 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 Iowa Department of Justice, Crime Victims Assistance Division, Des Moines, Iowa*

This memorandum is in reference to your correspondence, dated July 8, 2016, transmitting the above-referenced draft audit report for the Iowa Department of Justice, Crime Victims Assistance Division (CVAD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **three** recommendations and **no** questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that CVAD communicates to its subgrantee community that coalition membership is not a pre-requisite for obtaining Victim Assistance funding that originates with DOJ and ensure that subgrantees can receive funding without membership in a coalition.**

OJP agrees with the recommendation. We will coordinate with CVAD to obtain documentation that: CVAD has communicated to its subgrantee community that coalition membership is not a pre-requisite to obtaining Victim Assistance funding that originates with the U.S. Department of Justice; and ensure that subgrantees can receive funding without membership in a coalition.

2. **We recommend that OJP ensure that CVAD implements and develops a system for gathering and reporting Victim Assistance and Victim Compensation grant data to OJP, and supporting documentation is maintained for future auditing purposes.**

OJP agrees with the recommendation. We will coordinate with CVAD to obtain evidence that CVAD has created a system for capturing and reporting Victim Assistance and Victim Compensation grant data to OJP, and that the supporting documentation is maintained for future auditing purposes.

3. **We recommend that OJP determine if the past progress reports submitted to OJP need correction, and if so, ensure that this is done.**

OJP agrees with the recommendation. We will work with CVAD to determine if past progress reports submitted to OJP need correction, and, if so, will require that CVAD submit the revised reports.

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

Anna Martinez
Senior Policy Advisor
Office of the Assistant Attorney General

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

Joye E. Frost
Director
Office for Victims of Crime

Marilyn Roberts
Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

cc: Kathrina Peterson
Acting Deputy Director, National Programs Division
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Shadine Jankovic
Victim Justice Program Specialist
Office for Victims of Crime

Charles E. Moses
Deputy General Counsel

Silas V. Darden
Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Alex Rosario
Assistant Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

cc: Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20160801084359

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS NECESSARY
TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Iowa Department of Justice Office of the Attorney General Crime Victim Assistance Division (CVAD). CVAD's response letter is incorporated in Appendix 2 of this final report, and OJP's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that CVAD communicates to its subgrantee community that coalition membership is not a pre-requisite for obtaining Victim Assistance funding that originates with DOJ and ensure that subgrantees can receive funding without membership in a coalition.**

Resolved. In its response, OJP stated that it concurs with our recommendation and will coordinate with CVAD to obtain documentation that CVAD has communicated to its subgrantee community that coalition membership is not a pre-requisite to obtaining Victim Assistance funding that originates with the U.S. Department of Justice and ensure that subgrantees can receive funding without membership in a coalition.

In its response to the draft report, CVAD stated that it does not concur with the recommendation. CVAD stated that there is no language in any of CVAD's grant materials, contract stipulations, contract language, or any other CVAD correspondence to suggest, imply, or direct that coalition membership is a requirement for receiving grant funds. However, CVAD's response goes on to state that it will send a memorandum to every funded subgrantee clarifying that membership to any coalition is not required in order to receive grant funds from CVAD. CVAD also stated that future subgrantee contracts will contain the following language: "Membership to a statewide coalition is not a requirement to receive funding through CVAD."

As noted in our report, we found that officials at several subgrantees, along with one of the coalitions, indicated that they believed that coalition membership was required in order to receive CVAD funding. We believe that CVAD is in the best position to correct this perception by communicating to potential subgrantees that they can receive CVAD funding without a membership in a coalition. While we believe that CVAD's proposed action will provide clear guidance to entities that are or become subgrantees, it will

not reach the universe of potential subgrantees, which could be reached through the award solicitation that CVAD issues.

This recommendation can be closed when we receive documentation that CVAD has communicated to its subgrantee community that coalition membership is not a pre-requisite to obtaining Victim Assistance funding that originates with the U.S. Department of Justice and ensures that subgrantees can receive funding without membership in a coalition.

2. Ensure that CVAD implements and develops a system for gathering and reporting Victim Assistance and Victim Compensation grant data to OJP, and that supporting documentation is maintained for future auditing purposes.

Resolved. In its response, OJP stated that it concurs with our recommendation and will coordinate with CVAD to obtain evidence that CVAD has created a system for capturing and reporting Victim Assistance and Victim Compensation grant data to OJP, and that the supporting documentation is maintained for future auditing purposes.

In its response to the draft report, CVAD stated that it concurs with the recommendation and is in the process of updating technology for its victim compensation and assistance programs. CVAD noted that it had been without vendor support and, as a result, some software issues went unfixed. CVAD reported that new systems were deployed in 2016 and indicated that the new systems should improve the accuracy of data collection.

This recommendation can be closed when we receive evidence that CVAD has created a system for capturing and reporting Victim Assistance and Victim Compensation grant data to OJP, and that the supporting documentation is maintained for future auditing purposes.

3. Determine if the past progress reports submitted to OJP need correction, and if so, ensure that this is done.

Resolved. In its response, OJP stated that it concurs with our recommendation and will work with CVAD to determine if past progress reports submitted to OJP need correction and will require that CVAD submit the revised reports if necessary.

In its response to the draft report, CVAD stated that it concurs with the recommendation, but indicated that its technological limitations in place at the time of the previous reports might be an issue. CVAD stated that it believes it has corrected the underlying issue through the new database and statistical collection systems it has put in place, as referenced in recommendation number 2. CVAD stated that if OJP determines

otherwise, CVAD will work to reproduce the statistics to the best of its ability, or take other action based upon recommendations from OJP.

We agree that the new systems may improve the accuracy of data collection and thereby reduce the potential for errors in future progress reports. However, this recommendation is focused on past progress reports, not future progress reports, and the need for amended reports will be determined by OJP. Therefore, this recommendation can be closed when we receive evidence that OJP has determined whether past progress reports submitted to OJP need correction, and if so, that CVAD has submitted revised reports.

Analysis of Additional Issues Raised in CVAD's Response

In addition to responding to the recommendations, CVAD raised four issues regarding the OIG's work at CVAD. First, CVAD raised concerns with discussions between the OIG audit team and CVAD officials related to obtaining documentary evidence of certain victim compensation claims. During the audit, the OIG team asked a CVAD Victim Compensation Program official about the potential for printing documents contained within Crime Victim Compensation files in the event that we needed evidence for our audit working papers. This CVAD official raised with the team potential confidentiality concerns related to the reproduction of these materials. We determined that for the purposes of this audit we did not need to obtain copies of documentation regarding the victim compensation claims we reviewed. Contrary to CVAD's claims, the OIG under no circumstances tried to circumvent Iowa law or manipulate CVAD employees into doing so. However, had we determined that such documentation was necessary to sufficiently support our audit findings as required by generally accepted government auditing standards, the OIG would have pursued our request further with CVAD per our standard practices. It should be noted that while the OIG makes every effort to limit the request for and use of such sensitive information in our work, there are instances where such documentation is deemed necessary and it is obtained pursuant to our authority and responsibility to audit the program.

Second, the CVAD response raised concerns with the behavior of two of the OIG team members while on-site. We take such matters about our employees seriously and will review the concerns raised in accordance with our standard procedures and take any appropriate actions as a result thereof.

Third, CVAD's response takes issue with the OIG's scrutiny of certain victim compensation program eligibility determinations. During our audit, the OIG audit team tested a sample of claims paid with federal funds through CVAD's Victim Compensation Program. The team asked questions about certain transactions to obtain an understanding of how the claims met the criteria for eligibility. The OIG has the authority and responsibility to review and scrutinize the expenditure of Crime Victims Fund monies to determine if the transactions were appropriate, reasonable, and adequately supported. In completing their work, OIG audit teams

must perform all necessary analysis and inquiry to ensure the sufficiency of their determinations and comply with generally accepted government auditing standards.

Fourth, the response from CVAD raised concerns with documentation requests that it considered to be overbroad and beyond OIG authority. In making its request for detailed information, the OIG audit team limited the requested materials to a small sample of 10 subgrantees and to the review period covered by our audit – September 2013 through September 2015. We discussed the potential of reviewing payments from other federal grants that were made to subgrantees in our sample to ensure that funds were not drawn down from multiple federal sources for the same expenditures. As a result of other on-site audit work and discussions with CVAD staff, we concluded that the risk of such duplicate reimbursements was low, and ultimately we did not request these documents. Again, however, had we determined this testing was necessary, we would have required access to this information.

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