



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awarded to The Virginia Workers' Compensation Commission, Richmond, Virginia



Executive Summary

Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awards to the Virginia Workers' Compensation Commission, Richmond, Virginia

Objective

The objective of the audit was to evaluate how the Virginia Victims Fund (VVF), a division of the Virginia Workers' Compensation Commission, designed and implemented its crime victim compensation program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, and (3) grant financial management.

Results in Brief

As a result of our audit, we concluded that the VVF used its victim compensation grant awards appropriately to provide financial support for crime victims. This audit found the VVF designed its victim compensation program adequately, and we did not identify significant issues with the VVF's process to compile its annual certifications of program-related dollar amounts. The VVF implemented a strong process to assess, pay, and track compensation claims, and we did not identify any significant issues with its financial management of the awards. However, we note that the VVF could improve how it retains grant-related records.

Recommendations

Our report contains two recommendations to enhance the VVF's grant administration by retaining support for performance data it reports on this grant program and adjusting the way it completes Federal Financial Reports.

We requested a response to our draft audit report from the Office of Justice Programs (OJP) and this grantee, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two *Victims of Crime Act* (VOCA) victim compensation formula grants awarded by the OJP Office for Victims of Crime (OVC) to the Virginia Workers' Compensation Commission, and administered by the VVF in Richmond, Virginia. The OVC awarded these formula grants, totaling over \$2.5 million for federal Fiscal Years (FY) 2015 to 2016, from the Crime Victims Fund (CVF) to provide financial support through the payment of compensation benefits to crime victims throughout Virginia. As of May 2017, the VVF had drawn down the full amount of the grants we reviewed.

Program Accomplishments – The VVF enhanced services for crime victims by appropriately planning for and distributing the VOCA funding it received.

Planning and Execution – The VVF complied with federal grant requirements and established an adequate program to publicize the funding and compensate victims and survivors of victims. Based on the records available, we did not identify any significant deficiencies with the VVF's methodology for preparing its annual certification reports.

Requirements and Performance Reporting – The VVF complied with the special conditions that we tested. The VVF also generally implemented adequate procedures to compile its annual performance reports, although it could make improvement in this area.

Financial Management – The VVF implemented adequate controls over claims payments. In addition, it appropriately handled the drawdown and payment of federal VOCA funds, but could adjust how it completes its Federal Financial Reports to better align with OJP expectations.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE FOR VICTIMS OF CRIME
VICTIM COMPENSATION FORMULA GRANTS
AWARDED TO
THE VIRGINIA WORKERS' COMPENSATION COMMISSION,
RICHMOND, VIRGINIA**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Virginia Workers' Compensation Commission (VWCC) in Richmond, Virginia. As a division within the VWCC, the Virginia Victims Fund (VVF) administers the state's victim compensation program.¹ The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, between Fiscal Years (FY) 2015 and 2016, these OVC grants totaled over \$2.5 million.²

**Table 1
Audited Victim Compensation Grants
FYs 2015 – 2016**

| Award Number | Award Date | Project Period Start Date | Project Period End Date | Award Amount (\$) |
|---------------------|-------------------|----------------------------------|--------------------------------|--------------------------|
| 2015-VC-GX-0044 | 8/25/2015 | 10/01/2014 | 9/30/2018 | 911,000 |
| 2016-VC-GX-0016 | 8/15/2016 | 10/01/2015 | 9/30/2019 | 1,615,000 |
| Total: | | | | \$ 2,526,000 |

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years; however, these award funds did not become available to the grantee until late in the fiscal year.

Source: OJP

Established by the *Victims of Crime Act* (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.³ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation

¹ The Virginia Victims Fund is officially titled the Criminal Injuries Compensation Fund (CICF), but does business as the Virginia Victims Fund, and we use the latter term for this report.

² In this report, the usage of "fiscal year" refers to federal fiscal year, unless otherwise noted.

³ The VOCA victim compensation formula program is funded under 34 U.S.C. 20102 (a).

formula grant funds are available each year to states and territories for distribution to eligible recipients.

The primary purpose of the victim compensation grant program is to compensate victims and survivors of victims 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.⁴

The Grantee

The VWCC is the designated state administering agency for the victim compensation program, with staff from its VVF division responsible for administering the federal VOCA grants. The VVF administers all victim compensation payments from both federal and non-federal funding sources. In addition to VOCA funding, the VVF receives fines and fees collected from individuals convicted of felonies and misdemeanors in Virginia courts. The VVF distributes these funds to alleviate some of the financial burdens facing victims of violent crime and their families by assisting with out-of-pocket expenses such as medical and mental health counseling costs, lost wages, and funeral expenses.

OIG Audit Approach

The objective of the audit was to evaluate how the VVF designed and implemented its crime victim compensation program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, and (3) grant financial management.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed the Code of Virginia and relevant VVF policies and procedures. We interviewed VVF personnel to determine how they administered the VOCA funds and obtained and reviewed VVF records reflecting grant activity.⁵

⁴ This program defines criminal violence to include drunk driving and domestic violence.

⁵ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit.

AUDIT RESULTS

Grant Program Planning and Execution

The main purpose of the VOCA victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we assessed the VVF's overall process for making victim compensation payments. We assessed VVF's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification form.

Overall, we determined that the VVF's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found the VVF complied with federal grant requirements and established an adequate program to compensate victims and survivors of victims. We did not identify any issues with its policies or efforts to bring awareness to the program. To the extent we were able to test how the VVF prepared certification reports, we did not identify any significant deficiencies.

Program Implementation

State administering agencies receive VOCA victim compensation grants to compensate victims directly for expenses incurred from criminal victimization. As the applicable division within the state administering agency for Virginia, the VVF was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the VVF operated under what we determined to be a robust set of formal policies and procedures, which conveyed the state-specific rules for the victim compensation program. The VVF made these policies publicly available to potential claimants. In assessing the VVF's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts the VVF had made to bring awareness to victims eligible for compensation program benefits. We found that the state policies generally aligned with the federal criteria governing compensation payments made with VOCA funding.

The VVF created a training and outreach position to increase public awareness of victim compensation benefits, which includes interacting with various service providers. The VVF has aired television commercials to publicize the program and continues to work with law enforcement, commonwealth attorneys, community advocates, and other individuals who have direct contact with victims. The VVF's website also provides information on the victim compensation program, including eligibility requirements, completion of the application form, policies on claims decisions, and steps to file an appeal on a denied claim.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides OJP the necessary

information to determine the grant award amount.⁶ The accuracy of the provided certification form information is critical to ensure OJP's correct calculation of the federal victim compensation award amounts to each state. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources.⁷

OJP allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 years prior. As an example, this means that a state's certification for the FY 2018 award would be based on FY 2016 financial data.

We thus compared and reconciled FY 2015 and FY 2016 data that was retrievable from VVF accounting systems to amounts that the VVF certified for the FY 2017 and FY 2018 awards.⁸ As part of this testing, we reconciled VVF accounting records to the amounts reported for total compensation claims paid, VOCA grants, and restitution recovery expenses. We note that during the course of our audit, the VVF and OJP held several discussions that resulted in revisions to the FY 2018 certification form, and we used the final version as the basis of our analysis. We also assessed the VVF's knowledge of data fields in the form, as well as the procedures it used to calculate the amounts it certified and submitted to OJP for the FY 2017 and FY 2018 awards. Based on the results of this testing, we conclude that the VVF generally calculated the amounts reported on its annual certification forms correctly.

In addition, we found that the VVF includes Sexual Assault Forensic Exam (SAFE) payments in its annual certification as part of the "total amount paid to or on behalf of crime victims from all funding sources." Prior OIG work has found the VOCA Guidelines on this situation to be ambiguous.⁹ Under similar circumstances, OJP has concluded that counting the SAFE payments as part of the total payments reported in the annual certification is an acceptable approach.

⁶ OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

⁷ The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, any amounts awarded for property loss, and other reimbursements.

⁸ The VVF underwent an accounting system change that began in February 2016. The VVF could only provide archived data from its former accounting system that was in a text format. For further discussion on the audit team's approach for testing this data, see Appendix 1.

⁹ U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), Audit of the Office of Justice Programs, Office for Victims of Crime, Crime Victims Fund Formula Grants Awarded to the State of Georgia's Criminal Justice Coordinating Council, Atlanta, Georgia, Audit Report GR-40-18-003 (April 2018). Additionally, the OIG anticipates reviewing this issue further in other ongoing work.

Our testing did not identify systemic deficiencies that, in our opinion, materially affected the preparation of the Crime Victim Compensation State Certification Form.

Program Requirements and Performance Reporting

To determine whether the VVF distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed VVF performance measures and performance documents used to track goals and objectives. We further examined OVC solicitations and award documents and verified VVF compliance with special conditions governing recipient award activity.

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that the VVF: (1) implemented adequate procedures to compile annual performance reports, and (2) complied with tested special conditions.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP’s Grant Management System (GMS). As of FY 2016, the OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agencies are required to produce the Annual State Performance Report and upload it to GMS.

For the victim compensation grants, the states must report the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; victim demographics; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type.

Table 2
VVF Annual Performance Report Data
FYs 2015 - 2016

| Performance Categories | FY 2015 Data Reported | FY 2016 Data Reported |
|--------------------------------------|----------------------------------|----------------------------------|
| Number of Applications Paid | 2,474 | 2,262 |
| Number of Applications Received | 1,779 | 1,678 |
| Number of Applications Approved | 1,117 | 1,163 |
| Number of Applications Denied/Closed | 325 | 406 |

Source: FY 2015 and 2016 Annual Performance Measures Report

We assessed whether the VVF’s annual performance reports to the OVC fairly reflected the performance figures of the victim compensation program. We sampled and compared 10 select performance figures reported in the VVF tracking

system to totals the VVF reported to the OVC. We were generally able to reconcile the state's information to the totals the state reported to the OVC, although some of the selected figures did not precisely match.¹⁰ For example, during our fieldwork, there was one instance where the VVF was unable to produce data from its internal tracking system that reconciled with the number of applications it reported approved during FY 2015. The VVF reported that it had approved 1,117 applications for FY 2015 while its internal tracking system reflected 990 approved applications. VVF personnel explained that the way the internal tracking system queries were designed and limitations of this system caused these discrepancies. For example, the VVF could run a query for a specified date range, but the status of a claim evolved over time and thus would not necessarily match the status of the claim at the time the data was previously reported to the OVC.

Subsequent to our fieldwork, the VVF provided some supplemental reports that resolved some of the discrepancies identified during testing. However, the VVF could not provide support to resolve all of the discrepancies we identified during fieldwork. Retaining contemporaneous records when submitting PMT reports to the OVC would enable the VVF to more readily demonstrate that reported data accurately reflected its performance at the time of reporting. Therefore, we recommend that OJP ensure that the VVF maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant acceptance documents, the VVF certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim compensation grant, and identified special conditions that we deemed significant to grant performance which are not otherwise addressed in another section of this report. We judgmentally selected the following three special conditions to review in greater detail:

1. Ensure that at least one key grantee official attends the annual VOCA National Training Conference.
2. Comply with applicable requirements regarding the System for Award Management (SAM), to include registering for a SAM account and maintaining the currency of information in the system.
3. Collect information regarding race, sex, and age of recipients of compensation benefits, where such information is voluntarily furnished.

Our review found that the VVF complied with these tested special conditions.

¹⁰ While we were able to reconcile most reported figures to the VVF's claims tracking system, we note that this system does not differentiate federal versus state-funded victims, and that the VVF reported the overall performance data from its tracking system. We find that this practice likely can affect the accuracy of the reporting of VOCA-funded activity.

Grant Financial Management

Award recipients must establish and maintain an adequate accounting system and financial records that accurately account for awarded funds. To assess the adequacy of the VVF's financial management of the VOCA victim compensation grants, we reviewed the process for the VVF to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the VVF's financial management of the VOCA victim compensation grants, we reviewed the most recent Single Audit Report as well as several state-level audit reports spanning FYs 2014 to 2017. We did not identify significant deficiencies or material weaknesses specifically related to the VVF. We also interviewed VVF personnel who were responsible for financial aspects of the grants, reviewed VVF written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, our overall assessment of grant financial management determined that the VVF implemented adequate controls over claims processing and appropriately drew down and applied federal VOCA funds to eligible expenses.

Grant Expenditures

State administering agency VOCA compensation expenses usually fall into two overarching categories: (1) compensation claim payments – which constitute the vast majority of total expenses, and (2) administrative expenses – which can total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from the first category by reviewing accounting records and verifying support for select transactions.

Victim Compensation Claim Expenditures

Victims of crime in the state of Virginia, or their survivors, submit reimbursement claims for expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. VVF staff adjudicate these claims for eligibility and make payments from the federal VOCA victim compensation grants and state funding.

To evaluate the VVF's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with VOCA Guidelines and specific VVF policies and procedures. We judgmentally selected 91 expenses totaling \$342,085 that were associated with 33 claims paid under the compensation grants. These transactions included costs associated with loss of wages, loss of support, funerals, prescriptions, transportation, medical and dental bills, moving or relocation, and mental health counseling. Generally, we found that the VVF properly reviewed the compensation claims and paid them in accordance with VOCA Guidelines along with Virginia law and policy.

We also examined a sample of denied and appealed claims to assess the support the VVF retained to demonstrate that these claims were incomplete or unallowable. Specifically, we reviewed 17 denied claim requests and verified that VVF maintained adequate documentation supporting its denials. Additionally, we reviewed three appealed claims and found that the VVF maintained adequate and sufficient documentation regarding the appealed claims.

We found that the VVF implemented strong controls over its compensation claim process and maintained detailed records on the claims it received. We did not identify any issues related to claims expenditures.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. However, such costs must derive from efforts to improve program effectiveness and service to crime victims, including claims processing, staff development and training, and public outreach. VVF leadership stated that the VVF does not use the 5 percent administrative allowance and instead distributes all VOCA grant funding to pay victim compensation claims. Our review of VVF records confirmed that the VVF did not charge administrative expenses to the VOCA grants.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA victim compensation grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the VVF managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the VVF’s accounting system and accompanying financial records.

For the VOCA victim compensation awards, we found that the VVF calculated its drawdown requests appropriately. Due to the timing of when these VOCA grant funds became available, the VVF used the VOCA funds to reimburse itself for payments it had previously covered with state funds. Table 3 shows the total amount drawn down for each grant as of May 2017.

Table 3
Amount Drawn Down for Each Grant as of May 2017

| Award Number | Total Award (\$) | Fund Obligation Date | Drawdown (\$) |
|---------------------|-------------------------|-----------------------------|----------------------|
| 2015-VC-GX-0044 | 911,000 | 8/13/2015 | 911,000 |
| 2016-VC-GX-0016 | 1,615,000 | 8/09/2016 | 1,615,000 |
| Total: | \$2,526,000 | | \$2,526,000 |

Source: OJP

Our audit did not identify significant deficiencies related to the VVF's process for developing drawdown requests.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the VVF submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to the VVF's accounting records for each grant.

When OJP makes the VOCA victim compensation awards, it defines the award period beginning with the start of the federal fiscal year in which the award was made, plus an additional 3 years. However, the award funds do not become available to the grantees until late in this fiscal year. Once the award funds become available, states may apply the VOCA funding to expenses incurred as early as the award start date. We found the VVF incurred eligible expenses prior to the availability of VOCA funds and requested payment once these funds became available. While we found that for both grants the amounts the VVF reported as federal expenditures matched the amount of federal funds the VVF drew down from OJP, the timing of the FY 2015 grant's FFR reporting led OJP to question the accuracy of the certification form for the FY 2016 reporting period, resulting in multiple revisions to the certification. In addition, we note that the VVF's FFRs included amounts for the "recipient share of expenditures," although this field is not required for the victim compensation program awards. We therefore recommend that OJP work with the VVF to clarify the reporting expectations and ensure that the VVF completes its FFRs accurately and appropriately.

CONCLUSION AND RECOMMENDATIONS

We found that the VVF used its grants to compensate eligible crime victims in accordance with the criteria governing the VOCA victim compensation program. The VVF implemented adequate controls over its claims handling and payments process. We also did not identify significant issues with its financial management of the awards or its annual program certifications, given the records available. Nevertheless, the VVF's retention of records relevant to its VOCA program could be strengthened. For instance, we found that the VVF did not maintain contemporaneous support for performance reports that would enable it to demonstrate the figures reported to the OVC accurately reflected the VVF's performance at the time. The VVF could also adjust how it completes its Federal Financial Reports to better align with OJP expectations for this reporting mechanism. We provide two recommendations to OJP to address these areas.

We recommend that OJP:

1. Ensure that the VVF maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.
2. Work with the VVF to clarify the reporting expectations and ensure that the VVF completes its FFRs accurately and appropriately.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how Virginia Victims Fund (VVF) designed and implemented its crime victim compensation program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, and (3) grant financial management.

Scope and Methodology

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 objective. 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 *Victims of Crime Act* (VOCA) victim compensation formula grants 2015-VC-GX-0044 and 2016-VC-GX-0016 from the Crime Victims Fund (CVF) awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC), totaling \$2,526,000. The Virginia Workers' Compensation Commission (VWCC) is the official VOCA grant recipient; however, as a division within the VWCC, the VVF administers Virginia's victim compensation program. Our audit concentrated on, but was not limited to, the period of October 1, 2014, the project start date for the first VOCA victim compensation grant in our scope, through May 2017, when the VVF had drawn down the full amount of \$2,526,000 from both audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the VVF's activities related to the audited grants. The authorizing VOCA legislation, the VOCA victim compensation program guidelines, the Department of Justice (DOJ) Grants Financial Guide, Code of Virginia §19.2- 368, relevant VVF policies and procedures, and the award documents contain the primary criteria we applied during the audit. Based on our review of the Code of Virginia and relevant VVF policies and procedures, we determined that Virginia criteria applicable to this program largely aligned with VOCA victim compensation program guidelines.

We performed sample-based audit testing for performance reporting, special conditions, and grant expenditures on claims. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. Specifically, for the performance testing sample, we judgmentally selected 10 performance figures reflecting activity from both FY 2015 and FY 2016 in a variety of relevant categories of performance reported through the OVC's

Performance Measurement Tool (PMT). Previous audit work informed our selection of special conditions for additional analysis. For our sample of paid claims, we stratified the universe and employed a random sample from each stratum, with an emphasis on the higher dollar amounts paid, to account for higher risk. For our sample of denied claims, we selected our sample to ensure representation across all reasons for denial and the majority of the associated crimes recorded. These non-statistical sample designs did not allow projection of the test results to the universe from which the samples were selected. We judgmentally selected 3 denied claims that were appealed within our scope based on the outcome of the claim. For the Federal Financial Report testing, we selected the four most recent reports available at the time of fieldwork.

During our audit, we obtained information from OJP's Grants Management System as well as the VVF accounting systems 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 documents from other sources.

To compile certification forms, the VVF used what it referred to as trial balances derived from its general ledger to capture funding activity for certain periods of time. Our analysis identified slight variances between the trial balances used to compile certifications and its general ledger. Based on our testing, we believe these variances resulted from differing parameters for querying data. Considering these variances, our validation did not rely on trial balances used by the VVF to prepare its certification forms. Instead, we reconciled general ledger data directly to amounts the VVF reported to OJP.

In February 2016, the state commission that encompasses the VVF adopted a new accounting system. As part of this transition, the state archived data from its old accounting system into text reports that, although available, were not readily sortable by the audit team. We thus identified relevant data fields in these reports and used software to adapt this information into sortable data that we then used to reconcile to the amounts the VVF certified. This reconciliation identified certain discrepancies between the accounting records and the amounts reported pertaining to victim payments. For example, the amounts that the VVF certified for FY 2018 may result in an ultimate award calculation that is approximately \$14,000 under the amount that Virginia could otherwise receive. However, we note that we derived this figure from some data that we converted from general ledger text reports to sortable and filterable spreadsheets. Considering that: (1) we derived the data from text reports and (2) this figure constituted 0.7 percent of the total potential grant award, we did not note an exception with regard to the overall accuracy of the VVF's certification amounts.

While our audit did not assess the Virginia Victims Fund's overall system of internal controls, we did review the internal controls of VVF's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether VVF adequately managed the VOCA funds we audited, we

conducted interviews with state of Virginia financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of VVF's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

**THE VIRGINIA WORKERS' COMPENSATION COMMISSION
RESPONSE TO THE DRAFT AUDIT REPORT**



COMMONWEALTH of VIRGINIA

WESLEY G. MARSHALL
Chairman

R. FERRELL NEWMAN
Commissioner

ROBERT RAPAPORT
Commissioner

VIRGINIA WORKERS' COMPENSATION
COMMISSION

333 E. Franklin Street
Richmond, Virginia 23219-2213
www.workcomp.virginia.gov
(877) 664-2566
(804) 823-6945 (Fax)

JAMES J. SZABLEWICZ
Chief Deputy Commissioner

EVELYN V. MCGILL
Executive Director

MARJORIE P. PLATT
Clerk

June 12, 2018

John J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1401 S. Clark Street, Suite 9000
Arlington, VA 22202

Dear Mr. Manning:

The purpose of this correspondence is to submit the Criminal Injuries Compensation Fund/Virginia Victims Fund's response to the audit of Grant Numbers 2015-VC-GX-0044 and 2016-VC-GX-0016.

Here are the audit recommendations and CICF/VVF's responses:

1. Audit recommendations:
Ensure that the VVF maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.

CICF/VVF Response:

CICF/VVF does not concur with this recommendation. The discrepancy in the records identified during the audit was due to a reporting change, which occurred after the submission of the FY15 annual performance. This reporting change caused data to shift with regard to the number of approved applications based on the "decision date." At the time of the original submission of the FY15 PMT report, the internal tracking system captured all approved applications. Therefore, the FY15 PMT report is an accurate reflection of VVF performance.

The reporting metric has been corrected to accurately capture data to reflect the total number of approved applications to coincide with performance reporting. Further VVF will continue to maintain records to support quarterly performance reporting.

VVF appreciates the opportunity to respond to the variance and will maintain contemporaneous records when submitting PMT reports to OVC.

Based on the above response, VVF requests that this recommendation be excluded from the final report and/or deemed resolved.

2. Audit recommendations:

Work with the VVF to clarify the reporting expectations and ensure that the VVF completes its FFRs accurately and appropriately.

CICF/VVF Response:

VVF agrees with the audit report conclusions that VVF's financial certification and quarterly financial reports are accurate and well supported with documentation. VVF awaits OJPs response to the OIG recommendation that OJP clarify its reporting expectations.

Thank you for your review of the CICF/VVF's response to the audit. If there are any further requirements or concerns, please feel free to contact me.

Sincerely,



Evelyn V. McGill
Executive Director

EVM/jj

cc: Edward Rice, Chief Financial Officer
Amy Pearson, Assistant Financial Officer
Kassandra Bullock, CICF/VVF Director
Linda J. Taylor, DOJ – Office of Justice Programs

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT¹¹



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUN 21 2018

MEMORANDUM TO: John G. Manning
Regional Audit Manager
Washington 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, Office for Victims of Crime, Victim Compensation Formula Grants, Awarded to the Virginia Workers' Compensation Commission, Richmond, Virginia*

This memorandum is in reference to your correspondence, dated May 24, 2018, transmitting the above-referenced draft audit report for the Virginia Workers' Compensation Commission, Virginia Victims Fund (VVF). 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 OJP's response.

- 1. We recommend that OJP ensure that the VVF maintains support for the performance data at the time of reporting to the Office for Victims of Crime to enable reconciliation of reported data with its internal records.**

OJP agrees with the recommendation. The VVF provided a copy of its written Performance Measures Reporting policy, approved on June 14, 2018, to ensure that supporting documentation for performance data is maintained at the time of reporting to OJP, as required by the U.S. Department of Justice Grants Financial Guide, to enable reconciliation of reported data with its internal records (see Attachment 1). In addition, the VVF provided evidence of the formal implementation of the policy, including documentation to support that the document was distributed to staff responsible for managing Federal award funds (see Attachment 2). Accordingly, the Office of Justice Programs respectfully requests closure of this recommendation.

¹¹ The attachments referenced in OJP's response are not included in this final report.

2. **We recommend that OJP work with the VVF to clarify the reporting expectations and ensure that the VVF completes its FFRs accurately and appropriately.**

OJP agrees with the recommendation. We will coordinate with the VVF to clarify the reporting requirements when completing Federal Financial Reports (FFRs), and will obtain, as necessary, a copy of revised written policies and procedures to ensure that future FFRs are accurate and consistent with amounts recorded in its accounting system.

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.

Attachments

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

LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

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

Darlene L. Hutchinson
Director
Office for Victims of Crime

Marilyn Roberts
Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Susan Williams
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

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

DeLano Foster
Team Lead, State Compensation
and Assistance Division
Office for Victims of Crime

Brian Sass
Grants Management Specialist
Office for Victims of Crime

Charles E. Moses
Deputy General Counsel

Robert Davis
Acting 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

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

cc: OJP Executive Secretariat
Control Number IT20180531102431

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Virginia Victims Fund (VVF) and the Office of Justice Programs (OJP). The VVF response is incorporated in Appendix 2, 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. OJP also requested closure of one recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure that the VVF maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.**

Closed. OJP concurred with our recommendation. In response to the draft audit report, the VVF provided additional reports from its internal system that resolved the largest discrepancy we identified during our fieldwork. However, the VVF could not provide reports to resolve all of the identified discrepancies. The VVF acknowledged that its previous mechanism for querying performance reports needed adjustment and explained that the parameters for these queries changed during the scope of our audit. The VVF agreed to maintain records to support performance reporting and furnished a copy of a new written Performance Measures Reporting policy, approved on June 14, 2018. The VVF designed this policy to maintain supporting documentation for performance data at the time of reporting to OJP, thus enabling it to reconcile reported data with its internal records.

The VVF provided evidence that it distributed the policy to staff responsible for managing federal award funds. OJP requested closure on the basis of these steps, which we find sufficiently address the recommendation. This recommendation is therefore issued as closed.

- 2. Work with the VVF to clarify the reporting expectations and ensure that the VVF completes its Federal Financial Reports (FFR) accurately and appropriately.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated that it would coordinate with the VVF to clarify the reporting requirements when completing the Federal Financial Reports (FFRs) and will obtain written policies and procedures as necessary to ensure that future

FFRs are reported accurately. The VVF also concurred with our recommendation. In its response, the VVF stated it would work with OJP to obtain clarification on the reporting requirements for the FFRs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the VVF regarding the expectations for FFR reporting.



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U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

950 Pennsylvania Avenue, Northwest
Suite 4760
Washington, DC 20530-0001

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