



**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  
Delaware Victims' Compensation  
Assistance Program, Wilmington,  
Delaware**



# Executive Summary

*Audit of the Office of Justice Programs Office for Victims of Crime  
Victim Compensation Formula Grants Awarded to the  
Delaware Victims' Compensation Assistance Program, Wilmington, Delaware*

## Objective

The objective of the audit was to evaluate how the Delaware Victims' Compensation Assistance Program (DVCAP) 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 DVCAP used its victim compensation grant funding to provide financial support for awards of compensation benefits to crime victims. Also, the audit did not identify significant concerns regarding DVCAP's annual performance reports and compliance with award special conditions. However, we found that DVCAP did not always comply with essential award conditions related to grant expenditures, financial reporting, and program implementation. We also identified \$1,999 in unallowable administrative expenditures.

## Recommendations

Our report contains five recommendations to assist DVCAP to improve its grant management and administration and remedy questioned costs. We requested a response to our draft audit report from DVCAP and the Office of Justice Programs (OJP), which can be found in Appendices 4 and 5, respectively. Our analysis of those responses is included in Appendix 6.

## Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three Victims of Crime Act (VOCA) victim compensation formula grants awarded by OJP, Office for Victims of Crime (OVC) to DVCAP in Wilmington, Delaware. The OVC awarded these formula grants, totaling \$4,251,000 from Fiscal Years (FY) 2012 to 2014, from the Crime Victims Fund (CVF) to provide financial support through the payment of compensation benefits to crime victims in Delaware. DVCAP drew down a cumulative amount of \$4,251,000 for all of the grants we reviewed. As of January 2018, DVCAP had not requested any funding from FY 2015-2016 awards.

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

**Program Planning and Execution** – We found the amounts tested on DVCAP's Crime Victim Compensation State Certification Form to be accurate and supported. We also found that while DVCAP's written policies and procedures appeared to be consistent with VOCA guidelines, we believe DVCAP's documentation requirements for lost wage and loss of support claims should be strengthened.

**Program Requirements and Performance Reporting** – We were generally able to reconcile the state's information to the totals reported to the OVC for its Annual Performance Reports and we found that DVCAP complied with the special conditions we tested.

**Grant Financial Management** – DVCAP did not have any written fiscal policies and procedures and the majority of fiscal responsibilities were vested in one person. DVCAP lacked written grant administration policies and procedures for preparing drawdown-funding requests for federal awards and for preparing federal financial reports. We also identified \$1,999 in unallowable administrative costs.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE FOR VICTIMS OF CRIME VICTIM COMPENSATION  
FORMULA GRANTS AWARDED TO THE  
DELAWARE VICTIMS' COMPENSATION ASSISTANCE PROGRAM,  
WILMINGTON, DELAWARE**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE FOR VICTIMS OF CRIME  
VICTIM COMPENSATION FORMULA GRANTS  
AWARDED TO THE  
DELAWARE VICTIMS' COMPENSATION ASSISTANCE PROGRAM,  
WILMINGTON, DELAWARE**

**INTRODUCTION**

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Delaware Victims' Compensation Assistance Program (DVCAP) in Wilmington, Delaware. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from Fiscal Years (FY) 2012 to 2014, these OVC grants totaled \$4,251,000.<sup>1</sup>

**Table 1  
Audited Grants  
Fiscal Years 2012 – 2014**

GRANT AWARD	AMOUNT
<b>VICTIM COMPENSATION GRANTS</b>	
2012-VC-GX-0044	1,270,000
2013-VC-GX-0003	1,274,000
2014-VC-GX-0031	1,707,000
<b>TOTAL:</b>	<b>\$ 4,251,000</b>

Source: OJP

Note: Each of these awards has a 4-year period of performance.

Established by the *Victims of Crime Act* (VOCA) of 1984, the CVF supplies funds to grant programs that support both assistance services and compensation for victims and survivors of crime.<sup>2</sup> The CVF holds the fines, penalties, and bond forfeitures of convicted federal offenders. The OVC annually distributes to states and territories proceeds from the CVF.

VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients. The OVC allocates victim

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<sup>1</sup> We limited our scope to exclude the FY 2015 and 2016 awards as DVCAP had not requested any funding under these awards through January 2018.

<sup>2</sup> The VOCA victim compensation formula program is funded under 42 U.S.C. 10602 (a).

compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims.

The primary purpose of the victim compensation grant program is to compensate victims and survivors of criminal violence for: (1) medical expenses attributable to a physical injury resulting from a compensable crime, including expenses for mental health counseling and care; (2) loss of wages attributable to a physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.<sup>3</sup>

## **The Grantee**

As a part of the Delaware Department of Justice, and the state administering agency for CVF funds, Delaware's Victims' Compensation Assistance Program (DVCAP) was responsible for administering the VOCA victim compensation program grants. According to its website, DVCAP serves as an important resource for victims on their road to recovery by helping to alleviate some of the financial burdens faced by victims, those that are directly related to the specific offense, by providing compensation for certain losses. DVCAP serves as an important lifeline, reaching out to victims wherever they are located throughout Delaware. DVCAP funding for the program is generated exclusively by a surcharge on fines and penalties imposed by the Courts.

## **OIG Audit Approach**

The objective of the audit was to evaluate how DVCAP designed and implemented its crime victim compensation program. To accomplish this objective, we assessed grant management performance in the following areas: (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 OJP Financial Guide as our primary criteria. We also reviewed relevant DVCAP policies and procedures, including Delaware statutes, and interviewed DVCAP personnel to determine how they administered the VOCA funds. Additionally, we obtained and reviewed DVCAP records reflecting grant activity.<sup>4</sup>

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<sup>3</sup> This program defines criminal violence to include drunk driving and domestic violence.

<sup>4</sup> 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. Appendix 2 presents a schedule of our dollar-related findings.

# 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 DVCAP's overall process for making victim compensation payments. We reviewed DVCAP's policies and procedures for providing compensation payments to victims, as well as the accuracy of state certification forms.

Based on our overall assessment in the areas of grant program planning and execution, we determined that DVCAP's implementation of its victim compensation program was generally in compliance with the VOCA Guidelines. We found that DVCAP sufficiently planned for and established an adequate program to compensate victims and survivors of criminal violence. However, we identified potential policy issues related to paying claims for lost wages and loss of support.

### *Program Implementation*

State administering agencies receive VOCA victim compensation grants to compensate victims directly for expenses incurred from criminal victimization. As the state administering agency for Delaware, DVCAP was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, DVCAP operated under Delaware's State Code and the Delaware Administrative Code, which conveyed the state-specific policies for the victim compensation program.<sup>5</sup> In assessing DVCAP's implementation of its victim compensation program, we analyzed programmatic policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts DVCAP had made to bring awareness to victims eligible for compensation program benefits.

In reviewing DVCAP's efforts to ensure victims were aware of the compensation program, we found DVCAP made efforts to bring awareness of victim compensation benefits to the public by developing and distributing brochures and give-away items to promote the program. We also reviewed DVCAP's website for information about its victim compensation program and found that the website gave information on obtaining a victim compensation application form, applying for victim compensation benefits, and filing an appeal on a denied claim.

In reviewing DVCAP's claims process, we found that DVCAP written policies and procedures appeared to be consistent with VOCA Guidelines. We further determined that DVCAP had an established claims process for intake, adjudication, and payment or denial of individual compensation claims that also included a formal appeals process for denied claims. Additionally, DVCAP is solely responsible for the processing claims while the actual claims payment is made separately by

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<sup>5</sup> Specifically, Title 11, Chapter 90, *Compensation for Innocent Victims of Crime*, of the Delaware State Code and Title 1, Section 301, *Victims' Compensation Assistance Program Rules and Regulations*, of the Delaware Administrative Code.

Delaware's Treasury Department. However, we identified potential policy issues related to paying claims for lost wages and loss of support. In our review, we included claims for medical expenses, funeral costs, lost wages, loss of support, and other eligible claim categories. We discuss our concerns regarding the payment of lost wages and loss of support claims below.

### Lost Wages

According to VOCA Guidelines, states can compensate victims of crime for lost wages. In addition to these guidelines, Delaware's state code also allows payments for lost wages of parents or others charged with the care, custody, or guardianship of a child victim while providing care to a child victim.

We found that DVCAP written policy specifies that when determining if a claimant is eligible for lost wages, there must be a determination that the claimant was employed at the time of the crime and is no longer able to work due to injuries sustained as a direct result of the covered crime. DVCAP policy requires that when submitting a claim for lost wages, the claimant must provide three documents, when applicable:

1. Disability report completed by the treating physician;
2. Employment Questionnaire filled out by the victim's employer; and<sup>6</sup>
3. If self-employed, the victim's most recent tax returns.

The Employment Questionnaire asks the employer to provide information related to employment history, average work week/overtime, frequency of pay, hourly/overtime wages, and gross weekly earnings for the last full pay period before the date of the crime. Based on this information, a DVCAP investigator completes a Lost Wage Worksheet to determine the amount of lost wages to be awarded.<sup>7</sup> DVCAP policy does not require that prior pay stubs or W-2 forms from the employer be submitted as a form of supporting documentation.

During our audit, we reviewed a sample of approximately \$47,000 in lost wage claims. In the course of our review, we found instances of lost wage claims that did not include documentation that fully supported payments made. In particular, we found that the basis for the amount of lost wages did not include past income tax returns, pay stubs, W-2 forms, or other documentation demonstrating the lost wage. Moreover, the methodology used to calculate the lost wage claim did not specifically address those instances where the claimant worked part-time, seasonal, had fluctuating tip income, or was paid predominately on a commission-based pay scale resulting in varying commission amounts. We also determined that DVCAP did not have a documented rationale for how they calculated the amount of income tax to deduct from the lost wage claim. Given the current practice, we believe federal funds are at risk for fraud, as there was inadequate supporting documentation to verify the payments made in such instances. Because of this, we

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<sup>6</sup> See Appendix 3 for the Lost Wage Employment Letter & Questionnaire.

<sup>7</sup> See Appendix 3 for the Lost Wage Worksheet.

recommend that DVCAP strengthen its current policies and procedures to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision making process, and that documentation supporting the payments made is verified.

### Loss of Support

The VOCA Guidelines permit states to compensate victims of crime for annuities for loss of support for children and other dependents of victims of homicide. In homicide cases, the statute states that "Pecuniary loss in instances of death of the victim shall include funeral and burial expenses, loss of support to the dependents of the victim and mental health counseling to secondary victims." This has been interpreted to mean that the dependent(s) of the victim may apply for assistance with expenses, such as funeral/burial, mental health counseling, and loss of support. In homicide cases, loss of support has not been interpreted to mean that the dependent(s) would be eligible to receive up to \$25,000, but rather a combined benefit of \$25,000 for all cost categories.

Delaware's State Code expands on the VOCA Guidelines to include victims of violence (non-homicide), not to exceed \$3,000, when:

1. the offender was gainfully employed or had other legal income at the time of the crime, as defined by the Delaware State Code addressing the crime committed against the victim;
2. the victim seeking loss of support is fully or partially dependent on the income of the offender and;
3. the victim seeking loss of support no longer has that income available from the offender.

Furthermore, according to DVCAP's policies and procedures, when determining whether a claimant is eligible for loss of support, there must be a determination that the offender was supporting the claimant at the time of the crime and that the claimant has lost the support of the offender as a result of the covered crime. In many examples, this generally means that the perpetrator is incarcerated, but the offender does not have to be incarcerated. The state of Delaware defines a dependent as a person wholly or substantially dependent upon another's income at the time of the crime.<sup>8</sup>

DVCAP policy states when determining whether a claimant is eligible for loss of support, there must be a determination that the victim (or the offender in a non-homicide crime) was supporting the claimant at the time of the crime and that the claimant has lost the support of the victim (or offender) as a result of the covered crime. DVCAP policy adds that various forms of documentation must be provided to support that the victim (or offender) was and is no longer providing funds. DVCAP

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<sup>8</sup> In homicide cases, the dependent is a person wholly or substantially dependent upon the income of the victim at the time of the victim's death, or would have been dependent but for the incompetency of the victim due to the injury from which the death resulted, and shall include a child born after the death of the victim. In non-homicide cases, the dependent is dependent upon the income of the offender at the time of the incident of non-homicide.



requires that when submitting a claim for loss of support, the claimant must provide supporting documentation relevant to their claim, for example:

1. Name, address, and phone number of the employer for the deceased.
2. Name, address, and phone number of the employer for the incarcerated/defendant.
3. Documentation showing application or entitlement to social security or other benefits for dependents.

As with lost wages, a similar employment questionnaire is sent to the employer to establish the loss of support and, based on the information, a DVCAP investigator determines the appropriate amount to be awarded for loss of support. At the time of our audit, DVCAP did not require that prior pay stubs or W-2 forms from the employer be submitted as a form of supporting documentation, and did not require that the claimant, as a dependent, provide documentation that they were wholly or substantially dependent upon the income of the victim at the time of victim's death.

During our audit, we reviewed approximately \$4,000 in lost support claims paid by DVCAP. Because of the lack of documentation supporting income and dependency of others on the income of the victim at the time of the victim's death, we could not readily ensure that the basis and amount of payments made were reasonable and appropriate. As a result, we recommend that DVCAP strengthen its policies and procedures to ensure that documentation for loss of support and the eligibility status of dependents as claimants be fully documented to establish the basis for payment.

#### *State Certification*

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the OVC the necessary information to determine future grant award amounts for the 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. The OVC 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. The accuracy of the information provided in the certification form is critical to the OVC's correct calculation of the victim compensation award amounts granted to each state.

We assessed DVCAP's controls for preparing the annual certification forms submitted to the OVC for Fiscal Years (FY) 2010 through 2014, which OJP's Office of the Chief Financial Officer used to calculate award amounts that were then granted by OVC in FYs 2012 through 2014. We reviewed DVCAP's 2014 Crime Victim Compensation State Certification Form and tested the amounts reported for total payments to: crime victims from all funding sources, crime victims from VOCA victim compensation funds, and crime victims/providers that were returned to the compensation program or never cashed.

Based on our testing, we found the amounts tested on DVCAP’s Crime Victim Compensation State Certification Form to be accurate and supported.

### **Program Requirements and Performance Reporting**

To determine whether DVCAP distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed DVCAP performance measures and performance documents that DVCAP used to track its goals and objectives. We further examined OVC solicitations and award documents, and we verified DVCAP 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 DVCAP: (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 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 states are required to produce the Annual State Performance Report and load it to GMS.

For the victim compensation grants, states were required to report the number of victims for whom an application was made; the number of victims whose victimization was the basis for the application; victim demographics; and the number of applications that were received, approved, denied, and closed. Below is a summary of DVCAP’s annual reports.

**Table 2**  
**Summary from DVCAP**

#### **Victim Compensation Program Annual Performance Report**

<b>Performance Categories</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
	<b>Data Reported</b>	<b>Data Reported</b>	<b>Data Reported</b>
Number of Claims Paid	1,194	1,022	1,115
Number of Claims Denied/Closed	223	242	152

Source: DVCAP Annual Performance Reports

We assessed whether DVCAP’s annual performance report to the OVC reflected the performance figures of the victim compensation program. We selected four categories from each of the three annual performance reports (2012-2014) to test (12 total). To perform this testing, we requested supporting

information from DVCAP's case management system, the Computerized Crime Victim Compensation System (CCVC), for the reports we reviewed. We were generally able to reconcile the state's information to the totals reported to the OVC for its Annual Performance Reports.

### *Compliance with Special Conditions*

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, DVCAP certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim compensation program grant and identified special conditions that we deemed significant to grant performance which are not otherwise addressed in another section of this report. In particular, we tested to ensure a program official attended VOCA training and that the grantee adhered to special condition terms in the obligation and use of grant funds. We found that DVCAP complied with the special conditions we tested.

### **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 DVCAP's financial management of the VOCA victim compensation grants, we reviewed the process for DVCAP to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate DVCAP's financial management of the VOCA victim compensation grants, we reviewed the state of Delaware's Single Audit Reports for FYs 2012 to 2014 and did not identify significant deficiencies or material weaknesses specifically related to DVCAP. We also interviewed DVCAP personnel who were responsible for financial aspects of the grants, inspected award documents, and reviewed financial records. While we found that DVCAP did not have any formalized fiscal policies and procedures, we also found DVCAP's in-house processes were readily dictated to us from the Fiscal Support Services Administrator and Fiscal and Intake Specialist.

As discussed below, in our overall assessment of grant financial management, we determined that DVCAP implemented adequate controls over most forms of claim payments, but could improve its policies for lost wages, loss of support, administrative expenditures, and would benefit from formalized fiscal policies and procedures. DVCAP did not have any written fiscal policies and procedures, and the majority of its fiscal responsibilities were vested in one person. The DVCAP should implement formalized fiscal policies and procedures to improve grant administration and mitigate the risk for errors to occur.

### *Grant Expenditures*

For VOCA victim compensation programs, state administering agency expenses fall into two overarching categories: (1) compensation claim payments – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to 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 each of these categories by reviewing accounting records and verifying support for select transactions.

### Victim Compensation Claim Expenditures

As previously discussed, victims of crime in the state of Delaware submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. DVCAP staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding. Denied and appealed claims are reviewed by the victim compensation staff and the Victims' Compensation Assistance Program Appeals Board (Appeals Board).<sup>9</sup>

To evaluate DVCAP'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 the policies of federal and state guidelines. We judgmentally selected 90 claims, 30 from each grant award, totaling \$419,204. The transactions we reviewed included a mixture of high dollar claims as well as payments in the following expenditure categories: medical, mental health, funeral, lost wages, loss of support, and moving/relocation.

As discussed earlier, the documentation demonstrating appropriate payment amounts for lost wages and loss of support claims was not readily available for all claims DVCAP processed. Because the large majority of claims paid related to medical expenses and do not fall under these categories, we do not question the costs associated with these lost wage and loss of support expenditures. However, as noted above, we recommend that policies and procedures are enhanced to ensure appropriate documentation is obtained to support loss of wages and loss of support claims. While we identified areas to strengthen, we believe DVCAP successfully collected supporting documentation for funeral costs, medical expenses, mental health, and moving/relocation related expenditures.

To ensure DVCAP appropriately adjudicated incomplete or unallowable claim applications, we examined a sample of both denied and appealed claims reviewed by the victim compensation staff and the Appeals Board. We reviewed 22 denied claim requests and verified that the files included appropriate documentation supporting the denial of the claims. In addition, we selected three appealed claims to ensure the validity of the review and appeals process by the Appeals Board. In reviewing these appeals, we found that the documentation maintained by DVCAP demonstrated that the appeals were appropriately adjudicated.

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<sup>9</sup> The Appeals Board was created by statute to have the power and authority to affirm, reverse, or modify DVCAP's claims decision.

## Administrative Expenditures

State administering agencies 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. For the compensation grant program, we tested DVCAP's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 3.

**Table 3**  
**Administrative Expenditures as of July 2017**

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2012-VC-GX-0044	1,270,000	63,500	5.00%
2013-VC-GX-0003	1,274,000	62,996	4.94%
2014-VC-GX-0031	1,707,000	21,846	1.28%

Source: OIG Analysis

We reviewed the total administrative expenditures that were charged to the three grants from FYs 2012 through 2014 and determined that DVCAP did not exceed the 5 percent administrative allowance for the completed 2012 and 2013 grants, and, as of the end of our fieldwork, DVCAP was positioned to comply with these limits for the 2014 grant.

In addition to testing DVCAP's compliance with the 5 percent administrative allowance, we also tested all of the administrative expenses for all three grants through July 2017. DVCAP did not charge any of the grants for personnel or fringe expenses; therefore, we reviewed administrative expenses in the following categories: training, travel for training, outreach, office supplies, technology, and software.

### Unallowable Costs

Based on our review, we found unallowable administrative charges in the amount of \$1,999 related to travel for training, as well as food and beverage expenses that were erroneously charged to the grant.

Federal and Delaware state policies prohibit the use of first-class travel, with exceptions made for extenuating circumstances. However, two DVCAP investigators were granted permission to fly first-class to training. When asked about these charges, whose total costs were split between the federal and state funds, the DVCAP official acknowledged that she was aware of these policies and stated that this error would not occur again. The unallowable amount charged to the federal grant was \$1,362.

Both members of DVCAP's fiscal staff explained that DVCAP alternates months to charge between state funding sources or federal grant funds for its programmatic and administrative expenditures. The DVCAP official explained that office supplies, contractual purchases, personnel, and travel unrelated to training are always charged to the program's state budget. However, because of an internal administrative error, several office supply orders were charged to the federal grant. These office supply orders contained paper, ink, and pens, but also included medicine, coffee, tea, sugar, water, and other beverage-related items.

VOCA Guidelines allow grant funds to be used for informational materials including development of applications, brochures, posters, training manuals and other relevant publications that describe the compensation application process, eligibility criteria, and the range of benefits available for crime victims. This includes related printing costs. Because of this, even though these expenses were not supposed to be charged to the federal grant, some items were allowable per grant guidelines. The remaining unallowable cost amount charged to the grant was \$637 for miscellaneous office supply food and beverage items previously mentioned. Additionally, these items were purchased using one of DVCAP's two available credit cards with a \$100,000 credit limit. DVCAP's fiscal staff explained that Delaware's Treasury Department, where the actual disbursement of funds originated, does not require supporting documentation to be attached when submitting credit card charges for payment. Therefore, the state of Delaware would not be aware of the specific details of these charges. For example, the state of Delaware has established contracted vendors for coffee, tea, water, and other beverage-related supplies, but without supporting documentation of DVCAP's specific purchases, the state would be unaware that expenditures were made for higher-priced items outside of the state's established contracts.

Therefore, we question \$1,999 in travel for training and food and beverage purchases as unallowable, and ask that OJP remedy the \$1,999 related to these administrative expenditures.

### *Drawdowns*

According to grant requirements, 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.

For the VOCA victim compensation awards, we found that DVCAP calculated its drawdown funding requests to reimburse the state for compensation claims paid to victims and the 5 percent administrative allowance. Table 4 shows the total amount drawn down for each grant as of January 2018.

**Table 4**  
**Amount Drawn Down for Each Grant as of January 2018**

Award Number	Total Award	Amount Drawn Down	Amount Remaining
2012-VC-GX-0044	1,270,000	1,270,000	0
2013-VC-GX-0003	1,274,000	1,274,000	0
2014-VC-GX-0031	1,707,000	1,707,000	0
<b>Total:</b>	<b>4,251,000</b>	<b>4,251,000</b>	<b>0</b>

Source: OJP

To assess whether DVCAP managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in DVCAP’s accounting system and accompanying financial records. During this audit, we did not identify significant deficiencies related to the recipient’s process for developing drawdown requests. However, despite not having a deficiency in this area, DVCAP lacked written grant administration policies and procedures for preparing drawdown funding requests for federal awards. Because staffing or other changes could take place and the currently undocumented practices for drawing funds may not be performed consistently, future drawdowns could be compromised. Therefore, we recommend that OJP ensure DVCAP develops and adheres to written policies and procedures for drawdown requests.

*Financial Reporting*

According to the OJP 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. In addition, a recipient’s accounting system should support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award. To determine whether DVCAP submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to DVCAP’s accounting records for each grant.

We determined that quarterly and cumulative expenditures for the reports reviewed did not match DVCAP’s accounting records for all grants. Based on their explanation, DVCAP’s official accounting system operates on a delay and does not post transactions as timely as their case management system, CCVC, which DVCAP used for their reports. We discussed this issue with DVCAP, and grant officials were unable to provide supporting documentation for the FFRs that were submitted. DVCAP also lacked grant administration policies and procedures for preparing FFRs for federal awards. It is important for DVCAP to prepare its financial reports using its accounting system to ensure OJP and the OVC have valid and reliable financial information.

We recommend that OJP ensure DVCAP develops and adheres to written policies and procedures for financial reporting and maintains supporting documentation from their accounting records for each report.

## **CONCLUSION AND RECOMMENDATIONS**

We found DVCAP used its grant funds to compensate eligible crime victims. We did not identify significant issues regarding DVCAP's claims process, including denials and appeals, but noted that the requirements for documentation supporting loss of wages and loss of support should be strengthened. In reviewing costs charged to the federal award, we identified \$1,999 in unallowable administrative costs. We also found that the DVCAP did not have specific policies and procedures for drawdowns, administrative costs, or federal financial reports that potentially risk federal award funds. We provide five recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that DVCAP strengthen its current policies and procedures to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation, and that documentation supporting the payments made is verified.
2. Ensure that DVCAP strengthen its policies and procedures to ensure that documentation for loss of support and the eligibility status of dependents as claimants be fully documented to establish the basis for payment.
3. Remedy the \$1,999 in questioned costs as a result of DVCAP's unallowable administrative expenditures.
4. Ensure DVCAP develops and adheres to written policies and procedures for drawdown funding requests.
5. Ensure DVCAP develops and adheres to written policies and procedures for quarterly financial reporting and maintains supporting documentation from their accounting records for each report.



### OBJECTIVE, SCOPE, AND METHODOLOGY

#### Objective

The objective of the audit was to evaluate how DVCAP designed and implemented its crime victim compensation program. To accomplish this objective, we assessed grant management performance in the following areas: (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 2012-VC-GX-0044, 2013-VC-GX-0003, and 2014-VC-GX-0031 to DVCAP. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$4,251,000 to DVCAP, which serves as the state administering agency. Each of the awards in our scope has a 4-year period of performance, and our audit concentrated on, but was not limited to, the period of October 1, 2011, the project start date for VOCA compensation grant number 2012-VC-GX-0003, through July 2017. As of January 2018, DVCAP had drawn down a total of \$4,251,000 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of DVCAP's activities related to the audited grants. We performed sample-based audit testing for grant expenditures, financial reports, progress reports, etc. 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 authorizing VOCA legislation, the VOCA compensation program guidelines, the OJP Financial Guide, Delaware compensation criteria and statutes, and the award documents contain the primary criteria we applied during the audit.

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

While our audit did not assess DVCAP overall system of internal controls, we did review the internal controls of DVCAP's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether DVCAP adequately managed the VOCA funds we audited, we conducted interviews with state of Delaware financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of DVCAP'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.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs:</b> <sup>10</sup>		
Unallowable Administrative Expenditures	\$1,999	11
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b><u>\$1,999</u></b>	

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

## APPENDIX 3

### DVCAP LOST WAGES LETTER & WORKSHEETS



STATE OF DELAWARE  
DEPARTMENT OF JUSTICE

VICTIMS' COMPENSATION ASSISTANCE PROGRAM  
900 N. King Street, Suite 4  
Wilmington, DE 19801  
TEL: 302-255-1770  
FAX: 302-577-1326

CARA SAWYER  
EXECUTIVE DIRECTOR

November 21, 2017

Re: Claim

The Victims' Compensation Assistance Program (VCAP) has received a claim from a victim of a crime for loss of earnings. According to the victim, he/she was employed by your organization at the time of the crime.

To validate the victim's wage loss reimbursement claim, you must complete and return the VCAP Employment Questionnaire which is included with this letter. **If the employee furnished a disability note for the missed time, please forward a copy with this questionnaire.**

The Victim's Compensation Assistance Program is authorized to receive this information under 11 Del. C. § 9019. Failure to comply with this request within fifteen (15) days from the date of this letter will result in a subpoena for the release of payroll information.

Thank you for your cooperation in this matter. Should you have any questions, please do not hesitate to contact me.

**VCAP EMPLOYER'S REPORT - LOST WAGES**  
**Victims Compensation Assistance Program · 900 NORTH KING STREET · SUITE 4 · WILMINGTON, DE**  
**19801 · PHONE: 302-255-1770**

Applicant filing for benefit: \_\_\_\_\_ Date Requested: \_\_\_\_\_

Job Title: \_\_\_\_\_ SSN: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

**Employer: An application for assistance has been filed for the person listed above. Please complete and return in as soon as possible; fax is acceptable.**

Date of Crime: \_\_\_\_\_

Date above person was first employed by you: \_\_\_\_\_

Date he/she was first absent due to crime related injuries: \_\_\_\_\_

Date he/she returned to work part time, if applicable: \_\_\_\_\_

Date he/she returned to work full time: \_\_\_\_\_

Date he/she was terminated, if applicable: \_\_\_\_\_

**Insurance Type and Policy No:**

Health #: \_\_\_\_\_ Disability: \_\_\_\_\_

Was this employee compensated for time absent? \_\_\_\_\_ If so how much? \_\_\_\_\_

Average work per week: \_\_\_\_\_ Average overtime per week: \_\_\_\_\_

Frequency of Pay:     Weekly             Biweekly             Bimonthly             Monthly

Average hourly wage: \_\_\_\_\_ Overtime hourly wage: \_\_\_\_\_

Gross weekly earnings for the last full pay period before the date of crime: \_\_\_\_\_

Employer: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Person completing form: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_ DATE: \_\_\_\_\_

**LOST WAGES WORKSHEET**

Gross weekly pay (from questionnaire) \_\_\_\_\_

Self Employed – gross weekly pay  
(adjusted gross income divided by 52 wks) \_\_\_\_\_

Tax: (circle one) 15%                      20% \_\_\_\_\_

Adjusted Gross Wkly Pay \_\_\_\_\_

Days Missed: (circle one)              Week(s)              Day(s) \_\_\_\_\_

Total Award: \_\_\_\_\_

\_\_\_\_\_  
Investigator

**DELAWARE VICTIMS COMPENSATION ASSISTANCE PROGRAM  
RESPONSE TO THE DRAFT AUDIT REPORT**



STATE OF DELAWARE  
DEPARTMENT OF JUSTICE

VICTIMS' COMPENSATION ASSISTANCE PROGRAM  
900 N. King Street, Suite 4  
Wilmington, DE 19801  
TEL: 302-255-1770  
FAX: 302-577-1326

CARA SAWYER  
EXECUTIVE DIRECTOR

Thomas O. Puerzer  
Regional Audit Manager, Office of Inspector General  
701 Market Street, Site 2300  
Philadelphia, PA 19106

February 2, 2018

Dear Mr. Puerzer,

The Delaware Victims' Compensation Program (DVCAP) is in receipt of the Draft Audit Report, dated January 18, 2018. The draft report included five recommendations, to assist DVCAP with improving its grant management and administration and remedy questioned costs. This letter is the written response to the draft report and recommendations as requested by the Office of Inspector General (OIG).

1. **Ensure that DVCAP strengthen its current policies and procedure to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation, and that documentation supporting the payments made is verified.**

Response: While the DVCAP believes its procedures for documenting and accounting for lost wages for a victim of crime are fair and just, we do recognize and concur that there are always ways to improve our work. As such, we will be exploring ways in which we can request enhanced documentation and strengthen our procedures in this area to improve the program.

2. **Ensure that DVCAP strengthen its current policies and procedures to ensure that documentation for loss of support and the eligibility status of dependents as claimants be fully documented to establish the basis for payment.**

Response: While the DVCAP believes its procedures for documenting and accounting for loss of support are fair and just, we do recognize and concur that there are always ways to improve our work. As such, the DVCAP will be exploring ways in which we can request enhanced documentation and strengthen our procedures in this area to improve the program.

3. **Remedy the \$1,999 in questioned costs as a result of DVCAP's unallowable administrative expenditures.**

Response: The DVCAP has already remedied the \$1,999 in questioned costs. In addition, DVCAP employees responsible for travel and purchasing have been counseled on federal and state policies associated with the questioned costs, and have been informed as to where to find federal and state policies and procedures to ensure all future expenditures are allowable.

4. **Ensure DVCAP develops and adheres to written policies and procedures for drawdown funding requests.**

Response: The State of Delaware has financial policies and procedures for drawdown funding requests. However, the DVCAP concurs that we have not tailored these policies and procedures specifically for the needs of the DVCAP Program. We will be working towards creating a policy and procedure that reflects the specific needs of the DVCAP program.

5. **Ensure DVCAP develops and adheres to written policies and procedures for quarterly financial reporting and maintains supporting documentation from their accounting records for each**

**report.**

Response: The State of Delaware has financial policies and procedures for quarterly financial reporting. However, the DVCAP concurs that we have not tailored those policies to fit the needs of the DVCAP Program. We will be working towards creating a policy and procedure that reflects the specific needs of the DVCAP Program. We will also ensure that maintaining supporting documentation from the accounting records is included in these policies and procedures.

Sincerely,



Cara Coyne Sawyer  
Executive Director

cc: Linda J. Taylor, Lead Auditor, Audit Coordination Branch, Office of Justice Programs



**THE 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

FEB 20 2018

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

FROM:

Ralph E. Martin  
Director

A handwritten signature in blue ink, appearing to read "Ralph E. Martin", written over the printed name and title.

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 Delaware Victims' Compensation Assistance Program, Wilmington, Delaware*

This memorandum is in reference to your correspondence, dated January 18, 2018, transmitting the above-referenced draft audit report for the Delaware Victims' Compensation Assistance Program (DVCAP). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **five** recommendations and **\$1,999** in 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 DVCAP strengthen its current policies and procedures to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation, and that documentation supporting the payments made is verified.**

OJP agrees with the recommendation. We will coordinate with DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that: lost wage documentation fully supports the amount to be paid; the claim file explains the methodology used to make the calculation; and documentation supporting the payments made is verified.

- 2. We recommend that OJP ensure that DVCAP strengthen its policies and procedures to ensure that documentation for loss of support and the eligibility status of dependents as claimants be fully documented to establish the basis for payment.**

OJP agrees with the recommendation. We will coordinate with DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that documentation for loss of support, and the eligibility status of dependents as claimants, be fully documented to establish the basis for payment.

- 3. We recommend that OJP remedy the \$1,999 in questioned costs as a result of DVCAP's unallowable administrative expenditures.**

OJP agrees with the recommendation. DVCAP provided copies of adjusting journal entries to remove the \$1,999 in disallowed costs, which were charged to Grant Numbers 2013-VC-GX-0003 (\$1,635) and 2014-VC-GX-0031 (\$364). We will work with DVCAP to ensure that it submits a revised final Federal Financial Report (FFR) to remove the costs; and returns the funds to DOJ, or offsets them against other allowable program costs.

- 4. We recommend that OJP ensure that DVCAP develops and adheres to written policies and procedures for drawdown funding requests.**

OJP agrees with the recommendation. We will coordinate with the DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that requests for funds from its OJP awards are based on immediate disbursement requirements, such as: (a) reimbursement for previously incurred expenditures; or (b) advances for expenditures to be incurred/liquidated within 10 days of drawdown.

- 5. We recommend that OJP ensure DVCAP develops and adheres to written policies and procedures for quarterly financial reporting and maintains supporting documentation from their accounting records for each report.**

OJP agrees with the recommendation. We will coordinate with the DVCAP to obtain a copy of its written policies and procedures, developed and implemented, to ensure that future FFRs are accurate, current, complete, and compliant with all financial reporting requirements; and that adequate supporting documentation from their accounting records is maintained for each report.

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

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

OJP Executive Secretariat  
Control Number IT20180119070658

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

The Department of Justice (Department) Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Program (OJP) and the Delaware Victims Compensation Assistance Program (DVCAP). OJP's response is incorporated in Appendix 4 and DVCAP's response is incorporated in Appendix 5 of this final report. In response to our draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

**Recommendations for OJP:**

- 1. Ensure that DVCAP strengthen its current policies and procedures to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation, and that documentation supporting the payments made is verified.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that: lost wage documentation fully supports the amount to be paid; the claim file explains the methodology used to make the calculation; and documentation supporting the payments made is verified.

DVCAP stated in its response that it believes its procedures for documenting and accounting lost wages for a victim of crime are fair and just, and concurred that there are always ways to improve processes. As such, DVCAP noted that it will be exploring ways in which it can request enhanced documentation and strengthen procedures in this area to improve the program.

This recommendation can be closed when we receive documentation that demonstrates procedures have been strengthened to ensure that lost wage documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation, and that documentation supporting the payments made is verified.

**2. Ensure that DVCAP strengthen its policies and procedures to ensure that documentation for loss of support and the eligibility status of dependents as claimants be fully documented to establish the basis for payment.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that this will coordinate with DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that documentation for loss of support, and the eligibility status of dependents as claimants, be fully documented to establish the basis for payment.

DVCAP stated in its response that it believes its procedures for documenting and accounting for loss of support for a victim of crime are fair and just, and concurred that there are always ways to improve processes. As such, DVCAP noted that it will be exploring ways in which it can request enhanced documentation and strengthen procedures in this area to improve the program.

This recommendation can be closed when we receive documentation that demonstrates procedures have been strengthened as it relates to loss of support.

**3. Remedy the \$1,999 in questioned costs as a result of DVCAP's unallowable administrative expenditures.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that DVCAP provided copies of adjusting journal entries to remove the \$1,999 in disallowed costs, which were charged to Grant Numbers 2013-VC-GX-0003 (\$1,635) and 2014-VC-GX-0031 (\$364). OJP further stated it will work with DVCAP to ensure that it submits a revised final Federal Financial Report (FFR) to remove the costs; and returns the funds to DOJ, or offsets them against other allowable program costs.

DVCAP stated in its response that it had remedied the questioned costs. Also, DVCAP employees responsible for travel and purchasing have been counseled on federal and state policies associated with the questioned costs, and have been informed as to where to find federal and state policies and procedures to ensure all future expenditures are allowable.

This recommendation can be closed when we receive documentation that demonstrates costs have been remedied, including a revised final FFR.

**4. Ensure that DVCAP develops and adheres to written policies and procedures for drawdown funding requests.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that this will coordinate with DVCAP to obtain a copy of written policies and procedures, developed and implemented, to ensure that requests for funds from its OJP awards are based on immediate disbursement requirements, such as: (a) reimbursement for previously incurred expenditures; or (b) advances for expenditures to be incurred/liquidated within 10 days of drawdown.

DVCAP stated in its response that the State of Delaware has financial policies and procedures for drawdown funding requests. However, DVCAP concurred that it has not tailored these policies and procedures specifically for the needs of its program. DVCAP noted that it will be working towards creating a policy and procedure that reflects the specific needs of its program.

This recommendation can be closed when we receive the new policies and procedures for drawdowns that reflect the specific needs of the DVCAP program.

**5. Ensure DVCAP develops and adheres to written policies and procedures for quarterly financial reporting and maintains supporting documentation from their accounting records for each report.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that this will coordinate with DVCAP to obtain a copy of its written policies and procedures, developed and implemented, to ensure that future FFRs are accurate, current, complete, and compliant with all financial reporting requirements; and that adequate supporting documentation from their accounting records is maintained for each report.

DVCAP stated in its response that the State of Delaware has financial policies and procedures for quarterly financial reporting. However, DVCAP concurred that it has not tailored those policies to fit the needs of the DVCAP program, and noted it will be working towards creating a policy and procedure that reflects the specific needs of the DVCAP Program. DVCAP also noted that it will ensure that maintaining supporting documentation from the accounting records is included in these policies and procedures.

This recommendation can be closed when we receive new FFR policies and procedures that are specific to the DVCAP program.



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

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