



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
Utah Office for Victims of Crime
Salt Lake City, Utah**

Audit Division GR-60-17-001

October 2016

REDACTED – FOR PUBLIC RELEASE

**AUDIT OF THE OFFICE JUSTICE PROGRAMS
VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA
GRANTS AWARDED TO THE
UTAH OFFICE FOR VICTIMS OF CRIME
SALT LAKE CITY, UTAH**

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of Victims of Crime Act (VOCA) Victim Assistance Formula and VOCA Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP) to the Utah Office for Victims of Crime (UOVC) in Salt Lake City, Utah. UOVC was awarded \$18,276,354 under Grant Numbers 2012-VA-GX-0061, 2012-VC-GX-0055, 2013-VA-GX-0055, 2013-VC-GX-0005, 2014-VA-GX-0058, and 2014-VC-GX-0025 to support eligible crime victim assistance programs that provide direct services to crime victims, and to provide assistance to states for awards of compensation benefits to crime victims.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OJP Financial Guide and the grant award documents.

As of September 2, 2015, UOVC had drawn down \$11,493,485 of the total grant funds awarded. We examined UOVC's policies and procedures, accounting records, and financial and progress reports, and determined that if appropriately implemented, UOVC's approach for selecting and monitoring subrecipient activities appears adequate to promote effective use of grant funds. However, we found that UOVC did not comply with essential award conditions related to its accounting systems and required federal financial reports. Specifically, based on UOVC's accounting records and performance documentation, we found that victim compensation expenditures commingled federal and non-federal funds and all 20 tested financial reports with reported expenditures were inaccurate.¹

Our report contains two recommendations to OJP, which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1. We discussed the results of our audit with UOVC officials and have included their comments in the report, as

* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 2, the grantee's response, and are of individuals' names.

¹ In response to a draft of this report, OJP stated that VOCA Victim Compensation Grant Guidelines differ from the OJP Financial Guide regarding separately accounting for federal grant expenditures and that it will evaluate whether any adjustments to policies are needed.

applicable. In addition, we requested a response to our draft audit report from UOVC and OJP, which are appended to this report in Appendix 2 and Appendix 3.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA
GRANTS AWARDED TO THE
UTAH OFFICE FOR VICTIMS OF CRIME
SALT LAKE CITY, UTAH**

TABLE OF CONTENTS

INTRODUCTION	1
OIG Audit Approach	1
FINDINGS AND RECOMMENDATIONS.....	2
Grant Financial Management	2
Grant Expenditures	3
Direct Costs	3
Drawdowns	4
Federal Financial Reports	4
Program Performance and Accomplishments	6
Victim Assistance Grant Performance	6
Victim Compensation Grant Performance	8
Performance Reports.....	9
Compliance with Special Conditions.....	10
Conclusion	10
Recommendations.....	11
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY.....	12
APPENDIX 2: UTAH OFFICE FOR VICTIMS OF CRIME RESPONSE TO THE DRAFT AUDIT REPORT	14
APPENDIX 3: OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT	17
APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	21

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE AND VICTIM COMPENSATION FORMULA
GRANTS AWARDED TO THE
UTAH OFFICE FOR VICTIMS OF CRIME
SALT LAKE CITY, UTAH**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of Victims of Crime Act (VOCA) Victim Assistance Formula and VOCA Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP), to the Utah Office for Victims of Crime (UOVC) in Salt Lake City, Utah. UOVC was awarded six grants totaling \$18,276,354, as shown in Table 1.

Table 1

Grants Awarded to Utah Office for Victims of Crime

GRANT	AWARD DATE	PROJECT START DATE	PROJECT END DATE	GRANT AMOUNT
2012-VA-GX-0061	06/19/12	10/01/11	09/30/15	\$3,646,183
2012-VC-GX-0055	06/11/12	10/01/11	09/30/15	\$1,861,000
2013-VA-GX-0055	08/27/13	10/01/12	09/30/16	\$4,074,767
2013-VC-GX-0005	08/26/13	10/01/12	09/30/16	\$1,901,000
2014-VA-GX-0058	08/13/14	10/01/13	09/30/17	\$4,384,404
2014-VC-GX-0025	08/01/14	10/01/13	09/30/17	\$2,409,000
Total:				\$18,276,354

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

Funding through the VOCA Victim Assistance Formula grants supports eligible crime victim assistance programs that provide direct services to crime victims. Funding through the VOCA Victim Compensation Formula grants provides assistance to states for compensation payments to eligible victims of crime.

OIG Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance.

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

As further discussed in this report, we found that UOVC did not comply with essential award conditions related to accounting systems and required federal financial reports. Specifically, based on UOVC's accounting records and performance documentation, we found that UOVC commingled federal and non-federal expenditures for victim compensation and all 20 tested financial reports with reported expenditures were not accurate.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed the State of Utah's Single Audit Report for 2014 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with UOVC staff, examined policies and procedures, inspected grant documents, assessed UOVC monitoring of subawards, and reviewed OJP site visit reports to determine whether UOVC adequately safeguarded grant funds.

We found that UOVC had not been checking subrecipient suspension or debarment status in the System for Award Management (SAM) prior to making subawards. UOVC officials stated they had mistakenly thought the State of Utah was conducting those checks. We presented this finding to UOVC officials during our audit, and they developed an adequate procedure to verify subrecipient eligibility to receive federal funds and checked the status of each current subrecipient. Therefore, we make no recommendation related to this finding.

We also found that victim compensation payments were not traceable to a funding source. UOVC officials stated their procedure for victim compensation was to pay compensation to victims from a state benefit payments account, which was then reimbursed from state reparation, restitution, and subrogation accounts. Any shortfall was then reimbursed from the victim compensation grant, less 5-percent allowed for administrative costs. OVC officials stated that all grantees are required to follow the OJP Financial Guide, which states an adequate accounting system must separately track grant expenditures. In our review of UOVC's accounting documentation, neither the victim payment summaries nor the case file payment details identified specific victim claims paid with federal grant funds. Therefore, we determined that victim compensation expenditures paid with VOCA grant funds were commingled with other funding sources.

We noted that UOVC's statutory guidelines for victim compensation allow payments for essential personal property, including repair of walls and broken windows. While state funds may be used for repairs, VOCA rules prohibit use of grant funds for compensation for property losses or property damage. Because UOVC commingled its expenditures, there is a potential that UOVC's processes could allow VOCA grant funds to be allocated to those unallowable purposes.

However, during our testing in the Grant Expenditures section of this report, we did not identify expenditures that were unallowable under VOCA guidelines.

Our testing in the Grant Expenditures section of this report did not identify expenditures that were unallowable under VOCA guidelines. As such, our recommendation is focused on improving the capabilities of the system used by UOVC to account for grant expenditures, rather than questioning costs. We recommend that OJP coordinate with UOVC to ensure that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements.¹

Grant Expenditures

Grant Numbers 2012-VA-GX-0061, 2013-VA-GX-0055, and 2014-VA-GX-0058 were awarded to enhance services to crime victims through competitive subawards to local organizations, and allowed UOVC to spend up to 5-percent of the grant award for administrative purposes. Grant Numbers 2012-VC-GX-0055, 2013-VC-GX-0005, and 2014-VC-GX-0025 were awarded to enhance victim compensation payments to eligible crime victims, and also allowed UOVC to spend up to 5-percent of the grant award for administrative purposes. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we reviewed a sample of 187 transactions for testing, totaling \$1,901,568, including subaward payments, victim compensation expenditures, and administrative costs. At the time of our audit, UOVC had not expended any funds under Grant Number 2014-VA-GX-0058. Additionally, accountable property, indirect costs, and matching costs were not applicable to these grants. The following section describes the results of our testing.

Direct Costs

We reviewed 55 direct cost transactions totaling \$305,493 for Grant Number 2012-VA-GX-0061; 55 transactions totaling \$386,749 for Grant Number 2012-VC-GX-0055; 31 transactions totaling \$404,808 for Grant Number 2013-VA-GX-0055; 26 transactions totaling \$426,118 for Grant Number 2013-VC-GX-0005; and 20 transactions totaling \$378,401 for Grant Number 2014-VC-GX-0025. We identified one unsupported expenditure for \$335 charged to Grant Number 2012-VC-GX-0055. UOVC officials stated that the documentation for that expenditure was erroneously destroyed early. We consider the unsupported amount to be immaterial and make no recommendation related to this issue.

¹ As discussed in more detail in Appendix 4, in response to a draft of this report (see Appendix 3) OJP stated that VOCA Victim Compensation Grant Guidelines differ from the OJP Financial Guide regarding separately accounting for federal grant expenditures. OJP stated that it will evaluate whether any adjustments to policies are needed.

As stated in the Grant Financial Management section of this report, we determined that victim compensation expenditures made with federal funds were commingled with other funding sources. We previously recommended that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements.

Drawdowns

According to the OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of September 2, 2015, UOVC had drawn down \$11,493,485 of the total grant funds awarded. As previously discussed in the Grant Financial Management section of this report, the accounting system does not appear to adequately track victim compensation grant expenditures. We previously recommended that OJP coordinate with UOVC to ensure that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements. For Grant Number 2014-VA-GX-0058, there were no drawdowns at the time of our audit; for Grant Numbers 2012-VA-GX-0061 and 2013-VA-GX-0055, total expenditures exceeded total drawdowns. However, because UOVC's accounting system did not separately track victim compensation expenditures paid with grant funds, we were unable to assess whether total expenditures exceeded total drawdowns for Grant Numbers 2012-VC-GX-0055, 2013-VC-GX-0005, and 2014-VC-GX-0025.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. To determine whether the Federal Financial Reports (FFR) submitted by UOVC were accurate, we compared the four most recent reports to UOVC's accounting records for each grant, as shown in Table 2. At the time of our audit, UOVC had not expended any funds under Grant Number 2014-VA-GX-0058; as a result, we did not include the FFRs submitted for this grant in our analysis.

Table 2
Federal Financial Report Analysis

FFR	FROM	TO	CUMULATIVE EXPENDITURES FROM FFR	CUMULATIVE EXPENDITURES FROM ACCOUNTING RECORDS	DIFFERENCE
2012-VA-GX-0061					
12	07/01/14	09/30/14	\$2,120,797	\$1,912,866	(\$207,931)
13	10/01/14	12/31/14	2,560,985	2,522,400	(38,584)
14	01/01/15	03/31/15	2,819,139	2,869,658	50,519
15	04/01/15	06/30/15	3,382,880	3,171,399	(211,481)
2012-VC-GX-0055					
12	07/01/14	09/30/14	\$1,823,591	\$6,344,159	\$4,520,568
13	10/01/14	12/31/14	1,840,886	6,361,454	4,520,568
14	01/01/15	03/31/15	1,851,933	6,372,502	4,520,569
15	04/01/15	06/30/15	1,861,000	6,389,353	4,528,353
2013-VA-GX-0055					
8	07/01/14	09/30/14	\$0	\$27,569 ^a	\$27,569
9	10/01/14	12/31/14	93,483	121,052	27,569
10	01/01/15	03/31/15	740,286	626,093	(114,194)
11	04/01/15	06/30/15	1,530,571	1,138,136	(392,435)
2013-VC-GX-0005					
8	07/01/14	09/30/14	\$1,805,950	\$6,871,968	\$5,066,018
9	10/01/14	12/31/14	1,805,950	6,976,045	5,170,095
10	01/01/15	03/31/15	1,805,950	6,976,045	5,170,095
11	04/01/15	06/30/15	1,814,864	6,976,045	5,161,181
2014-VC-GX-0025					
4	07/01/14	09/30/14	\$500,000	\$1,943,673	\$1,443,673
5	10/01/14	12/31/14	1,500,000	3,344,707	1,844,707
6	01/01/15	03/31/15	1,800,000	4,701,080	2,901,080
7	04/01/15	06/30/15	2,288,550	5,888,354	3,599,804

^a According to UOVC officials, there were two transactions totaling \$27,569 that occurred in 2015 but were incorrectly entered into the general ledger with 2014 dates.

Source: OJP's GMS and UOVC

Based on UOVC's accounting records, we found that the FFRs submitted by UOVC were not accurate. As shown in the table above, cumulative expenditures for all 20 FFRs were overstated by as much as \$392,435 and understated by as much as \$5,170,095. As previously discussed in the Grant Financial Management section of this report, the accounting system does not adequately track victim compensation grant expenditures. Therefore, we recommend that OJP coordinate with UOVC to ensure that financial information reported in its FFRs is accurate.

Program Performance and Accomplishments

We assessed documentation related to grant solicitations, grant awards, and UOVC subaward procedures. We also reviewed UOVC victim compensation procedures and payment data and interviewed UOVC officials to determine whether program goals and objectives were implemented. Additionally, we reviewed annual VOCA Victim Compensation Grant Program State Performance Reports and VOCA Victim Assistance Grant Program State Performance Reports (performance reports), to determine if the required reports were accurate. Finally, we reviewed UOVC's compliance with special conditions identified in the award documentation.

Victim Assistance Grant Performance

Grant Numbers 2012-VA-GX-0061, 2013-VA-GX-0055, and 2014-VA-GX-0058 were awarded to enhance services to crime victims through competitive subawards to local organizations, and allowed UOVC to spend up to 5-percent of the grant award for administrative purposes. At the time of our audit, UOVC documentation indicated that \$3.51 million of the \$3.65 million awarded from Grant Number 2012-VA-GX-0061 had been expended through 88 subawards, as well as administrative funds, and \$2.14 million of the \$4.07 million awarded from Grant Number 2013-VA-GX-0055 had been expended through 95 subawards and administrative funds. Grant Number 2014-VA-GX-0058 was awarded for \$4.38 million, and at the time of our audit there had been no expenditures charged to the grant.

To evaluate performance of the victim assistance grants, we reviewed documentation related to UOVC subrecipient award, reimbursement, and monitoring procedures, and interviewed UOVC officials. We also selected a sample of 10 subrecipients, consisting of 5 subrecipients each from Grant Numbers 2012-VA-GX-0061 and 2013-VA-GX-0055, and reviewed subaward applications, performance reports, and monitoring reports.

Subaward Application Process

UOVC requires subaward applications to include a letter from the subrecipient's board, stating that the subrecipient's director has authority to receive the subaward. Subaward applications are reviewed by a screening committee. The screening committee is made up of five to six members, and includes individuals with grant writing experience. The committee reviews and rates each application. After the screening committee reviews applications, they are forwarded to UOVC's Board of Directors for its review. At award, UOVC enters into an agreement with the subrecipient, and the subaward is entered into UOVC's GMS. After award, if a subrecipient wants to modify the subaward budget or program, they must submit a change request form to UOVC. Subawards contain special conditions that match the special conditions of the OJP grants. UOVC requires each subrecipient to provide reports covering activities to the subrecipient's governing board twice per year.

According to UOVC policy, all subrecipients are required to attend a UOVC annual training on grant financial management. UOVC also provides VOCA and fraud training to subrecipients through group programs and individual technical assistance.

Subaward Expenditures

From the 10 subrecipients in our sample, we selected 4 subrecipients for site visits. For those 4 subrecipients, we reviewed supporting documentation for a sample of 109 subrecipient transactions totaling \$143,747 for Grant Number 2012-VA-GX-0061 and 33 transactions totaling \$24,187 for Grant Number 2013-VA-GX-0055. We identified one unsupported subrecipient transaction totaling \$143 charged to Grant Number 2012-VA-GX-0061. We consider the unsupported amount to be immaterial and make no recommendation related to this issue.

Subaward Reporting

UOVC requires subrecipients to submit quarterly and annual performance reports showing the subaward's progress towards achieving goals and objectives as well as number of victims served and types of services provided for the reporting period. According to UOVC policy, UOVC analysts review quarterly reports for completeness and allowability, and to assess performance. Quarterly performance reports are compiled into an annual UOVC report that is provided to the Governor of Utah. Information from subrecipient annual reports is included in the narrative information provided by UOVC in its annual VOCA reports.

Subaward Payments

Subaward payments are only provided from UOVC as reimbursements. Subrecipients submit a drawdown request to UOVC for approval. Requests are received and processed by an analyst, who enters them into UOVC's payment system. The analysts review backup documentation for pay requests, to verify that the request is supported, and that the request is for expenses that were approved in the subaward application. After processing, requests are approved by UOVC's Director, and after approval, payments are made by a Program Assistant.

Subrecipient Monitoring

The OJP Financial Guide requires grant recipients to monitor subrecipient use of federal funds. Grant recipients must have subrecipient monitoring policies and procedures, to provide reasonable assurance that the subrecipient has administered its funding in compliance with subaward requirements, and that performance goals are being achieved.

In addition to reviewing performance reports and payment requests, UOVC had documented procedures for subrecipient monitoring, including instructions for conducting desk reviews and site visits. UOVC officials stated they conduct a desk review of each subrecipient about once per year, and their goal is a site visit of

each subrecipient once every three years. Site visits included use of checklists and questionnaires, and site visit reports were issued to the subrecipient with findings, recommendations, and follow-up by UOVC staff.

The OJP Financial Guide also states that subrecipients expending \$500,000² or more in federal awards during their fiscal year must provide the completed audit report to the grant recipient, unless there were no findings. UOVC requires its subrecipients to submit their annual audits to UOVC within one month after completion of the audit. Subrecipients must also register with the State of Utah, and can be audited by the State of Utah through UOVC referral or hotline referral. UOVC officials also stated UOVC is monitored by the State of Utah, through audits and reviews.

In our judgment, if appropriately implemented, UOVC's approach for selecting and monitoring subrecipient activities appears adequate to promote effective use of grant funds.

Victim Compensation Grant Performance

Grant Numbers 2012-VC-GX-0055, 2013-VC-GX-0005, and 2014-VC-GX-0025 were awarded to enhance victim compensation payments to eligible crime victims, and also allowed UOVC to spend up to 5-percent of the grant award for administrative purposes. UOVC documentation indicated that \$1.86 million awarded for Grant Number 2012-VC-GX-0055 was used to enhance a total of \$6.30 million paid for 2,726 crime victim claims,³ \$1.90 million awarded for Grant Number 2013-VC-GX-0005 was used to enhance a total of \$6.98 million paid for 2,745 crime victim claims, and \$2.41 million awarded for Grant Number 2014-VC-GX-0025 was used to enhance a total of \$5.89 million paid for 2,514 crime victim claims.

To evaluate performance of the victim compensation grants, we interviewed UOVC officials, reviewed victim application and claim payment procedures, and evaluated a sample of 60 victim payments, consisting of 20 victims paid from each grant.

Victim Compensation Application Process

To be eligible for compensation, a victim must have filed a police report and must be eligible for payment under Utah statutes and administrative rule. According to UOVC officials, victims are referred to UOVC by victim advocates, hospitals, doctors, and service providers. Victims must submit an application for

² For recipient fiscal years starting on or after December 26, 2014, the minimum federal expenditures required for a single organization-wide audit increased to \$750,000.

³ For each of the victim compensation grants, the total expenditures for each grant included state and federal expenditures, but we could not separately identify the federal grant-related expenditures.

compensation, which is reviewed for eligibility by a reparation officer. If an application is approved, UOVC sends the applicant a letter listing the victim's available benefit types and amounts. If an application is denied, UOVC sends the applicant a letter stating the victim's right to appeal, and provides contact information for a victim advocate to assist with obtaining additional documentation required for the appeal. Appeals are decided by UOVC's Director or its Board of Directors.

Victim Compensation Claim Payment Process

Claims are open for 3 years from the application date, although UOVC can re-evaluate and extend the time frame. Extensions occur most often with child victims. Payment request documents are received and scanned into UOVC's claims database. UOVC checks for collateral resources available to the victim, such as Medicare, Medicaid, or insurance; UOVC is the payer of last resort and only pays benefits after other sources are exhausted. About one-quarter of payments are paid directly to victims for out-of-pocket expenses, lost wages, relocation, increased costs, and travel. Documentation such as bills, receipts, income, rental agreements or leases are required for those payments. The remainder of payments were made directly to medical, dental, and mental health service providers. For these claims, UOVC claims analysts review provider eligibility prior to making payments.

Based on our review, there were no indications that UOVC was not meeting the stated goals and objectives of the grants.

Performance Reports

According to the OJP Financial Guide, progress reports provide information relevant to performance and activities of a grant funded program. Each year, states that receive funds for a crime victims' compensation program are required to submit an annual performance report. We determined that UOVC submitted VOCA performance reports each year for Victim Compensation grant activities and for Victim Assistance grant activities.

To verify the information in UOVC's two most recently submitted Victim Compensation performance reports,⁴ we selected a sample of 20 victim compensation recipients for each year. For those 40 recipients, we compared the compensation categories stated in each performance report to UOVC case files and to Utah statutory guidelines, and determined that the compensation payments for those victims matched the victim service types stated in each performance report

⁴ Victim Compensation performance reports state the number of victim claims received, approved, and denied during the reporting period; number of claims paid by crime type; and compensation amounts paid for specific victim services, including medical/dental, mental health, economic support, funeral, crime scene clean up, forensic exams, and other expenses supporting the victim's recovery from the crime.

and were allowable under Utah's rules. Each Victim Compensation performance report also stated that administrative funds were used in that year, which was supported by UOVC's accounting records.

We also assessed data stated in UOVC's two most recently submitted Victim Assistance performance reports.⁵ To monitor statewide services to victims, UOVC officials receive an annual progress report from each subrecipient, containing data about subaward services provided to victims. UOVC then compiles the subaward data into its Annual Report of statewide victim services provided. To verify the accomplishments and metrics stated in UOVC's two most recently submitted Victim Assistance performance reports, we compared each performance report to UOVC's corresponding Annual Report. Each performance report stated that administrative funds were used in that year, which was supported by UOVC's accounting records. We determined that the number of subawards and victim counts stated in UOVC's 2013 performance report were an accurate reflection of its Annual Report for that year. UOVC's 2014 performance report matched the number of subawards in its Annual Report, but we identified several small discrepancies related to victim counts by victimization type. UOVC officials stated discrepancies can occur when subaward reports are not submitted on time or are revised after the Annual Report is compiled. We also identified a typographical error in the Annual Report that expanded one victimization type by more than 9,000 victims; however, this error was not stated in its Victim Assistance performance report. Because the discrepancies were minor and the performance report was not overstated, we do not take exception.

Compliance with Special Conditions

Special conditions are the contractual terms and conditions that are included with the awards. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are significant to performance under the grants and are not addressed in another section of this report. We evaluated six significant special conditions from Grant Number 2012-VA-GX-0061, and seven significant special conditions from each of the other five audited grants. Based on our analysis, we did not identify noncompliance with significant grant special conditions.

Conclusion

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. We examined UOVC's accounting records, financial and performance reports, and financial management procedures. We determined that, if appropriately implemented, UOVC's approach for selecting and monitoring subrecipient activities appears

⁵ Victim Assistance performance reports state the number of subawards made with the grant during the reporting period, number of victims assisted by subawards, and types of services provided by subrecipients to victims.

adequate to promote effective use of grant funds. However, we found that victim compensation expenditures commingled federal and non-federal funds, and UOVC submitted inaccurate FFRs. We made two recommendations to improve Utah OVC's management of awards.

Recommendations

We recommend that OJP coordinate with UOVC to:

1. Ensure that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements.
2. Ensure that the financial information reported in its FFRs is accurate.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance. We determined that budget management and control was not applicable to these grants.

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 objective.

This was an audit of Office of Justice Programs (OJP) grants awarded to the Utah Office for Victims of Crime (UOVC) under the Victims of Crime Act (VOCA) Victim Assistance Formula grant program and VOCA Victim Compensation Formula grant program:

- 2012-VA-GX-0061, awarded for \$3,646,183
- 2012-VC-GX-0055, awarded for \$1,861,000
- 2013-VA-GX-0055, awarded for \$4,074,767
- 2013-VC-GX-0005, awarded for \$1,901,000
- 2014-VA-GX-0058, awarded for \$4,384,404
- 2014-VC-GX-0025, awarded for \$2,409,000

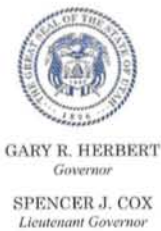
As of September 2, 2015, UOVC had drawn down \$11,493,485 of the total grant funds awarded. Our audit concentrated on, but was not limited to, October 1, 2011, the start date for Grant Number 2012-VA-GX-0061, through October 2, 2015, the last day of our fieldwork. At the time of our audit, UOVC accounting records indicated that no expenditures had been allocated to Grant Number 2014-VA-GX-0058.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of UOVC's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges; subawards; federal financial reports; and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audit against are contained in the OJP Financial Guide and the award documents. In addition, we evaluated UOVC's (1) grant financial management, including grant-related procedures in place for

procurement, subrecipient monitoring, financial reports, and progress reports; (2) drawdowns; and (3) program performance.

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

UTAH OFFICE FOR VICTIMS OF CRIME
RESPONSE TO THE DRAFT AUDIT REPORT



State of Utah
OFFICE FOR VICTIMS OF CRIME

GARY A. SCHELLER
Director, UOVC

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

09/19/2016

RE: Agency Response to the *Draft Audit Report*, Office of the Inspector General

Dear Mr. Sheeren,

The Utah Office for Victims of Crime (UOVC) is appreciative of the opportunity to respond to the *Draft Audit Report* pertaining to Victim of Crime Act (VOCA) Victim Assistance Formula grants and VOCA Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP) from 2012 through 2014.

We are also appreciative of the of the audit processes conducted by your office and particularly those of Auditor [REDACTED]. UOVC understands and respects the critical importance of transparency and accountability in the disbursement and expenditure of public funds. Accordingly, our continued commitment to full disclosure and cooperation with your audit processes is assured.

In general response to the *Draft Audit Report*; UOVC remains committed to coordination with and guidance from OJP on all grant and corresponding financial guidelines. Furthermore, UOVC remains committed to the adherence of applicable guidance, rules and laws relative to its eligibility to receive and manage grants administered through OJP.

Prior to addressing the 2 specific recommendations on page 12 of the *Draft Audit Report*, I would like to address Table 2 and the corresponding comments on page 6 of the draft audit report.

UOVC does not fully concur that UOVC has filed inaccurate FFRs and UOVC is appreciative of the opportunity to explain.

350 East 500 South, Suite 200, Salt Lake City, Utah 84111
telephone 801-238-2360 • facsimile 801-533-4127 • 1-800-621-7444 • www.crimevictim.utah.gov

In reference to 2012 VA and 2013 VA grants detailed in Table 2 on page 6 of the *Draft Audit Report*, the “difference” listed in the far right column of the Table reflects not an inaccurate FFR but rather the fact that data reported on the FFR is gathered and reported using an “accrual” “basis of accounting” (as clarified in box 7 of the FFR and page 122 of the 2015 DOJ Financial Guide) while the data reported in the “accounting records” reflect only actual expenditures (not inclusive of unliquidated obligations). However, UOVC requested guidance and clarification on this specific issue from OJP on 03/21/2016. We received guidance from OJP on this issue on 03/23/2016 and have modified our practices to prevent further confusion on the issue.

In reference to 2012 VC, 2013 VC and 2014 VC grants detailed in Table 2 on page 6 of the *Draft Audit Report*, the “difference” listed in the far right column of the Table reflects not an inaccurate FFR but rather the fact that data reported on the FFR represents only amounts expended from the VOCA Compensation Formula grants while the “accounting records” reflect expenses from the VOCA Compensation Formula grants AND multiple other funding sources including the state criminal surcharge account, restitution collected from offenders, subrogation settlements and other sources. UOVC is committed to working with OJP in the event that OJP should provide feedback or guidance that might help in preventing further confusion on this issue. This issue will be discussed in greater detail in UOVC’s response to the draft audit report recommendation 1 on page 12 of the report.

In response to the *Draft Audit Report* recommendation 1: “Ensure that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements”.

UOVC does not concur that UOVC has commingled federal and non-federal funds in the process of administering VOCA Compensation Formula Grants and is appreciative of the opportunity to explain. UOVC further asserts it has accurately accounted for, and to the degree required the amounts of federal and non-federal funds.

In the application process, for UOVC to receive VOCA Compensation grant funds, UOVC is required to complete OJP form 7390/5 *Crime Victim Compensation State Certification Form*. That form, among other things, requires UOVC to identify every funding source and the amount of each funding source used to pay benefit awards to eligible applicants. If UOVC were unable to comply with those application requirements, UOVC would not be eligible to receive the VOCA Compensation grant. For more than 2 decades, UOVC has provided the required information and received a VOCA Compensation Grant. Annually, UOVC has certified, to the penny, the amounts of both federal funds and non-federal funds to the required degree of specificity and continues to be able to do so today.

Furthermore, UOVC has undergone numerous site reviews from OJP inclusive of this issue and UOVC has not received guidance that our accounting is inaccurate or that our accounting systems are inadequate on this issue. However, on August 24, 2016 I did briefly consult with ██████████ at OJP. ██████████ indicated this issue was likely a topic of conversation in upcoming meetings and that it was likely states

would be given further guidance on this specific matter. UOVC is committed to following such guidance should it be provided.

In response to the *Draft Audit Report* recommendation 2: *"Ensure that the financial information reported on its FFRs is accurate"*.

UOVC does not fully concur that it has filed inaccurate FFRs regarding VOCA Assistance Grants for the reasons previously stated in this response.

UOVC does not concur to any degree that it filed inaccurate FFRs regarding VOCA Compensation Grants and is appreciative of the opportunity to explain.

As the *Draft Audit Report* articulates on page 4 *"Grant Numbers 2012-VC-GX-0055, 2013-VC-GX-0055, and 2014-VC-GX-0025 were awarded to enhance victim compensation payments..."* Accordingly, in the process of expending VOCA Compensation Grant Funds for the purpose of enhancing victim compensation payments, grant funds are drawn and used to reimburse or replenish payments previously made with non-federal funds. Coincidentally then, the amount of federal funds spent are equivalent to the amount "drawn" from the VOCA Compensation Grant on the corresponding FFR. However, it is not accurate to interpret this coincidence as an inaccurate FFR. As repeatedly mentioned, should OJP provide further guidance on this issue, UOVC will take the required steps to remain compliant with such guidance.

In conclusion, I re-emphasize the commitment from UOVC to fully cooperate and participate in the completion of the audit process. We also fully commit to continue working with OJP to seek and accept guidance regarding the administration of VOCA Assistance and Compensation Formula dollars. The funding made available to our state through OJP is invaluable to our mission to serve the most vulnerable members of our population.

UOVC sincerely appreciates the opportunity to participate in this process. Please do not hesitate to contact me should clarification be helpful. We look forward to your response.

Respectfully,



Gary A. Scheller, Director
Utah Office for Victims of Crime

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

SEP 29 2016

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

FROM: Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office for Victims of Crime, Victims of Crime Act, Victim Assistance and Victim Compensation Formula Grants Awarded to Utah Office for Victims of Crime, Salt Lake City, Utah*

This memorandum is in reference to your correspondence, dated August 22, 2016, transmitting the above-referenced draft audit report for the Utah Office for Victims of Crime (UOVC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains two 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 coordinate with UOVC to ensure it adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements.**

OJP agrees with the recommendation. OJP agrees that the Department of Justice (DOJ) Financial Guide requires all recipients and subrecipients to establish and maintain adequate accounting systems and financial records, and to accurately account for and report on the receipt, obligation, and expenditure of grant funds (including Federal and matching funds, if applicable). The OIG found that victim compensation payments in

UOVC's accounting system were not traceable to a specific funding source. However, under the Victims of Crime Act (VOCA) Victim Compensation Grant Program Guidelines, there is no financial requirement that state compensation programs identify the source of individual payments to crime victims as either Federal or state dollars. OJP recognizes the DOJ Financial Guide differs slightly from the VOCA Victim Compensation Grant Program Guidelines, and will evaluate these policies to determine if any adjustments are needed.

2. We recommend that OJP coordinate with UOVC to ensure that the financial information reported in its FFRs is accurate.

OJP agrees with this recommendation. The OIG found that victim compensation payments in UOVC's accounting system were not traceable to a specific funding source, and therefore, Federal Financial Reports submitted by UOVC were not accurate. As previously stated in OJP's response to Recommendation Number 1, OJP recognizes the DOJ Financial Guide differs slightly from the VOCA Victim Compensation Grant Program Guidelines, and will evaluate these policies to determine if any adjustments are needed. We will also work with UOVC to ensure that they are accurately reporting information on future FFRs for their Victim Compensation Grant Program.

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

cc: Allison Turkel
Deputy Director
Office for Victims of Crime

Kathrina Peterson
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Jalila Sebbata
Grants Management Specialist
Office for Victims of Crime

Deserea Jackson
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

cc: 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

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

OJP Executive Secretariat
Control Number IT20160829160459

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Utah Office for Victims of Crime (UOVC) and the Office of Justice Programs (OJP). UOVC's response 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 responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that UOVC adheres to the grant requirements for financial management systems to account for its federal award activities separately from its state-funded activities, and maintain a system that will help ensure compliance with grant requirements.**

Resolved. In its response, OJP concurred with our recommendation. OJP stated that the VOCA Victim Compensation Grant Guidelines (Guidelines) differ from the DOJ Financial Guide (Financial Guide), as the Guidelines do not require state compensation programs to identify the source of payments to individual crime victims, while the Financial Guide requires grant recipients to accurately account for expenditure of federal funds. OJP stated it will evaluate the Guidelines and Financial Guide to determine if any adjustments are needed.

In its response to the draft report, UOVC stated it did not concur that UOVC has commingled federal and non-federal funds. UOVC asserted it has accurately accounted for individual funding sources used to pay eligible victim compensation applicants, as part of its required annual certifications. UOVC also stated that it has received numerous site reviews from OJP and has not received guidance that its victim compensation accounting was inaccurate or inadequate.

In our review of OJP and UOVC responses to the draft report, we determined that the discrepancy in accounting guidelines stated in the Guidelines and the Financial Guide could impact VOCA formula grant accounting. While OJP's clarification of its guidance may help address part of our recommendation, neither OJP nor UOVC indicated whether such clarifications would prevent reimbursements for unallowable expenses. For example, VOCA rules prohibit use of federal grant funds for compensation for some types of property losses, which are allowable under Utah statute. Currently, this is an internal control risk that such unallowable expenditures may be paid with federal

funds. Because OJP indicated it would assess its guidance, this recommendation is resolved pending OJP's assessment of its guidance.

This recommendation can be closed when we receive documentation that OJP has corrected the discrepancy in the accounting requirements stated in the VOCA Victim Compensation Grant Guidelines and the DOJ Financial Guide, and ensured that UOVC will comply with those clarified grant requirements.

2. Ensure that the financial information reported in its FFRs is accurate.

Resolved. In its response, OJP concurred with our recommendation. OJP stated that the VOCA Victim Compensation Grant Guidelines differ from the DOJ Financial Guide, as the Guidelines do not require state compensation programs to identify the source of payments to individual crime victims, while the Financial Guide requires grant recipients to accurately account for expenditure of federal funds. OJP stated it will evaluate the Guidelines and Financial Guide to determine if any adjustments are needed.

In its response to the draft report, UOVC stated it did not concur that it has filed inaccurate FFRs for Victim Assistance grants and Victim Compensation grants. Regarding the Victim Assistance grant FFRs, UOVC stated it had reported accrued expenses on the FFRs, while its accounting system tracked actual expenditures. UOVC stated it has modified its practices for Victim Assistance grant FFRs. For the Victim Compensation grant FFRs, UOVC stated the FFRs reported expenditures with Victim Compensation grant funds, while its accounting system tracked expenditures from the grants and from non-federal sources. However, UOVC did not provide documentation of these revised procedures with its response; therefore we could not assess them for adequacy.

As stated in our analysis of Recommendation 1 above, we determined that the discrepancy in accounting guidelines stated in the Guidelines and the Financial Guide could affect VOCA formula grant accounting, including financial reporting. As a result, the recommendation is resolved pending OJP's determination of any adjustments to conflicting policies.

This recommendation can be closed when we receive documentation that: (1) UOVC has appropriately modified its Victim Assistance grant FFR procedures, and (2) OJP has resolved the discrepancy in the accounting requirements stated in the VOCA Victim Compensation Grant Guidelines and the DOJ Financial Guide.

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



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

REDACTED – FOR PUBLIC RELEASE