



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Review of the Office of Justice Programs' Efforts to Address Challenges in Administering the Crime Victims Fund Programs



Executive Summary

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Introduction

The Crime Victims Fund (CVF) serves as a major funding source for victim services throughout the country. In fiscal year (FY) 2015, Congress more than tripled, from \$750 million to nearly \$2.4 billion, the annual amount of CVF funds available to support crime victims and enhance the provision of victim services through grants awarded by the Department of Justice Office of Justice Programs (OJP). By FY 2018, Congress had increased the annual amount available for distribution to over \$4.4 billion. These increases provide additional support to the crime victim community, but also present management challenges for OJP as well as the grantees—states and territories—that receive the bulk of these awards. These grantees are responsible for distributing CVF funds to eligible recipients, adhering to all grant requirements and conditions, and monitoring recipients of pass-through funding.

Since 2016, the OIG has issued nearly 50 CVF-related audits. Those audits primarily focused on individual State programs and OJP's administration of CVF grants on a state-by-state basis. This review identifies cross-cutting issues from that body of oversight work as well as some promising practices by States in managing CVF funding. This review also assesses systemic issues facing CVF grant administration and evaluates how OJP has addressed programmatic issues that the OIG has identified in prior audits.

Results in Brief

We found OJP has helped States achieve the objectives of CVF grant programs and address challenges that they have faced. However, we also identified several ways in which these efforts fall short and are concerned that any shortcomings in OJP oversight may be exacerbated as a result of reduced staffing in an environment where the amount of CVF grant funding has substantially increased. While OJP has enhanced its CVF grant oversight efforts, recent OIG work has shown there are several ways OJP can further clarify for grantees the requirements for managing CVF awards, work with the States on strategies for selecting and monitoring CVF grant subrecipients, and advance its own monitoring for these awards.

Review Results

The review identified several difficulties States faced in implementing and administering CVF grant awards.

Managing Substantially Increased Award Amounts

We found that some States struggled to implement an efficient assistance grant allocation strategy given the recent substantial increases in CVF funding, uncertainty as to future annual award amounts, and capacity constraints for some direct victim-service providers.

Appropriately Spending Awards within Deadlines

Statutory deadlines provide CVF grantees 3 years after the award year to spend the funds. We found that some States, due to the substantial funding increases that they received, still had large grant award balances in the months just prior to the award expiration deadline. In our view, this increased the risk of both wasteful spending and the States being forced to return unspent funds that were not applied to serve victims as intended.

Understanding Spending Requirements

We found that CVF grant recipients struggled with both adhering to well-established grant expenditure requirements, as well as discerning the expectations outlined in some ambiguous and evolving criteria specific to CVF funds.

Accounting for and Supporting Compensation

States commonly experienced challenges in completing the victim compensation certification form, which drives the compensation grant amounts States receive in subsequent years. Additionally, certain States did not maintain records that clearly supported their approval and calculation of individual claims reimbursed with CVF funds.

Reporting Award Activity

States experienced difficulty in understanding financial reporting expectations, especially for compensation grants. States also experienced myriad challenges in preparing and completing reports designed to capture performance. Thus, we found that these reporting tools may not be entirely accurate reflections of recipient activity funded by the CVF awards.



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Monitoring Assistance Grant Subrecipients

We found that States also experienced challenges in assessing risk, designing monitoring strategies, and achieving effective oversight of subawardees, especially as the number of subrecipients and the total award amounts have grown.

Recommendations

Based on the work of this review and recent CVF grant audits, we make 14 recommendations in this report to improve OJP's administration of the CVF programs.

OJP agreed with all our recommendations.

**REVIEW OF THE OFFICE OF JUSTICE PROGRAMS' EFFORTS TO
ADDRESS CHALLENGES IN ADMINISTERING THE CRIME
VICTIMS FUND PROGRAMS**

TABLE OF CONTENTS

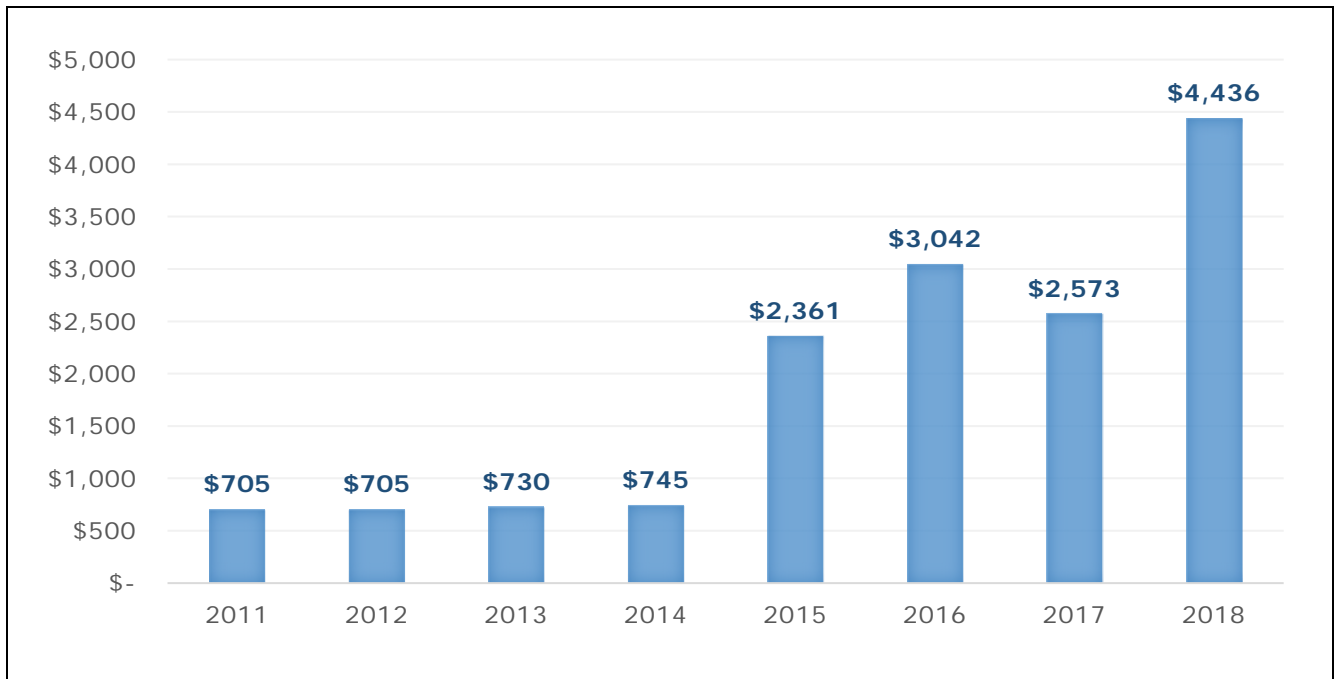
| | |
|---|----|
| INTRODUCTION | 1 |
| Background..... | 2 |
| OIG Review Approach..... | 5 |
| REVIEW RESULTS | 7 |
| Program Achievements and Noteworthy Responses to the CVF Funding Increase..... | 7 |
| Planned Initiatives after Increase in CVF Funding | 7 |
| State-level Examples of Successful or Innovative Implementation..... | 9 |
| State CVF Program Challenges..... | 10 |
| Award Amounts and Limitations on Spending Periods | 10 |
| Unclear and Inconsistent CVF Expenditure Criteria | 17 |
| Supporting Victim Compensation Award Amounts and Claims Payments | 22 |
| Reporting..... | 25 |
| Monitoring of Subrecipients | 31 |
| OJP's Handling of CVF Program Challenges..... | 35 |
| Use of Discretionary Grants to Identify and Address Some Needs | 36 |
| Communication of Expectations and Guidance | 38 |
| Monitoring Efforts and Capacity | 40 |
| CONCLUSION AND RECOMMENDATIONS | 47 |
| APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY | 50 |
| APPENDIX 2: RELEVANT PRIOR STATE AUDIT REPORTS..... | 51 |
| APPENDIX 3: OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT REPORT | 54 |
| APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT..... | 61 |

REVIEW OF THE OFFICE OF JUSTICE PROGRAMS' EFFORTS TO ADDRESS CHALLENGES IN ADMINISTERING THE CRIME VICTIMS FUND PROGRAMS

INTRODUCTION

Established by the Victims of Crime Act of 1984 (VOCA), the Crime Victims Fund (CVF) serves as a major funding source for victim services throughout the country.¹ Deposits to the CVF derive from offenders convicted of federal crimes, not from taxpayers, and support programs that aid victims and survivors of crime. The total amount of funds available from the CVF each year depends upon the amount of deposits to the fund made during the preceding years and limits set by Congress. Each year, Congress places a cap on the amount of CVF funds available for obligation with the purpose of maintaining the CVF as a stable source of support for future services. As shown in Figure 1, the CVF cap for Fiscal Year (FYs) 2011 through 2014 remained between \$700 and \$750 million; however, in FY 2015, Congress more than tripled the amount of CVF funds available for distribution, and increases to the cap were sustained through FY 2018. The purpose of the recent funding increase was to support crime victim service providers in addressing long-standing victim needs and enhancing their services to victims.

Figure 1
CVF Cap Amounts, in Millions
FYs 2011 — 2018



Source: OJP

¹ 34 U.S.C. 20101

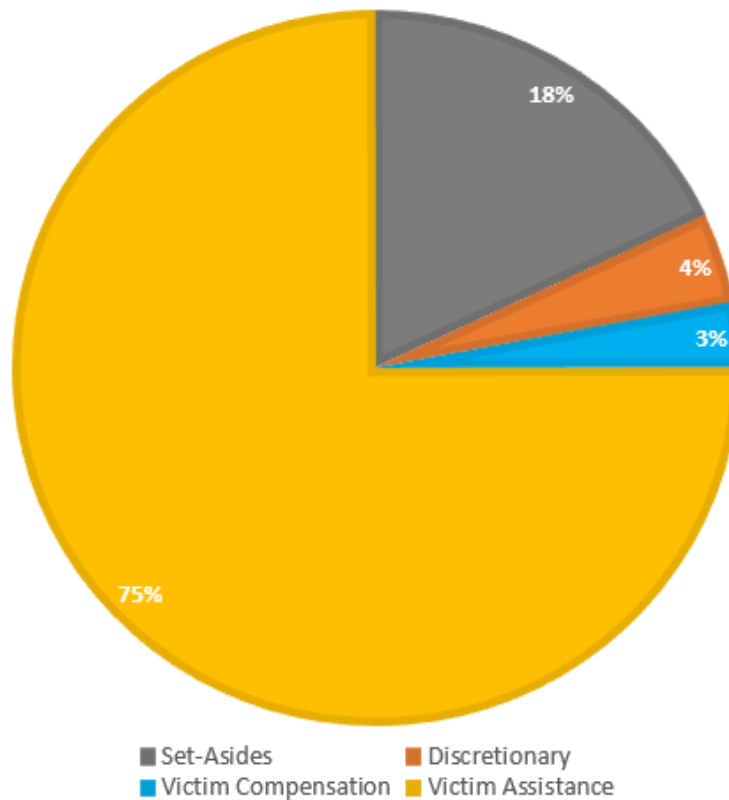
The Department of Justice (DOJ) Office of Justice Programs (OJP) is responsible for distributing CVF funds among program areas in accordance with the statutory requirements authorized by the VOCA. Of the CVF amounts made available each year through the cap, much of this funding supports two formula grant programs in each state and territory which are run by respective State Administering Agencies (States).² As the office responsible for administering the CVF program, OJP is charged with managing the award process, overseeing the CVF awards, and providing clear guidance to recipients on the appropriate use of funds. The State recipients in turn are responsible for distributing CVF funds to eligible recipients, adhering to all grant requirements and conditions, and monitoring recipients of pass-through funding. The large CVF award amounts since FY 2015, combined with uncertainty regarding future CVF allotments, have presented unique challenges for both the granting agency and grantees.

Background

The CVF holds the criminal fines, forfeited bail bonds, penalty fees, and special assessments of convicted federal offenders collected by U.S. Attorneys' Offices, U.S. Courts, and the Federal Bureau of Prisons. OJP annually calculates distribution amounts for proceeds from the CVF in accordance with the VOCA requirements. By statute, each year OJP and its Office for Victims of Crime (OVC) use the CVF to fund four broad-ranging purpose areas, as detailed in Figure 2.

² VOCA victim assistance formula awards are awarded to all states and territories, including Northern Mariana Islands, Guam, and American Samoa. Similarly, all states, the District of Columbia, the U.S. Virgin Islands, and Puerto Rico receive victim compensation formula awards. While the state administering agencies are also known by the acronym SAA, we generally refer to all the CVF formula grant recipients as "States" throughout this report.

Figure 2
CVF Distributions, FY 2018



Set-Asides. Portions of the CVF support certain purposes relating to victims, which are calculated off the top of the total amount available under the CVF cap. These set-asides include funding to the Office on Violence Against Women (OVW), a new set-aside for tribal victim services, victim-witness specialists and coordinators, prosecution of child abuse and neglect cases under the Children’s Justice Act, and the Victim Notification System, established to provide federal crime victims the status of investigations and criminal charges.

Discretionary. OJP awards CVF discretionary grants to enhance the quality and accessibility of services for victims and to improve the capabilities of victim service providers and other professionals who work with victims. Each year, OVC identifies priorities and funds initiatives to support national demonstration projects, as well as training and assistance for victim service providers. Examples include hospital-based programs, pilot techniques for law enforcement interactions with victims, and aid for children affected by the opioid crisis.

Victim Compensation.^a OJP awards these grants to each State according to a formula based on 60 percent of the amount paid from State funds for eligible compensation claims 2 years prior. Compensation payments reimburse victims and survivors for expenses stemming from criminal victimization. Eligible expenses result from compensable crimes and can include costs associated with medical treatment and counseling, loss of wages, and funeral expenses.

Victim Assistance.^a With these grants, States provide pass-through funding to providers of direct services for victims of crime. Such assistance can include crisis intervention, emergency shelter, transportation, legal assistance, and crisis counseling. The size of each State’s Victim Assistance award is based upon its relative population and the amount of CVF funding available after distribution to the other programs above.

^a States may use up to 5 percent of Victim Compensation and Victim Assistance grants for costs relating to administering these awards.

Source: VOCA Statute and OJP

Among the four award categories, victim compensation and victim assistance grants together receive the majority of the CVF funding. For these two CVF formula grant programs, the OVC has awarded nearly \$10 billion since FY 2015. The victim assistance program is the largest program funded by CVF, because it receives all amounts available from the CVF cap each year once the other purpose areas designated by VOCA have been allocated. The assistance awards have had the largest increases in funding since FY 2015. As shown by Figure 3, in FY 2015, the available funding for victim assistance grants more than quadrupled from approximately \$455 million to \$1.96 billion, and by FY 2018, this amount had increased to over \$3.3 billion.

Figure 3
FY 2014-2018 Formula Grant Totals, in Millions



Source: OJP

Note: Victim compensation award amounts have remained more consistent because they are driven by a formula dependent on State payout amounts, whereas the victim assistance awards are driven by a population-based formula and also receive all remaining funds available after the other CVF program areas are allocated.

Although States have significant discretion on how to use victim assistance and victim compensation awards, States must comply with certain program rules and restrictions. VOCA sets the criteria under which these awards are made and outlines the distribution of funding, the purposes for which the grants may be used, and eligibility of recipients. CVF discretionary and formula grants are also regulated by the DOJ Grants Financial Guide, as well as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform

Guidance).³ To implement the VOCA victim compensation program, OVC published Final Guidelines (Compensation Guidelines) in 2001. Similarly, for the VOCA victim assistance program, OVC published Final Program Guidelines in 1997 (Assistance Guidelines), and offered an update to those guidelines via a 2016 Final Rule (Assistance Final Rule), which codified and updated the existing Assistance Guidelines to reflect changes in OVC policy, needs of the crime victim services field, and VOCA itself.

The OVC's State Compensation and Assistance Division (SCAD) administers the CVF formula grants, helping to guide the States through the award process, reviewing reported information, and monitoring performance under the awards. SCAD personnel are also responsible for overseeing and monitoring the CVF discretionary awards supporting training and technology for the States, while responsibility for the smaller portfolio of other discretionary grants made by OVC to serve emerging needs rests with other grant managers across OVC. Given that OVC is an office within OJP, OJP shares responsibility for other aspects of CVF grant administration. For example, in addition to calculating the allocations for VOCA programs, OJP's Office of the Chief Financial Officer (OCFO) is responsible for providing financial management training and technical assistance to grant recipients and for monitoring compliance with the fiscal aspects of the CVF grants. OJP also provides legal support to OVC through its Office of the General Counsel (OGC), facilitates training to grantees, and hosts grant management and reporting systems.

OIG Review Approach

From January 2016 through July 2019, the Department of Justice Office of the Inspector General (OIG) has released a total of 48 CVF-related audits, including: 17 victim assistance grant audits, 10 victim compensation grant audits, 7 audits of both grant programs together, 5 victim assistance subrecipient grant audits, 8 CVF discretionary grant audits, and 1 risk assessment audit on the CVF grant programs (September 2017 audit).⁴ Considering the extent of this oversight work, the objectives of this review were to: (1) assess systemic issues facing CVF grant administration and (2) evaluate actions OJP has taken to ameliorate programmatic issues identified through OIG work. The prior CVF audit results, including the OIG's observations of the States and their subrecipients during field visits, further informed this review. This review also assessed governing policy, informational materials, and training available to the CVF grantees, while analyzing various State-specific reports, ranging from performance under the awards to spending figures. We also discussed CVF program activities with responsible DOJ officials, including all OVC grant managers and supervisors responsible for CVF grant programs, as well as officials from OJP's OCFO, OGC, and Office of Audit,

³ 2 C.F.R. Part 200.

⁴ These audits can be found on the OIG website at <https://oig.justice.gov/reports/ojp-ext.htm>. See also Appendix 2 for a list of completed OIG audits specific to the victim compensation and victim assistance grant programs as of July 2019.

Assessment, and Management. Additionally, we interviewed personnel from the Training and Technical Assistance Center (TTAC) available to the CVF grantees.

The scope of this review generally covers FYs 2014 through 2018. Because the formula grants together constitute the largest portion of the CVF distribution, we focused our work primarily on these grant programs, although this review includes discussion of certain discretionary awards.⁵

⁵ For additional information on the objectives, scope, and methodology of this review, see Appendix 1.

REVIEW RESULTS

Program Achievements and Noteworthy Responses to the CVF Funding Increase

States have used the increased CVF grants awarded to them by the Department to enhance support for existing victim services, and also to fund new areas and initiatives to support crime victims. We found States used a variety of methods to assess needs and identify service gaps in their respective locations. In response to the substantial increase in funding, certain States recognized the need to adapt their existing practices and sought new ways to deploy the additional funds to reach victims that had been historically underserved.

Planned Initiatives after Increase in CVF Funding

Recognizing the opportunities increased funding offered to serve additional crime victims, remedy long-standing challenges, address staffing issues, and support new programs, OVC required each State to submit with its FY 2015 victim assistance grant application a statement detailing how it planned to support additional direct service needs and whether the State planned to: (1) make subawards to new subrecipients, (2) increase awards to existing subrecipients, or (3) both. OVC also requested that States provide a plan for monitoring their subawards. OVC further required States to detail how they planned to spend their increased administrative funds, in particular on efforts to improve data collection to ensure the States were able to report performance to the OVC.⁶

While States exhibited varying degrees of effectiveness in responding to the significant funding increase, many States sought to assess victim needs to at least some extent as they determined how to allocate the newly available funding. States used various means to identify the needs unique to their locations. Many States indicated in their spending plans to OJP that they had surveyed and led strategic meetings with advocates and victim services experts to identify victim needs or service gaps in order to make informed funding decisions.

We reviewed the FY 2015 preliminary plans States submitted to OVC and found that States planned to use the increase in funding to improve existing victim assistance services and expand services in a range of areas. Some States looked to expand services in rural areas, provide civil legal support, and fund human trafficking-focused programs, while others noted the desire to fund transitional housing, hospital-based programs, and services for Lesbian, Gay, Bisexual, and Transgender (LGBTQ) victims. Several States also cited limited availability of sexual assault nurse exams (SANE) due to a shortage of qualified nurses, and they reported plans to provide training for more SANE nurses to improve the accessibility and geographic coverage for these services.

⁶ States received a corresponding increase in administrative funds, a portion of which OVC expected States to use for enhancing their data collection efforts in order to comply with updated CVF performance measurement requirements.

With regard to the 5 percent of victim assistance and victim compensation awards that States are permitted to put towards administrative use, States reported planning to make technological and infrastructure improvements and pay for needed equipment, furniture, and transportation, in addition to sustaining support for salaries, training, and travel. Some States planned to hire more staff, including grant monitors to oversee subrecipients and administrative personnel to assist with reporting requirements. Some States also mentioned using administrative funds to purchase electronic grants processing systems or develop a reporting tool to improve their efforts to meet program performance reporting requirements.

Certain States adjusted their subaward processes to allow them to better respond to the CVF funding increase to support a diverse array of projects and populations. For example:

- Missouri convened a committee to identify potential new applicants and victim service needs, adjusted its subrecipient award process to account for the needs of these new applicants, and increased its subgrant amounts to enhance victim services.
- Maryland conducted a needs assessment and used the increase in funding to expand projects that assisted underrepresented populations. Maryland also provided larger subgrants on a 2-year (instead of a 1-year) performance basis, which permitted subrecipients to plan ahead and secure staffing. Maryland elected to use administrative funds to buy case management and data analysis software.
- Massachusetts likewise reassessed victim services needs and hosted public crime victim forums to identify a number of projects such as expanding emergency legal aid, funding police department civilian advocates, and targeting services for limited English proficient and LGBTQ victims. Massachusetts also identified in its spending plan a desire to support subrecipient databases, a statewide crisis line, and tribal domestic and sexual violence programs with its additional funding.
- Georgia performed an informal needs assessment in 2013, which helped inform its funding allocation strategy for FY 2015. Georgia decided to use the increase in funding to expand crime victim shelter capacity, rural counseling services, legal aid, transportation assistance, emergency financial assistance, and therapy services.
- Arkansas conducted in 2015 two needs assessment surveys—one of service providers it had previously funded, and another of service providers, survivors, and other interested individuals. Arkansas developed its plan for the increased funding to address the service needs and gaps identified by these surveys. Additionally, in response to the significant funding increase beginning in FY 2015, Arkansas issued additional solicitations specifically focusing on underserved and targeted areas.

State-level Examples of Successful or Innovative Implementation

In general, our audits observed several consistent characteristics of successfully implemented victim assistance and victim compensation programs. First, States that had well-established, written policies guiding federal grant administration tended to have fewer issues of concern identified by OIG audits. Second, States with well-implemented programs had careful record-keeping as well as strong financial controls to track CVF-related expenditures. Third, coordination between State personnel responsible for administering both the victim assistance and victim compensation programs resulted in: (1) better program awareness, (2) identification of resources available to victims, and (3) matching of eligible victims with appropriate services and benefits. For example, Virginia had a dedicated Training and Outreach Coordinator responsible for victim compensation outreach and education across the state. As “the face of the fund,” this individual developed relationships with law enforcement agencies, shelters, homeless service systems, and other direct service providers and maintained regular contact with Virginia’s victim assistance program, which helped effectively connect victims to resources.

Specific to the victim assistance grants, States with well-implemented programs had established plans and tools to monitor subgrants effectively and ensured subrecipients had clear guidance on allowable uses of the funds. Characteristics of effective monitoring included open channels for a State to receive and address questions from subrecipients, in-person visits, and other live discussions (such as conference calls or trainings). Additionally, a requirement that subrecipients submit support for at least a portion of reimbursement requests lessened the risk of unallowable spending, and thus we find this to be a best practice. Several States implemented promising approaches with their CVF funding, as featured in Figure 4.

**Figure 4
OIG Featured Approaches to CVF Implementation**

| Victim Assistance | Victim Compensation |
|---|---|
| <ul style="list-style-type: none"> • Dynamic hiring in recognition of increased monitoring responsibilities, through additional grant management staff (GA) and new positions on a contract basis to maintain flexibility (MD) • Assignment of dedicated resources to address financial audit findings (WI) • Electronic subaward tracking system to streamline oversight of subrecipients, and vetting and ranking of subrecipients into risk categories for monitoring (DE) • Comprehensive financial and programmatic subrecipient monitoring procedures, desk reviews, and site visits (CT, MO) • Subrecipient reimbursement process that only allows requests that were in approved budget categories and did not exceed the allocated amounts for each cost category, as documented in the State’s subgrant management system (MD) • At the end of 1-year subaward periods, inclusion of unused allocated funds into available pool of funds for new subawards (AR) | <ul style="list-style-type: none"> • Public awareness campaigns through printed bilingual material, outreach at university and trauma centers and the assistance grant administering agency (WA) • Negotiated rates with health care providers for specific services and for those without health insurance, in order to control costs (VA, DE) • Robust electronic case management and claims tracking systems with the capacity to maintain all relevant documents (VA) • Process to maintain thorough documentation in support of claims paid, such as lost wage calculations (NJ) |

Source: OIG audit teams

State CVF Program Challenges

Although the increases in available CVF funding afforded States greater opportunities to aid and compensate crime victims, OIG audits have identified several challenges that States encountered administering these programs. While some issues were unique, we identified several cross-cutting and recurring issues. These include challenges in interpreting CVF award policy and criteria, understanding the record-keeping requirements, adhering to grant requirements for expenditures, and appropriately reporting to OJP activity under these awards. With respect to the victim assistance program in particular, many States also faced difficulty in determining how to appropriately spend the large and unpredictable amounts made available to them and to monitor the thousands of CVF subrecipients across the United States.

Award Amounts and Limitations on Spending Periods

The combination of both the substantial increase in available CVF funding, coupled with fixed spending deadlines, produced spending and oversight challenges for States. The amount of funds available for distribution each year depends upon

both the total deposits into the CVF during the preceding years and the limits set by Congress. While the CVF received more than \$16 billion in deposits from 2011 through 2017, the annual CVF deposits have varied significantly because they are derived from criminal penalties, enforcement actions, and settlements. For example, while deposits to the fund totaled nearly \$6.6 billion in FY 2017, for FY 2018, only \$445 million was deposited into the fund.

Recognizing that deposits can fluctuate, Congress has placed an annual cap on funds that are available for obligation from the CVF each year since FY 2000, thereby maintaining the fund as a stable source of support for future crime victim services. Under this process, after Congress establishes the annual funding cap, OJP first allocates CVF funding to set-asides for specific purposes defined in the VOCA statute and in the proviso establishing the annual CVF obligation cap.⁷ Second, OJP allots 5 percent of the remaining amount to support competitive OVC discretionary awards, per the VOCA statute. Third, of the CVF amount remaining after the set-aside and discretionary deductions, OJP makes available *up to* half for victim compensation awards. Lastly, OJP uses *all* remaining funds to support victim assistance awards, which have received the majority of CVF funds in recent years.⁸ States must formally apply for victim compensation and victim assistance grants even though award amounts are contingent on formulas calculated by OJP, and OJP does not award the formula grants until Congress expresses concurrence with its spending plan.

This multi-faceted CVF distribution and budgeting approval process, contingent on different factors, has resulted in OJP awarding formula grants towards the end of each fiscal year. Moreover, while the grant funds do not become actually available until the end of the fiscal year, OJP awards the grants with a start date of October 1 of the prior calendar year—the first day of the fiscal year in which the award was made. For example, OJP did not make funding available for FY 2018 awards until August 2018, but these awards had start dates of October 1, 2017, the first day of FY 2018. This is significant because, under the VOCA statute, formula grant funds must be expended within 4 years, including the year in which the award was made. Thus, while it is permissible for States to use new grant funding retroactively to cover expenses incurred since the beginning of the fiscal year, the total period of time in which States have knowledge as to the amount of funds available for spending and access to these funds is closer to three

⁷ OJP also allocates some funding to its Management and Administrative costs, as discussed further in the Monitoring Efforts and Capacity section of this report.

⁸ OJP makes available for victim compensation awards up to 47.5 percent of the cap amount remaining after the initial set-aside allocations. Victim compensation award amounts are determined by statutory formula (based on 60 percent of the amount of certified state-funded payouts to victims two years prior); therefore, these awards typically total much less than the 47.5 percent available. The VOCA statute provides that the unused portion of the annual compensation allocation can be added to the amount available for victim assistance awards—which has resulted in far greater totals funding the assistance program, when compared with the compensation program.

years and not the four years contemplated by VOCA.⁹ After this time, States must return any remaining unobligated sums to the CVF.

Spending Rates

The recent annual increases approved by Congress in the CVF cap amount impacted the victim assistance awards most dramatically. Funding levels for victim assistance awards more than quadrupled from a total of approximately \$455 million in FY 2014 to \$1.96 billion in FY 2015. This total has remained elevated since that time, with \$2.22 billion awarded in FY 2016, \$1.85 billion in FY 2017, and \$3.33 billion in 2018.

OVC's solicitation for the FY 2015 and subsequent victim assistance awards required States to generally describe efforts to identify needs and how subawards would be made; however, OVC was not prescriptive in this requirement, and OVC officials told us that they deliberately did not provide guidance to States on what to include in the spending plans. OVC said that the spending plans were only meant to provide background and describe the areas where States would direct their focus in light of the funding increases. Despite the requirement to have at least a rudimentary victim assistance spending plan, we found many States did not fully adjust to the influx of funding through robust efforts to identify needs, or reassessments of their subaward processes. Several States had challenges in spending and overseeing the increases in funding within the constraints of the VOCA program deadlines.¹⁰

According to State victim assistance and victim compensation payment history reports, as of February 2018, many States had substantial balances remaining from their FY 2015 awards, while some had not even begun to draw down FY 2015 funds even though the funds were to expire in September 2018. Specifically, we found that for the FY 2015 awards, States collectively had nearly \$48 million for victim compensation and \$599 million in victim assistance award funds that remained to be drawn down as of February 2018. We identified these substantial remaining balances as a concern to OJP at the time. The large balances presented competing concerns, particularly for the assistance awards. On the one hand, States with large balances that did not have effective spend plans could seek to draw down these funds too quickly to meet the impending expiration deadline, presenting the risk of ineffective or wasteful use. Alternatively, the failure to appropriately and effectively distribute the remaining millions of dollars in funds would mean that money intended to assist crime victims would instead be returned to the CVF.

In June 2018, we discussed evolving CVF spending trends with OJP officials who said that they believed States were well aware of program spending deadlines. These officials also cited a June 2018 order issued by the OJP Assistant Attorney

⁹ The time period of availability is further impacted in States, such as Florida, that require state legislature authorization prior to spending CVF funds.

¹⁰ Based on our analysis of FY 2015 State spending plans, these challenges did not correlate to the relative comprehensiveness of the States' spending plans.

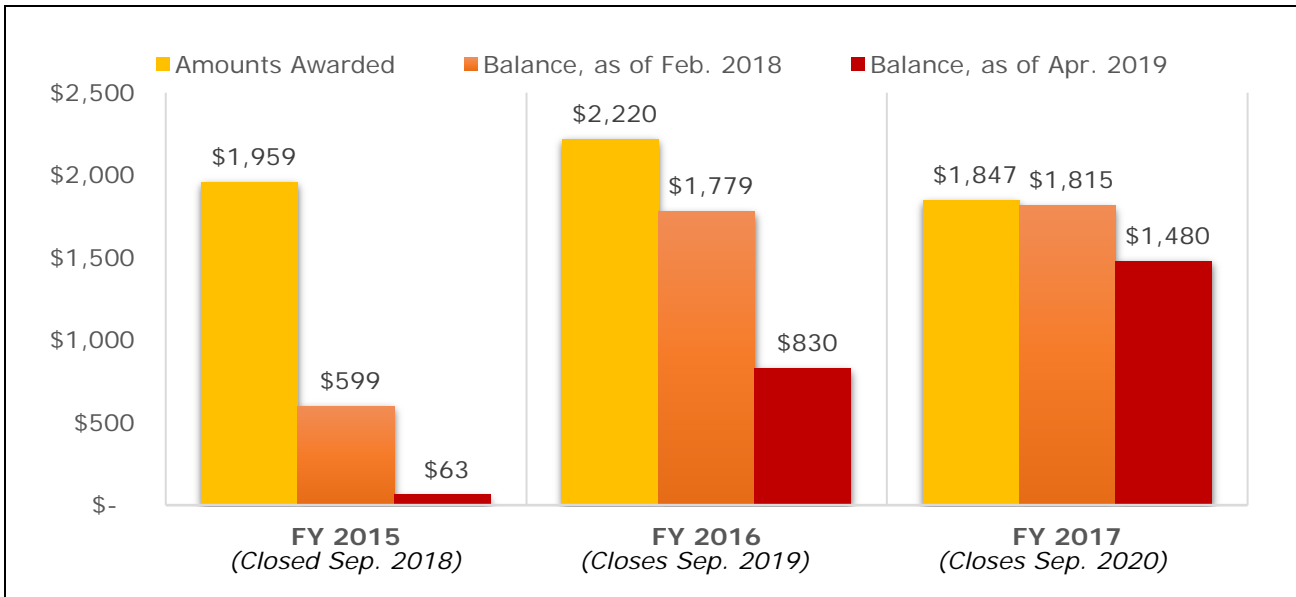
General and the Office of Audit, Assessment, and Management to OJP employees entitled *Award Competition, Continuations, Period of Performance, and No Cost Extensions*. This order reiterated the period of performance under VOCA awards and noted that OVC added a special condition to FY 2017 victim assistance awards reminding States that VOCA funds were only available during the federal fiscal year of the award, plus the following 3 fiscal years.

By the close of the FY 2015 award period, which took place at the end of September 2018, OJP records showed that of the nearly \$600 million in FY 2015 assistance funding that remained to be drawn down as of February 2018, States ultimately had drawn down close to \$537 million—or over one quarter of their total FY 2015 assistance award amounts—in the last portion of the award period. Consequently approximately \$63 million of the \$600 million that had remained as of February 2018 remained as a balance as of April 2019.¹¹

Given spending data for FY 2016 and FY 2017 awards, we anticipate that States will continue to experience challenges in spending the full award amounts within the award periods. Payment histories for the FY 2016 assistance awards indicated that, as of April 2019, the States collectively had about 37 percent in balances remaining for awards that will expire in September 2019. Further, for the FY 2017 assistance awards, as of April 2019, 12 states had not begun to draw down their funds, and all States collectively had a balance of 80 percent on their FY 2017 assistance awards, presenting the same set of challenges that we identified in February 2018 with regard to the FY 2015 awards. Figure 5 depicts victim assistance amounts initially awarded compared to balances at two points in time during the award periods, February 2018 and April 2019.

¹¹ This analysis takes into account the 3-month award closeout liquidation period that follows the award end date, during which time grantees may finish drawing down funds as reimbursement for obligations incurred prior to the award end date. The majority of the remaining balance returned to the CVF because the States did not spend this funding before the close of the awards. As of May 2019, we found that there were seven States that still had award balances that OJP had not deobligated.

Figure 5
Amounts Remaining on FY 2015-2017 Victim Assistance Awards,
in millions



Source: OJP data, based on payment history reports, provided as of February 2018 and April 2019

Note: We focused our spending analysis on the victim assistance program, as the spending in this program is subject to greater variability, and the State recipients of the FY 2015 compensation awards ultimately drew down over 99 percent of their compensation funding, with only about \$2 million returning to the CVF.

Factors Affecting State Spending

Several factors contributed to States not spending CVF formula funds within program deadlines. We found many States have identified unmet needs and expressed a desire to spend the available funding, although certain aspects of the VOCA program—particularly the dynamics of the funding cap and the statutory deadline—hampered some States in effectively expending their funds.

First, given that neither OJP nor the States anticipated the significant increase in CVF funding beginning with the FY 2015 award cycle, both OJP and the States had limited time to prepare for a program of a much larger scale. OJP officials said that “the drastic FY 2015 funding increase was a surprise to all, including OJP,” and that they received very little notice about this significant increase in available funding until the end of the fiscal year, when OJP traditionally makes its grant awards. State officials echoed that they were not fully prepared to manage such a significant increase in funding within the limitations on the performance period. Accordingly, States experienced limited time to prepare for the significantly larger CVF awards, particularly in the FY 2015 award cycle.

A second significant factor contributing to lags in State formula spending was the uncertainty regarding future CVF cap amounts. Because States were unsure whether the increase in funding would be sustained beyond FY 2015, States

hesitated to spend all their newly awarded funds, particularly on any efforts that would have required multi-year support. For example, state administrators told us that they were reluctant to hire new employees, which limited the number of state personnel available to administer and oversee the victim assistance programs. The uncertainty of future funding also affected how some States decided to make subrecipient awards. Many States appeared to hold off awarding increased funds to mitigate the effects of a potential “rainy day” scenario in the future with lower CVF awards. For example, Maryland’s 2015 subaward application announcement explained that while the unexpectedly large increase in the CVF cap presented an opportunity to improve victim assistance services, “the ongoing unknown is whether increased funding will be sustained or if it will represent a one-time windfall.” Maryland’s announcement further explained:

“While we hope for sustained levels of funding, without this information we must provide increases conservatively to sub-recipients. Continuation funding will be higher, but we want to ensure funding is sustainable to sub-recipients for upcoming years [...].”

This was a common sentiment echoed by a number of States. New Hampshire’s spending plan reserved some funding for future years instead of spending all its FY 2015 increase. Similarly, West Virginia’s spending plan cited caution in funding new programs because it did not want to fund unsustainable job positions. South Dakota also noted that it would be distributing funds conservatively during the first year following the cap increase because it did not know whether funding was going to remain at FY 2015 levels. Moreover, we note that guidance available to the States in spring 2019 indicated that the total CVF funding for distribution would be declining, but still significantly higher than the FY 2014 levels, with a cap of \$3.353 billion for FY 2019, and a proposed cap of \$2.3 billion for FY 2020.

We found subrecipient capacity to be a third factor that affected States’ ability to expend funds. In some instances, States experienced difficulty in finding eligible subrecipients able to provide the necessary services at the volumes needed. Several State spending plans cited difficulties in identifying subrecipients that both met the program requirements and could readily assist victim populations identified through needs assessments, such as victims from rural areas. Delaware, Hawaii, and American Samoa, for example, reported having a limited number of victim service providers eligible to receive subawards. Other States noted capacity constraints related to direct service provider staffing, including limited numbers of trained professionals qualified to perform victim services. For example, Ohio noted a lack of qualified nurses that could perform sexual assault exams. Many subrecipients also noted that to provide additional victim services with the increased funding, they would need to hire additional staff, an action they were reluctant to undertake considering that the increase in funding may not be sustained. Similarly, some subrecipients said they would need to build or modify

existing facilities to increase the number of victims they could serve, but program regulations generally restrict the use of CVF funds to pay for construction costs.¹²

Additionally, for a variety of reasons some subrecipients experienced delays in implementing a project or otherwise did not request reimbursements in a timely manner, causing them to deviate from approved or expected subaward timelines. For example, a subrecipient could go out of business during the award period, resulting in funds unexpectedly being returned to the State. Some subrecipients also underspent their awards and returned funding to the State. These situations resulted in secondary delays in spending at the State level. When a subrecipient returns unspent funds, the State must attempt to re-award the funds. Further, if a subrecipient returns the funds close to the primary award deadline, the State must return the funds to the CVF.

Risks Associated with Award Deadlines and Spending Patterns

Given the multi-year award periods for the formula grants, States have more time to plan for and spend their FY 2016 and FY 2017 grants; however, the sustained increase in award amounts and current spending patterns indicate that the challenges the States have been encountering may be compounded as future fiscal years come to a close and each State continues to receive additional funding. Many states required most of the award period to spend the amounts provided in FY 2015, and they are only now turning to equally significant or even higher amounts provided in the subsequent fiscal years. As States approach the fixed award period deadlines with unprecedented funding levels, there is the possibility that States will not be able to distribute subsequent awards to benefit victims by respective award deadlines. Conversely, States may rush to spend formula funding before such funding expires. This, in turn, increases the risk of ineffective or wasteful spending, especially if States do not take the time to vet potential subrecipients and follow their established subawarding procedures.

Further, the significant increase in CVF funding, combined with the need to oversee a larger subaward universe, creates an environment where States may use the additional CVF funds to supplant, or replace, their own victim program funding. According to the Assistance Final Rule, CVF funds awarded to States may not be used to supplant state funds, although we have found indications of supplanting in one State, which is still under review at OJP. OJP officials acknowledged the higher risk of supplanting that accompanies the increased CVF funding and stated that they would continue monitoring this issue.

Changes to achieve greater stability and predictability in CVF award amounts, along with provisions for extensions if States cannot expend awards responsibly within program deadlines may help OJP and the States overcome some of their implementation challenges and achieve CVF program results. We note there are several CVF program changes under consideration by DOJ and Congress, including a proposal to amend VOCA and extend the grant period by an additional 2 years.

¹² See further discussion on this issue in *Unclear and Inconsistent CVF Expenditure Criteria* below.

Additionally, other pending legislation proposes setting the CVF cap to no less than the average of 3 previous fiscal years' deposits. The Department of Justice FY 2020 Performance Budget proposes an automatic mandatory appropriation of \$2.3 billion per year, while limiting CVF receipts at \$2.5 billion. Under this proposal, any additional receipts would be routed to the General Fund of the U.S. Treasury instead of to the CVF.

States would also benefit from additional communication from OJP regarding the restrictions related to CVF formula award deadlines. Despite OJP's efforts of both: (1) requiring States to submit preliminary plans to help them prepare for the FY 2015 increased award amounts, and (2) analyzing State-level spending patterns monthly, we found the States nevertheless struggled to expend CVF awards within program deadlines.¹³ Considering the trends in award spending since the CVF cap increase, particularly the significant unspent balances remaining on the FY 2016 and FY 2017 assistance awards, we believe OJP would benefit by enhancing its monitoring activities and providing States additional guidance in developing updated plans for responsibly distributing CVF funds to authorized recipients. We also recommend that OJP examine States' spending data, comparatively analyze States' spending plans and program execution, assess the causes for any State implementation delays, and apply the results of this review to assist States in developing and executing future spending plans.

Unclear and Inconsistent CVF Expenditure Criteria

All expenses charged to federal grants must be reasonable, allowable, supported, and properly allocated in compliance with grant requirements. CVF formula grants must also comply with the requirements set forth in the DOJ Grants Financial Guide, the VOCA statute, Compensation and Assistance Guidelines, and Assistance Final Rule. These requirements prohibit using CVF funds to pay for a variety of activities such as lobbying, research, fundraising, investigation, or prosecution of criminal activities. Despite these rules, our audits have found numerous instances where States or their subrecipients charged costs to their CVF grants that were expressly unallowable, including refreshments, and excessive rates for consultants and travel costs. Our audits of victim compensation grants even identified payments for medical marijuana that a State had not adequately differentiated from other claims that could be paid with federal funds.¹⁴ We observed particular shortcomings in subrecipient knowledge about the types of allowable costs for victim assistance awards. For example, at least one subrecipient we visited did not know the DOJ Grants Financial Guide existed, notwithstanding the fact that it had agreed to comply with this guide as a condition of its subaward. Given the large sums involved with the CVF formula grants, and the vast and multi-level scope of these national grant programs, OJP must ensure

¹³ OJP also requires any States with unspent formula grant funds to describe the reasons why the funds were unspent as part of the grant closeout process.

¹⁴ While medical marijuana is permissible under certain state laws, it is a banned substance under federal law. As a result, medical marijuana is an unallowable federal expenditure and cannot be paid with CVF grant funds.

that States and their subrecipients know the established rules to minimize the risk that these funds be expended on prohibited uses.

Additionally, we found there are areas where the established guidance on allowable expenses for CVF grants is unclear, which has caused confusion for States and their subrecipients. For example, although the Assistance Final Rule permits using CVF funds to pay for “any required minor building adaptations necessary to meet Department of Justice standards implementing the Americans with Disabilities Act and/or modifications that would improve the program’s ability to provide services to victim,” it nevertheless cites capital expenses, including construction, as expressly unallowable costs.¹⁵ Moreover, the DOJ Grants Financial Guide places special restrictions on construction costs. This discrepant guidance has resulted in several States having an unclear understanding about the extent to which CVF funds can be used to pay for construction costs needed to improve victim services and expand capacity to provide services. For example, one State spent over \$30,000 to construct office and bedroom space at a domestic violence shelter and make computer network capital improvements. State officials did not consider these costs to be prohibited because the work did not add to the overall footprint of the building in question. This question was raised as early as August 2017, and during the 2018 VOCA Administrators Conference, DOJ officials announced that OJP is developing guidance to clarify the allowability of building modifications and capital improvements. However, as of May 2019, OJP still has not published a clear answer on this topic. The capacity constraints that some of the CVF direct service providers are facing, combined with the significant increases in available funding and the desire to serve more victims, necessitate a prompt and clear answer on this topic, especially given that some States report that existing shelters for crime victims are at full capacity.

Criteria governing subrecipient indirect and overhead costs, as well as costs related to contracting and consulting, has evolved over time and remains unclear. The 1997 Assistance Guidelines previously prohibited subrecipients from using a majority of their VOCA funding for contracted services, which contained administrative, overhead, and other indirect costs included in an hourly or daily rate. Yet with the 2016 Assistance Final Rule, OVC made allowable indirect organizational costs at the subrecipient level by removing the provision that disallowed subrecipients from charging indirect costs to VOCA funds.¹⁶ However, while the Assistance Final Rule allows subrecipients to pay for contracted services, the rule itself only mentions contracting for specialized professional services such as psychological consultation, legal services, and interpreters. Moreover, the Assistance Final Rule still expressly prohibits “salaries and expenses of management—salaries, benefits, fees, furniture, equipment, and other expenses of executive directors, board members, and other administrators (except as

¹⁵ The Assistance Final Rule cites capital expenses as expressly unallowable subrecipient charges, including “*construction (except as specifically allowed elsewhere in this subpart).*”

¹⁶ OVC’s Assistance Final Rule was part of an attempt to better align the CVF assistance program rules with the Uniform Guidance for federal awards. This regulation provides that federal awards should bear their fair share of costs, including reasonable, allocable, and allowable direct and indirect costs.

specifically allowed elsewhere [...]).” We have found instances where States have nevertheless used CVF funds to support contracts for certain administrative functions. Additionally other subrecipient expenses—such as security and technology upgrades—present questions on the extent to which subrecipients can use CVF funds to support costs that are not explicitly direct services, particularly when these expenditures benefit multiple awards or activities, but are paid exclusively with CVF funds.

To improve the CVF grant recipients’ handling of their awards, we recommend that OJP enhance communication to the formula grant recipients, including the victim assistance subrecipients, regarding established grant rules that clearly govern what constitutes an allowable cost. In addition, we recommend OJP better define and provide clarification on the allowability of expenses that have generated questions, to include building modifications, subrecipient non-service or indirect costs, and contracting costs.

In addition, as noted previously, States can claim up to 5 percent of victim assistance and victim compensation awards to pay for related administrative expenses. Although this amount constitutes a small portion of the formula grants, we have identified significant areas of confusion relating to how States may spend the administrative allowance. Some States encountered difficulty with charging improper costs in non-payroll administrative categories, such as one State that erroneously charged food and beverage expenses, as well as nearly \$2,000 in unallowable travel expenses for training. We also found numerous States experienced issues relating to payroll costs at the State level: at least 10 of the States audited made improper personnel charges, applied an unreasonable methodology for charging State personnel costs to their CVF awards, or lacked appropriate support for these expenses. We believe many of the challenges relating to State administrative expenses derive from changes in criteria and interpretations governing these costs in recent years, as well as ambiguity in the criteria on the principles of allocation and the type of support required for these charges.

Allocation of State Administrative Costs

The DOJ Grants Financial Guide states that “*where grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives.*” However, we found that several States with agency missions that included non-victim related activities struggled to demonstrate a reasonable allocation of administrative charges to their CVF awards.¹⁷ For example, one State could not support how it allocated non-payroll administrative costs to its CVF grants. Further, we found another State had overcharged CVF grants a disproportionate share of the state agency’s administrative expenses.

¹⁷ OJP has always maintained that any activity not relating to serving crime victims should still be tracked separately and not supported with VOCA administrative funds.

In addition, there has been ambiguity in the guidance on what types of activities and programs can be supported with the CVF administrative funds. Although grantees, in general, may only charge to DOJ grants administrative expenses incurred in support of the DOJ grants themselves, the CVF grantees have been subject to evolving criteria and OJP interpretations in this area. Specifically, the Assistance Guidelines, in effect since 1996, note that the administrative funds are provided only for administering “the VOCA victim assistance grant at the state grantee level.” Moreover, in June 2016, an OVC grant manager advised in response to an OIG audit inquiry that States could only use administrative funds to support VOCA-funded programs and not other federal or local grants even if such grants related to assisting crime victims. This OVC official further said that if the recipient used administrative funds to cover other office costs, the recipient had to prorate the costs based on the proportion of VOCA-specific activity in the office.

However, the VOCA statute itself is broader and allows States to use their administrative portion for training purposes and to manage “the State crime victim assistance program receiving such sums.”¹⁸ In September 2017, OJP officials reported having reservations about whether CVF administrative funds should be limited to supporting only VOCA projects—given that VOCA was designed to support all victim-related efforts. Over the past several years, OJP has developed a more expansive interpretation of the allocation principle as it relates to CVF grants. OJP officials posited that the phrase “state victim assistance program” could also mean that States can use CVF funds to support efforts not specifically related to VOCA grants, as long as the activity relates to victim services. Yet since that time, OJP has not provided final guidance or clarity reflecting a change in using VOCA funds to support non-VOCA victim services.

Support for State Payroll Costs

The criteria governing CVF awards regarding what constitutes sufficient support for payroll expenses is also not entirely consistent, as outlined in Table 1.

¹⁸ The Assistance Final Rule, effective August 2016, is more specific and directs that “[f]unds for administration may be used only for costs directly associated with administering a State’s *victim assistance program*,” and that “[w]here allowable administrative costs are allocable to both *the crime victim assistance program* and another State program, the VOCA grant may be charged no more than its proportionate share of such costs” (emphasis added).

Table 1
Criteria for CVF Grant Payroll Expenses

| Criterion | Effective Date ^a | Applicable to: | Requirement |
|-----------------------------------|-----------------------------|--------------------------------|---|
| Assistance Guidelines | Oct. 1, 1996 | CVF Victim Assistance Grants | <i>"time spent on the VOCA assistance program must be documented using regular time and attendance records."</i> |
| OJP Financial Guide | Jun. 1, 2014 | All DOJ Grants (Including CVF) | <i>"a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g., timesheets)"</i> |
| DOJ Grants Financial Guide | Dec. 26, 2014 | All DOJ Grants (Including CVF) | Payroll charges must be based on <i>"records that accurately reflect the work performed [which] can include timesheets, time and effort reports, or activity reports [...] certified by the employee and approved by a supervisor."</i> (emphasis added) |
| Uniform Guidance | Dec. 26, 2014 | All Federal Awards | Salaries and wages must be <i>"supported by a system of internal control which provide reasonable assurance that the charges are accurate, allowable and properly allocated"</i> and <i>"based on records that accurately reflect the work performed."</i> Records must: <i>"[s]upport the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award [...]"</i> |
| Assistance Final Rule | Aug. 8, 2016 | CVF Victim Assistance Grants | <i>"Costs directly associated with administering a State victim assistance program generally include the following: (1) salaries and benefits of SAA staff and consultants to administer and manage the program."</i> |

^a The DOJ Grant Financial Guide superseded the OJP Financial Guide. The Assistance Final Rule codifies and updates the Assistance Guidelines.

Source: OIG Analysis

The Assistance Guidelines and DOJ Grants Financial Guide both require grantees to document the portion of employee time spent on the VOCA assistance program using time and attendance records, although the DOJ Grants Financial Guide provision that support "can include" timesheets has left this requirement more open to interpretation than previous OJP guidance that explicitly required time and effort reports. Moreover, the more recent Uniform Guidance potentially provides a more flexible standard than has been historically in place or that was established by the criteria specific to the CVF grants, creating additional ambiguity for the recipients.

In September 2016, OCFO officials confirmed that grantees must still maintain support for actual time spent working on grants. They added that they check timesheets, payroll ledgers, and general ledgers, as part of their desk reviews and said that an interpretation that timesheets were no longer required would be incorrect. However, in May 2018, OJP officials stated that they believe the Uniform Guidance departs from strictly requiring timesheets. They cited the Assistance Final Rule appears to allow recipients more flexible approaches to support payroll costs, and they said that under the new guidance OJP does not

necessarily expect timesheet-level detail.¹⁹ As demonstrated by past audit findings, we believe the ambiguity in criteria governing expectations for support for personnel charges does not position CVF grantees well to demonstrate their personnel charges are reasonable and reflective of time worked on allowable activities, and that this issue is likely to persist absent additional guidance.

We believe that the lack of clarity in the guidance on supporting and allocating administrative costs, including payroll, has made it difficult for recipients to discern the expectations for the CVF grants and achieve compliance. In particular, ambiguity as to how States must account for staff time spent on non-VOCA victim assistance efforts has had ramifications for several of the States with open audit recommendations in this area. We therefore recommend that OJP clarify to States the supporting requirements for CVF formula grant administrative costs, to include personnel costs.

Supporting Victim Compensation Award Amounts and Claims Payments

With regard to States implementing their compensation programs, we found common challenges in two particular areas: completion of the victim compensation certification form, and maintenance of records adequate to support individual payment amounts.

Victim Compensation Certification

Each State must submit an annual Crime Victim Compensation State Certification Form, which provides OJP the information to determine the compensation award amounts. The certification form must include all sources of revenue to the State's crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid to, or on behalf of, victims from all funding sources. The accuracy of the information provided in this certification form is critical to ensure OJP's correct calculation of the amounts for future awards to each State. Therefore, States must have a clear understanding of how to complete this form in order to ensure a fair and accurate distribution of compensation funds.

We found that some States have been incorrectly or inconsistently completing their certification forms, resulting in potential underpayments or overpayments of CVF funds to the States. States report that they have been frustrated by some OJP guidance, and OIG audits have revealed multiple certification form errors. For instance, one State said it had received conflicting and unclear guidance on how to record its total federal award amount versus the amount it had drawn down. This resulted in that State submitting three different certification forms, each with different award calculations, which nearly caused

¹⁹ OCFO officials confirmed that recipients need to have a reasonable and documented methodology and be able to perform an after-the-fact reconciliation based on actual time if personnel charges are initially based on estimates. However, we note that the meaning of "reasonable" is subjective, as is the response from OJP officials that time tracking should demonstrate a person was employed and working on the supported program to some extent.

delays in the awarding process for all of the States.²⁰ Meanwhile, a second State's compensation forms included errors from: (1) overstated compensation payments made with state funds; (2) understated compensation payments made with VOCA funds; and (3) understated reimbursements—with a net effect of questioned costs totaling \$400,000. Similarly, errors in a third State caused it to be over and under awarded incorrect amounts for FY 2014 through FY 2018, and created the risk that it could have improperly received around \$470,000 in FY 2019 funding. Certification forms from another State for FY 2016 and FY 2017 awards contained errors that resulted in excess award amounts of nearly \$260,000. Moreover, inaccurate certifications for an additional State resulted in the over-awarding of more than \$1 million through its FY 2015—FY 2018 awards.

Another area of ambiguity relates to how States should account for costs associated with Sexual Assault Forensic Exams (SAFE) on their certification forms. According to the Compensation Guidelines, States may include the costs of forensic examinations in the certified payout amount on the certification form under the following conditions:

1. the payments are made from funds administered by the compensation programs and are allowable under State statute or policy, and
2. to the extent that other funding sources such as State appropriations specifically earmarked for these exams are unavailable or insufficient.

We have found some instances where it was unclear how a State should pay and report these costs in its certification form when a State appeared to have additional sources of funding available to support SAFE. For example, we found one State had fees and penalties deposited into a state Crime Victim Emergency Fund and about \$50 million in reserves, yet charged the costs of forensic exams to CVF and included these payouts in its certification form. Another State also included SAFE payments in its annual certification as part of the "total amount paid to or on behalf of crime victims from all funding sources." OJP has responded that this issue rests on whether a State (1) has a dedicated funding source for forensic exams, and (2) put aside money specifically for such a purpose, in which case the State should be paying SAFE costs from this source before using CVF awards. However, we find OJP could further clarify its guidance on this subject.

When a State receives excess compensation awards based on incorrect certifications, this results in an inconsistent award allocation across State recipients. In addition, given that victim compensation awards are calculated before victim assistance awards, incorrect calculations affect the amount remaining available for distribution via victim assistance grants. We recommend OJP review the causes of

²⁰ OJP announces the victim compensation award amounts for all the States at the same time, so a delay for one State's calculation would affect OJP's process for the compensation awards. Further, because the victim assistance awards are dependent on the amounts remaining after the compensation awards have been allocated, an error in the certifications affecting the compensation awards amounts can also affect the awarding process and amounts for victim assistance formula grants.

the discrepancies in the certification form amounts cited above and provide additional clarification to the States on the proper basis for completing this form. We also recommend that OJP provide additional guidance on the charging and certification of forensic exam payments with respect to the CVF compensation program, particularly for States that have additional sources of funding available for this purpose.

Support for Payment Amounts

Another area in which OIG audits have had a pattern of findings relates to how various States maintain records supporting the compensation amounts they paid with federal CVF funds. In particular, methods to calculate and retain records for lost wages and loss of support payments appeared to present challenges. States may use VOCA funds to reimburse victims for loss of wages attributable to a physical injury resulting from a compensable crime. However, we found the compensation programs for at least two States did not adequately document the basis for the amount of lost wages paid to victims. Additionally, these States did not have a documented methodology for how they calculated the income tax deducted from lost wage claims, nor could they consistently demonstrate adjustments made to compensation payments to account for part-time, seasonal, or commission-based work.

The Compensation Guidelines also permit states to compensate victims of crime for loss of support for children and other dependents of victims of homicide. As with loss of wages, States should have their own written policies establishing the required documentation to demonstrate how and to what extent the relevant individual was supporting the claimant at the time of the crime. We found some States lack clear documentation to demonstrate dependency and the methodology used to calculate the dependent death benefits in these cases.

In contrast, we found other States articulated clear victim compensation eligibility and supporting documentation requirements—such as prior pay stubs, W-2 forms from the employer, or recent tax returns. States such as Virginia and New Jersey had clear methodologies and maintained organized records that showed the basis for the payments was accurate and reasonable.

Although States have great discretion in how to implement their victim compensation and assistance programs, they must still be able to demonstrate that expenses charged to federal grants were reasonable, allowable, supported, and properly allocated. Moreover, the DOJ Grants Financial Guide establishes the importance of sufficient and verifiable supporting documentation concerning use of funds. However, we are concerned that States without strong victim compensation documentation policies and procedures may be at an elevated risk for misuse of funds or fraud. Although the Compensation Guidelines are silent in the requirements for compensation payments of both loss of wages and loss of support, we believe that each State should have a written policy governing how it manages and maintains records for claims, including wage loss benefits and loss of support. We recommend OJP: (1) highlight the characteristics of well-supported payment amounts for the benefit of States in designing auditable compensation programs

that adhere to federal and DOJ grant record-keeping requirements, and (2) assist States in strengthening their policies and procedures where needed.

Reporting

States must report both (1) the financial activity of each CVF formula grant, and (2) the performance funded by these awards. We found some States were unsure how to complete the financial reports because, in the context of the CVF formula programs, the standard federal form did not comport with the unique dynamics and timing of the compensation awards. Further, although OJP has its own performance measurement tool, which it can customize for the CVF programs, many States also experienced a variety of challenges in completing their performance reporting correctly and in accordance with the expectations of OJP. Thus, these reporting tools may not be entirely accurate reflections of recipient activity.

Financial Reports

On a quarterly basis, States must submit Federal Financial Reports (FFRs) for both victim compensation and victim assistance formula grants that detail actual expenditures and unliquidated obligations incurred, as well as cumulative expenditures. The performance period of these awards begins at the start of the federal fiscal year in which OJP made the award, plus an additional 3 years. However, as discussed earlier in this report, the award funds do not become available to the States until late in the first fiscal year. Once the award funds become available, States may apply the VOCA funding to expenses incurred as of the award start date. Some States, like Virginia, West Virginia, Iowa, and Washington, incur eligible expenses at the beginning of the federal fiscal year (prior to the availability of VOCA funds) and subsequently request reimbursement when federal funding becomes available later in the fiscal year. Among those States we have audited, we found some States make only one or a few large drawdowns in this manner. However, this practice creates confusion for how States should report expenses, particularly since OJP requires States to submit an FFR for each quarter, even for quarters in which the funds were not yet available. In such cases, the States may have an unclear understanding of whether they should report based on when the expenses were initially paid by the State, or when the State was ultimately reimbursed for them. Many States find themselves reporting on their FFRs zero amounts in the federal share of expenditures, for many quarters of the life of the award. In at least one instance, this unusual timing of the FFR reporting led OJP to question the accuracy of the certification form for that year, resulting in multiple revisions to the certification and exasperation on the part of the State.

The FFR form also includes a field entitled "recipient share of expenditures." We found that at least one State interpreted this field to mean the amount that it paid to support its compensation program in addition to the federal award. However, we confirmed with OJP that in the context of the victim compensation formula grants, States should not report any amounts in this field.

In addition, we identified at least one State's treatment of restitution payments related to the compensation program affected the accuracy of both its federal financial reports and drawdowns (as well as its certification form). This State applied federal claims-related restitution payments as credits in the federal expense account rather than identifying (and separately reporting) these as revenues. This resulted in the appearance that it drew down more federal grant funds than the amount of federal claims-related expenditures, and as a result of its accounting method, the State sometimes reported a negative expenditure on its FFRs. State officials told OIG auditors that they had not received clear instruction from OJP on the accounting of restitution payments for their certification form, which the auditors found led to an accounting practice that affected their accurate completion of the FFR.

These examples indicate that the standard federal FFR form does not align well with the way the CVF compensation program expends federal money. Thus, completing these forms accurately creates unique challenges for States as they try to determine amounts for data fields—such as federal share of expenditures—that are not required. Further, when States misinterpret the requirements for these financial reports and provide incorrect responses, OJP has an inaccurate picture of grant expenditure activity, which interferes with its ability to monitor the awards effectively. We believe States would benefit from more guidance regarding financial reporting expectations for victim compensation awards. We therefore recommend that OJP clarify the financial reporting expectations for the CVF compensation grants in particular, especially noting any areas in which these grants may be unique from other federal or DOJ awards.

Annual Performance Reports

On an annual basis, each State must report on all VOCA subaward activity through the web-based Performance Measurement Tool (PMT).²¹ These reports collect information on the number of subrecipient entities, subaward projects, victims served, and services funded by these grants. According to the DOJ Grants Financial Guide, grant recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. Additionally, a special condition of the victim assistance grants requires the States to collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the awards. According to OJP, the accuracy and timeliness of reporting data is extremely important in that it allows the OVC to demonstrate the value and specific benefits of the program to government agencies, the victim services field, the general public, and other stakeholders; it also serves as the basis to generate an annual report on the program, as well as to respond to specific inquiries.

²¹ The OVC began requiring States to submit performance data via PMT in October 2014 for the victim compensation grants and in October 2015 for the victim assistance grants. Grantees conducted previous performance reporting through the Grants Management System, to which States still must upload a consolidated report exported from PMT annually.

OJP has taken steps to clarify reporting expectations and improve the accuracy of CVF formula grant performance data. Existing resources included its PMT Help Desk, which provides: (1) technical assistance to States on tracking and reporting performance data, and (2) system training on topics such as subgrant award reporting. To supplement the PMT Help Desk, in fall 2017 OJP published a series of "Frequently Asked Questions" documents for victim assistance and victim compensation grantees to facilitate reporting data in PMT. Additionally, OVC made available various victim assistance and victim compensation user guides, data collection templates, training, and live support in PMT. OVC also implemented a policy, effective March 2018, which details a four-step process to promote the accuracy of OVC performance data: (1) system validation rules, (2) analyst verifications, (3) progress report reviews, and (4) supporting documentation checks.

Since the CVF funding increase, however, both the guidance and the mechanisms for performance reporting have evolved, resulting in some confusion on the part of the recipients, discrepancies in certain data fields, and some inaccurate conclusions about the nature of the data available to OJP. In particular, OIG auditors have consistently identified areas for improvement regarding: (1) technical functionality of PMT, (2) accuracy of the data, (3) methodology for counting victims, (4) tracking of compliance with priority victim areas, and (5) consistency of reporting instructions, as detailed in Table 2.

Table 2
Challenges Related to Performance Reporting

| 1. TECHNICAL FUNCTIONALITY OF PMT |
|--|
| <ul style="list-style-type: none"> • States could not access PMT and lost access in the middle of their work. • Transitioning from contractor to OJP servers resulted in incorrect victim assistance report numbers, as well as insular issues including an instance where a subrecipient logged into PMT and accessed another subrecipient’s data. • States had to enter 2017 performance data twice. |
| 2. ACCURACY OF DATA |
| <ul style="list-style-type: none"> • For the assistance program, we found at least ten states with discrepancies between PMT figures and the supporting records. • One State omitted an entire subrecipient’s data; others that delegated PMT reporting also neglected to review the subrecipient data and thus did not meet OJP’s requirement to check and approve this data even if the subrecipient directly entered the data. • For the compensation program, in at least four States audited, we found discrepancies between PMT figures and State supporting records. • At least one State’s Subgrant Award Report (SAR) data did not reliably reflect the universe of subrecipients funded and the type of services provided. |
| 3. METHODOLOGY FOR COUNTING VICTIMS |
| <p>Tracking victims served or compensated with CVF funds becomes difficult when States and subrecipients also use other sources of funding to assist and compensate victims in similar ways.</p> <ul style="list-style-type: none"> • <u>Victim Assistance Program:</u> <ul style="list-style-type: none"> ○ A victim may receive multiple types of services, from various service providers, which can be counted multiple times statewide due to victim privacy needs and the decentralized landscape of service providers. ○ Prorating data properly can be difficult—OJP explained it often necessitates a one-on-one conversation with States. • <u>Victim Compensation Program:</u> <p>States received discrepant guidance and OJP officials had different understandings of the data they had collected:</p> <ul style="list-style-type: none"> ○ The SCAD Team Lead said he believed victim compensation activity should be tracked separately from activity supported with State funds. Also, the Victim Compensation PMT FAQs say “[States] are required to enter data on all performance measures based on [their] VOCA-funded activities.” ○ Conversely, one State said that the PMT Help Desk told them to “put whatever was in their system” — which was all activity combined. Another State informed us they had recently heard from OVC senior officials that reporting on all activity together was acceptable. In an OJP Exit Conference for a victim compensation audit, OJP officials also maintained that the practice of not differentiating VOCA-funded activity was acceptable. |
| 4. TRACKING OF COMPLIANCE WITH PRIORITY VICTIM AREAS |
| <ul style="list-style-type: none"> • States struggle with whether to assess and report on projected or actual values for respective victim categories, and in tracking and updating spending against each area. • States have not always formally or consistently documented how they would define their underserved populations. |
| 5. CONSISTENCY OF REPORTING INSTRUCTIONS |
| <ul style="list-style-type: none"> • The language in the assistance grant special conditions related to reporting demographic information does not precisely align with the data fields requested in PMT. • Guidelines provide a performance reporting deadline of January 15, while the Victim Compensation PMT FAQs list the deadline as December 30. |

Source: OIG Analysis

First, with regard to PMT, grant managers, state administrators, and subrecipients reported many technical issues that inhibited efficient performance reporting, resulting in unsaved work and redundant data entry. One OJP official told us that PMT is an “imperfect system” and that a server transition exacerbated some of these issues. Although OVC extended reporting periods due to these issues, grant managers were not able to approve 2017 performance reports on time, and States had to reenter data. At the VOCA conferences and during our audits, many State representatives remained vocal in their frustration with PMT’s accessibility and usability issues.

Second, many of our audits have identified discrepancies relating to CVF performance report accuracy. For victim assistance awards, some States had a reporting process outside of PMT that they used to collect data from subrecipients and then consolidated for state-wide reporting through PMT; others opted to provide their subrecipients direct access to the PMT. Regardless of the reporting process States chose to use, multiple OIG audits have found a lack of support to back up specific metrics reported. During site visit sample testing, we could not locate records from the service providers to support many figures reported, which undermines the reliability of the data that OVC uses to describe the trends and impact of this program. Further, while the Subgrant Award Reports (SAR) are designed to provide a picture of how the funding has been distributed, whom it is helping, and how the State is choosing to allocate its awards to meet various needs, we also found inaccuracies in these reports.²² With respect to the SAR, we also learned from OVC that many States are entering subrecipient data in a way that does not allow for a simple query to obtain an accurate universe of subrecipients; instead, OVC must conduct a manual filtering process that results in only an estimate.

Third, it is challenging to count accurately the victims served with VOCA funding. We have observed particular uncertainty surrounding the general requirement that federal grant reporting should either: (1) directly reflect activity funded only by the specific federal grant, or (2) reflect a reasonable attempt to prorate total data in an effort to represent grant-specific activity. An OJP official acknowledged that this principle should apply to both victim assistance and victim compensation reporting but, in practice, we found the grantees have experienced much confusion and OJP has not always been consistent in its guidance on this topic. For the victim assistance program, although differentiating VOCA activity can be difficult in the victim services field, OJP officials confirmed the expectation that States and subrecipients prorate performance data if they cannot track grant-

²² The SAR was previously a separate report required as an upload in the Grants Management System. It is now incorporated as a facet of the PMT. OVC guidance states that the SAR can provide information that represents what is planned for the federal fiscal year period, but grantees are also required to update any changes to programs funded by VOCA plus matching funds into the SAR. States have 90 days from when they make an awarding decision to update the SAR.

funded activity separately.²³ However, for the victim compensation program, States have received mixed guidance on performance reporting, as detailed in Table 2 above. We found certain OJP sources had told at least some States that reporting on all activity, regardless of funding source, was acceptable. However, this guidance was in conflict with the understanding of the SCAD Team Lead and federal pro-rating principles. In response to questions on this topic from the OIG, OJP officials reviewed the actual practices of the victim compensation grantees and determined that States had mostly been reporting on activity supported by both state and federal funds together, which was inconsistent with the understanding of the PMT system managers—that the PMT data collected for this program had historically reflected only VOCA-specific activity. As a result, OVC said that it planned to instruct States to continue reporting on all compensation activity combined, and would prorate the data itself—based on the ratio of federal and State funding amounts from the States’ annual certification forms—in order to approximate what CVF is funding versus what the state is supporting. OVC told us they would inform the PMT Helpdesk of this decision.

A fourth aspect of performance reporting that has presented a challenge to the States is the tracking of compliance with the 10 percent minimum assistance funding targets for victims in the priority areas of child abuse, domestic violence, sexual assault, and “underserved” categories. The “underserved” category poses particular difficulty as States have the discretion to define their underserved victim population (such as victims of elder financial exploitation or human trafficking), but do not always document it, causing some difficulty in demonstrating compliance with this CVF requirement. At the 2018 VOCA conference, OVC officials recognized this as an ongoing issue and indicated that they were working on adaptations to PMT that would help States calculate and target correct amounts for priority and underserved areas.

Another aspect of CVF performance reporting that could negatively affect States’ experience in this area involves certain inconsistencies in the grant guidance. As detailed in Table 2, OIG auditors have found discrepancies in the instructions in areas including required demographic information and reporting deadlines. These discrepancies create unnecessary confusion for the CVF grantees and may create problems for grant managers conducting data verification and accuracy checks, increasing the chance of invalid data.

Accordingly, we found that OJP can continue to take specific action to reduce the risk of inaccurate, misleading, or overstated performance data on the effect of the compensation and assistance programs. First, we recommend that OJP analyze the causes for the PMT technical errors and address these issues to improve system functionality. We also recommend that OJP: (1) further clarify the expected reporting methodology for counting victims and tracking of compliance with priority

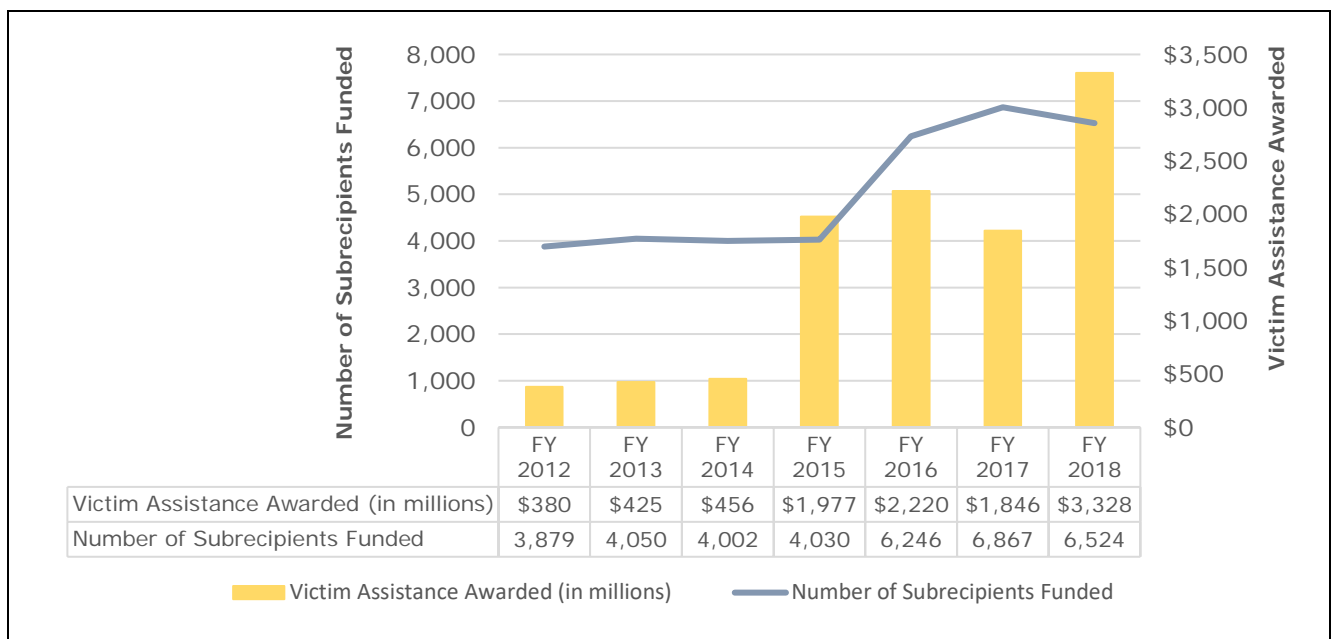
²³ Grant management personnel from OVC’s SCAD confirmed it is OVC’s expectation that performance reports capture only VOCA-funded activity. This is articulated in OJP’s PMT reference materials, and OJP officials stated that they have discussed prorating performance data through discussions with subrecipients, webinar trainings, and calls to the PMT Helpdesk.

victim areas, and (2) resolve the discrepancies in the reporting instructions identified in this review.

Monitoring of Subrecipients

Because the VOCA statute mandates that at least 95 percent of the funding for the victim assistance program be distributed to direct service providers, the increased award amounts resulted in a corresponding surge in subrecipients' funding. Over \$9.3 billion was available for distribution to subrecipients from the FY 2014 through 2018 awards. This additional funding provided the States an opportunity to support more victim services; however, it also presented greater subgrant monitoring responsibilities for the States and posed new challenges in oversight. As shown in Figure 6, prior to FY 2015, States collectively made subawards to approximately 4,000 subrecipients each fiscal year, with the total of all subawards for each year ranging from \$380 to \$450 million. Since FY 2015, funding for the victim assistance programs increased more than fourfold and the number of subrecipients funded has continued to climb. Specifically, the States have made cumulative subawards valued between \$1.8 billion and \$3.3 billion to up to 6,867 subrecipients in a fiscal year.

Figure 6
Subrecipients Funded by Subawards in Victim Assistance Program
FYs 2012 – 2018



Note: Because it is possible that subrecipients may return funding, the precise number of subrecipients and amounts awarded may change until the award period for each State closes. Additionally, OVC does not track subrecipient data by originating award FY; thus, this figure reflects all subrecipients *active* in a given FY, which could be funded by multiple awards from different FYs. Many subrecipients receive successive subawards over the course of multiple award cycles.

Source: OJP, based on data reported by States in PMT, as of February 2019

States have taken a variety of approaches in their subaward allocations to account for the funding increase. States have either (1) made subawards to a wider group of new, and potentially inexperienced, subrecipients, (2) provided much larger subawards to their existing group of CVF subrecipients, or (3) both. This results in great disparity in the number of active CVF subrecipients in a given State, which we found has ranged from 8 to 316 subrecipients among the States we have audited. Yet, regardless of which subaward allocation approach a State selected, the funding trends have resulted in a substantially greater monitoring burden for the States. The Uniform Guidance for federal awards requires that recipients monitor subrecipients to ensure that they use subawards for authorized purposes, comply with applicable rules and regulations, and achieve subaward performance goals. Based on OIG audit work, along with our review of overall trends in the program and experiences of the victim assistance recipients, we determined that there are several areas in which States have experienced challenges in fulfilling their responsibility to monitor subrecipient performance and use of CVF funds.

State Risk Assessments of Subrecipients

The DOJ Grants Financial Guide directs that primary grant recipients should conduct periodic monitoring of subrecipients' financial operations, records, systems, and policies and procedures, and they may evaluate subrecipients as higher or lower risk to determine which subrecipients to monitor more closely. Risk assessments can be an effective strategy to help prioritize and track the monitoring of various subrecipients. However, to be effective, risk assessments must remain agile tools that cover the whole population of subrecipients, reassess risk factors on an ongoing basis, and account for changes in subrecipient activity. Among the States we audited that did employ a risk assessment, we found these State agencies have used this type of tool in different ways, to varying degrees of success.

The most successful risk tools we reviewed were characterized by frequent assessments and re-assessments, numerous variables considered, flexibility to account for changing circumstances, and a variety of possible outcomes. For example, according to Connecticut's procedures, subrecipients that scored higher on the State's annual risk assessment increased their likelihood of receiving both an on-site monitoring, as well as more detailed desk reviews where the subrecipient would be required to provide supporting documentation for reimbursement requests and performance statistics. We found Connecticut conducted an annual assessment considering factors such as a subrecipient's number of current grants, award amounts, staff turnover, program progress reports, history of meeting award requirements, and the timeliness of reporting. Connecticut then assigned a weighted numerical value to each factor to rank subrecipients into a three-tiered risk classification that determined the level of monitoring.

Like Connecticut, Maryland considered a variety of factors to assign varying levels of risk to its subrecipients, which dictated both the level of review each received and the types of documentation the State required. Despite having a relatively large subrecipient universe of approximately 140, Maryland had a robust

site visit schedule and planned to conduct site visits of each subrecipient every 2 years. While Maryland did not require all of its subrecipients to proactively submit financial support with each reimbursement request, any subrecipient designated as high risk was required to do so. To ensure that it also paid adequate attention to subrecipients not designated as high-risk, Maryland also randomly selected, on a quarterly basis, a rotating cohort of low-risk subrecipients to receive extra monitoring. We found this to be an effective way to increase coverage for a State with a higher number of subrecipients.

On the other hand, some States did not employ any formal methodology for evaluating the risk of subrecipients to inform the frequency and scope of monitoring activities, or had methodologies that failed to comprehensively assess their subrecipients. Among the States that did attempt to apply a formal risk assessment, some neglected to consider some key areas of risk. For example, although one State focused substantial monitoring efforts on subrecipients it designated as high risk, it decreased attention to subrecipients designated as low or medium risk to the degree that these subrecipients experienced more subaward implementation and compliance problems than their high risk peers. Officials from another State also expressed the view that simply assigning a risk designation for its subrecipients was sufficient to fulfill the grant requirements, and that a State should not be held responsible if a subrecipient deemed low risk was found to be out of compliance with grant requirements. We found OJP did not provide a prompt, clear response in this instance and thereby missed an opportunity to provide unambiguous guidance on the responsibilities of a primary grantee regardless of the labels it assigns to its subrecipients.

In their risk determinations, some States also neglected to consider the results of Single Audits, the purpose of which is to provide assurance regarding how a recipient uses federal grant funds.²⁴ While some States, including Wisconsin, had a dedicated employee responsible for receiving, reviewing, and tracking subrecipient Single Audit reports, other States devoted little, if any, attention to Single Audit results. In an environment of finite monitoring resources, we believe States should be maximizing the Single Audits as a tool informing risk determination and site visit planning.

State Strategies to Monitor Subrecipients

We found that States also experienced challenges in determining exactly how to monitor subrecipients effectively, especially as both the number of subrecipients and the total award amounts have grown. Some States compiled monitoring strategies that effectively addressed their needs, while others experienced significant shortcomings in this area, to the detriment of CVF program success.

²⁴ Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended, which requires recipients of federal funding to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance for federal awards, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "Single Audit" performed annually, covering all federal funds expended that year.

The States that we found could demonstrate successful monitoring deployed strategies that allowed for frequent communication, maximized State staff coverage, considered a variety of techniques to provide oversight, and included at least some direct review of subrecipient records. For example, Washington, D.C. regularly scheduled phone calls with all of its subrecipients to maintain an open dialogue. Additionally, Connecticut employed a mix of monitoring techniques including both financial and programmatic desk monitoring and regular site visits. Arkansas, too, performed either a site visit or desk review of each subrecipient annually so that every subrecipient received an on-site monitoring visit at least once every 2 years, and the subrecipients we visited told us the State provided support and was available to answer questions as needed.

States found to have the most effective monitoring strategies also conducted direct review or testing of subrecipient records. For example, Connecticut tested programmatic documentation and cost transactions during its site visits and used a Contractor Monitoring Report to determine if a subrecipient complied with subaward requirements. With approximately 140 CVF subrecipients, Maryland hired a contractor to help monitor its post-FY 2015 award increases, and also used a team of three experienced contractors to provide dedicated on-site monitoring coverage across the State, with a focus on awards to at-risk subrecipients and those that had not been audited in 3 or more years. Tennessee also required its subrecipients to submit support for all expenditures claimed in its reimbursement request, which it reviewed to ensure the costs were allowable and complied with the subaward budget before approving payment. Arkansas required its subrecipients to submit complete supporting documentation for every financial transaction in monthly reimbursement requests, reviewed each expenditure to ensure it was allowable, and would request corrected or additional information to support the cost if state agency staff identified any issues. Additionally, Arkansas reviewed its subrecipients' performance data for accuracy by comparing it to each subrecipient's initial plan and budget as well as previous PMT reports and site visit results, discussed any deficiencies with the subrecipients before entering the data into PMT, and further assessed performance data when performing on-site program reviews of subrecipients.

In several instances, States we observed to have strong monitoring practices leveraged technology to help them track subrecipient documents and activity. Maryland utilized a subgrant management system that maintained organized subaward records and documented various approvals or communications relating to each subrecipient. Tennessee used an electronic monitoring folder to document pertinent information such as monitoring guides and reports, response letters, and corrective action plans. Arkansas also designed a customized electronic subaward system that helped it fulfill monitoring responsibilities.

Conversely, in more than half of our CVF victim assistance audits, we found States have struggled to monitor their subrecipients' use of the CVF funds and performance. In many cases, the States were not conducting subrecipient site visits and reviews, as scheduled. For example, at least one State did not conduct site visits as its policies and procedures required and did not conduct financial desk reviews. We have also found that States did not detect subrecipients making

various prohibited or improper charges, resulting in a total of over \$4.9 million in unallowable and unsupported costs. Because many of these questioned costs derive from subrecipients improperly charging personnel expenses, States have a particular responsibility to provide oversight in this area. In addition, we have identified several instances where subrecipients could not support performance they reported as award achievements in areas such as number of victims served. For example, in one State we identified a 72 percent error rate in information recorded in PMT for certain quarters of data from sampled subrecipients, and we found performance data from four out of five tested subrecipients in another State to be inaccurate or unsupported. Further, States also experienced challenges in fulfilling other general oversight requirements such as enforcing the Single Audit requirement: one State we visited was unaware that at least one of its subrecipients had met the criteria requiring a Single Audit but had not obtained one.²⁵

In summary, we learned that many States failed to detect significant non-compliance with the terms of the CVF awards. While it is understandable that States may not be able to review all expenses and victim records for all subrecipients in all reporting instances, States must thoughtfully develop a risk assessment and monitoring strategy that provides adequate coverage to meet each State's unique needs. Considering that each State has limited monitoring resources, we conclude that States should seek to utilize all the tools available to make their monitoring more efficient and effective, to include resources like the Single Audit reports, and technology solutions like robust subgrant management systems.

Although OJP has discussed subrecipient monitoring techniques with States during VOCA regional meetings and the annual VOCA conference, and developed a webinar detailing a State's subrecipient oversight responsibilities, we believe OJP must provide additional support in this area. We recommend that OJP consider providing further guidance to the States about effective monitoring of subrecipients, to include suggestions on the strategies for risk assessment as well as the characteristics of effective monitoring techniques and meaningful site visits.

OJP's Handling of CVF Program Challenges

OJP is aware that the magnitude and structure of its CVF assistance and compensation programs present unique oversight challenges, and we found that OJP has taken some positive steps in addressing these challenges. We found OJP has attempted to strategically manage CVF funding in a way that identifies victim needs and attempts to expand populations and types of crime victims served. OJP has also taken steps to improve the oversight of the CVF programs, monitor the activity under these awards, and assist States in achieving the objectives outlined in their grants. Yet, as discussed below, our review of these efforts found that there are several ways in which these efforts fall short. Further, we note that any CVF challenges OJP has experienced may be exacerbated by proposed changes to

²⁵ States are ultimately responsible for ensuring subrecipient compliance with the Single Audit requirement and taking appropriate and timely action on any relevant findings.

its operating budget and organizational structure, which include proposed reductions in dedicated staff and incorporation of additional grant programs previously administered by other components. When combined with the volume of CVF funding, these anticipated changes create for OJP additional oversight responsibilities and challenges in an environment of overall reduced staffing.

Use of Discretionary Grants to Identify and Address Some Needs

To help understand the evolution of victim needs nationally and address gaps in victim services, OJP funds discretionary grants that support ongoing research, education and training, and State technology infrastructure. In May 2013, OVC published a comprehensive report, known as Vision 21, which identified challenges and best practices to improve victim-based services.²⁶ This report guided OJP in charting priorities to address with its discretionary grant funding. Each year, OJP officials also identify and assess emerging crime victim needs as they decide which projects to support with discretionary award opportunities. For example, OJP has used discretionary grants to fund antiterrorism and emergency assistance programs and respond to issues such as the opioid crisis and mass-violence incidents. OJP has also used discretionary grants to fund projects seeking ways to improve the CVF victim assistance and victim compensation programs.

For example, OJP funded discretionary grants to the International Association of Chiefs of Police (IACP) to develop tools to help law enforcement officers treat victims with compassion and provide victims with information and referrals for assistance. Additionally, OJP funded a separate discretionary award for IACP to develop and deliver training, technical assistance, and resources to law enforcement to support victims' access to compensation funds. Citing the critical role law enforcement can have in providing crime victims information about compensation programs, the project developed instructional videos to educate law enforcement on the victim compensation program, customizable brochures to notify victims of available resources, and tip cards to help draft investigative reports with the complete information needed to facilitate victim claims. Our audit on these initiatives determined that IACP was largely successful in meeting grant objectives, and we believe these projects are a good example of OJP-funded efforts to increase awareness of the CVF programs and improve the experiences of victims.

Additionally, OJP made awards to the RAND Corporation to design, develop, and implement the National Census of Victim Service Providers and solicit input from victim service providers—including counseling centers, domestic violence shelters, rape crisis centers, child advocacy and human trafficking support groups, and others. The goal of this award was to provide OJP, policymakers, and the research community with a national profile of victim services, trends, gaps, and best practices. Based on the OIG's assessment of this project, we believe the

²⁶ The *Vision 21: Transforming Victim Services Final Report* was issued on May 2013. Vision 21 grew from a series of meetings with victims' advocates and experts from across the country to exchange enduring and emerging issues and challenges facing victims.

census data and eventual follow-up surveys will help inform OJP and others of victim needs and improve victim services.

In keeping with the Vision 21 report recommendation advocating for additional technology, training, and innovation in the victim services field, OVC also issued two solicitations with CVF discretionary funding in FY 2015 to: (1) assist States in building technology capacity, and (2) support training for victim assistance service providers and those who work with victims of crime.²⁷ The purpose of the technology grants was to help States improve victim compensation data collection for OVC's PMT. OVC awarded nearly \$700,000 in multi-year technology grants to 12 states. In contrast, the FY 2015 discretionary training grants—provided specifically for victim assistance—funded educational initiatives, crime victim-related conferences, support for new programs for underserved victims, and scholarships to service providers. OVC awarded approximately \$25 million to 54 states and territories under these multi-year awards.

As these multi-year awards came to a close, in FY 2018 OJP made available another round of discretionary funding for similar purposes. Through a series of OVC focus groups, States advised that they needed funds to help revamp their case management systems and implement and administer CVF programs. OJP announced this round of FY 2018 discretionary funding for the purpose of (1) building State technology capacity, and (2) providing training and technical assistance.²⁸ Through the technology capacity grants, OVC sought to enhance victims' access to services; foster innovation, quality, accessibility, and efficiency in the provision of services; support technology tools that would facilitate the monitoring of VOCA grants; and improve State and subrecipient reporting of activity funded by these awards. With these training and technical assistance awards, States could fund activities such as state victim assistance academies, crime victim conferences, training for new programs, and scholarships for those who work with victims of crime to attend these training events. We found OVC publicized both of these funding opportunities and tried to facilitate the application process by hosting a pre-application webinar to review solicitation requirements and answer questions from the States.

We recognize the provision of discretionary funding in these areas as evidence of OVC's effort to improve access to victim services and compensation, and enhance the quality of the formula grant programs. Yet despite OVC's efforts, some States did not take advantage of these funding opportunities that could benefit their CVF programs. For example, although OVC expected to award \$12 million in FY 2018 training awards to 30 States, OVC ultimately only awarded these training grants to 22 States. Further, while OVC expected to award a total of approximately \$7 million under the FY 2018 technology grants, it awarded only about \$5 million to 10 states. One OVC official said he was surprised by the lack of

²⁷ OVC FY 2015 Vision 21: Building State Technology Capacity Competitive Solicitation; OVC FY 2015 Victim Assistance Discretionary Grant Training Program for VOCA Victim Assistance Grantees

²⁸ OVC FY 2018 Building State Technology Capacity; OVC FY 2018 Discretionary Training and Technical Assistance Program for VOCA Victim Assistance Grantees

State interest in revamping case management systems with the technology capacity grants. Another OVC official informed us that while one State had complained about the lack of technology funding, it ultimately did not apply for a technology capacity grant.

Communication of Expectations and Guidance

OJP and OVC communicate CVF program expectations and guidance to funding recipients via a variety of methods including the annual VOCA conference, online resources and Frequently Asked Questions (FAQ), and the OVC training and technical assistance center (TTAC).

The national associations of victim assistance and compensation State administrators host an annual VOCA conference, which is subsidized by OJP, to share issues and practices through lectures, panels, and workshops. OJP requires at least one official from each funded State CVF program to attend the VOCA conference. Its modules offer an opportunity for States to exchange information, views, and experiences with colleagues; remain current on issues and trends in victim services; and improve the delivery of services to victims of crime and the administration of the formula grant programs.

OVC's website is an additional resource that contains information on grant funding opportunities as well as guidance on applying for and managing grants—in the form of publications, videos, and other training materials. Grantees can subscribe to publication updates and announcements and use OVC's website to access relevant laws, guides, and policy. OVC provides online trainings and webinars on topics that include grantee orientation, grants financial management, and victim assistance. OVC also published on its website FAQs for States on a variety of topics.²⁹ OJP officials consider this FAQ to be a "living document" which they will update with new information.

OJP has periodically updated its online references as questions arose relating to the CVF program. For example, in an effort to address OIG audit findings in one instance, OJP addressed a disparity between the Compensation Guidelines and the OJP Financial Guide on the issue of apparent commingling of federal funds. Specifically, OJP added a "Tip Box" to its DOJ Grants Financial Guide to more clearly indicate that it is acceptable if a victim compensation program does not distinguish the source of payment to individual crime victims as either federal or state funds, as long as the State has in place an adequate accounting system to capture and track all transactions related to the victim compensation grants.

However, as detailed previously, there are numerous other areas where OJP's guidance relating to the CVF programs could be made clearer. We also note that

²⁹ [Questions and Answers VOCA Victim Assistance Program Rule](#). This document stemmed from feedback OVC received from States at the 2017 VOCA conference. A year later, during the 2018 VOCA conference, OJP officials informed the States that attended one session that they had published a new FAQ document. Note: This FAQ is distinct from other FAQs OVC has also published specific to the PMT cited previously in this report.

while the compilation of the FAQs is an admirable first step, nearly 3 years elapsed after the influx of FY 2015 funding before this resource became available to States, and it is still not complete. OJP officials conveyed that their strategy was to publish the “easy questions” first, but acknowledged lags in publication due to the internal vetting process and recognized that there were still questions unanswered such as those related to construction costs. Even though OVC’s FAQ initiative is promising, this is another example of an incomplete and therefore not fully effective method of communication between OJP and the States. This document is not comprehensive since a significant portion of questions remain without answers, and it is limited to the victim assistance program only. Additionally, only those States that participated in the 2018 VOCA conference session on this topic may be aware of the existence of this document, and States will need to check the OVC website frequently to determine if answers have been added or changed. Based on our review of resources available to the CVF grantees, we believe States would still benefit from more definitive, timely, and formal communications. We recommend that OJP enhance its efforts to provide current and specific guidance on the management of the CVF formula grants and prioritize publishing answers to the FAQs it has identified.

OVC’s Training and Technical Assistance Center (TTAC) is an additional resource that provides free tools and help to States on such topics as mentoring, financial training, and capacity building. TTAC also offers web-based and on-site training on topics such as financial management, program evaluation, and effective management. Additionally, TTAC can offer customized training to meet a particular State’s needs. During the 2018 VOCA conference, States expressed a strong demand for financial management training, and suggested having more compact and shorter financial trainings available. Yet these financial trainings, which are held four times a year with a capacity to host up to 100 participants each, book to capacity quickly after OVC announces the training. TTAC officials also told us that it would ideally like to (1) pursue outreach with each State; (2) develop a planning tool based individual needs assessments; and (3) conduct regional trainings on capacity building. However, TTAC said they lacked the resources to do so and had been reluctant to conduct outreach to expand their population of trainees because TTAC would not be able to support additional training. TTAC officials told us they have had to reject State training registration requests because there simply was not the capacity to fulfill them. This indicates that the demand for TTAC training, particularly in the area of financial management, has exceeded supply.

TTAC has the potential to assist States in effectively managing their CVF programs and avoiding misuse of funds. Not being able to accommodate training needs, especially on financial management, can cause sub-optimal grant performance and weak financial controls over CVF programs. OVC officials said they are aware of this issue and working closely with TTAC to develop strategies and solutions moving forward. We recommend that OJP evaluate supporting grant management training and assistance for a wider audience of grantees and seek to more closely align the services with demand, particularly in the area of financial management.

Monitoring Efforts and Capacity

In addition to targeting the distribution of discretionary funding and circulating grant requirements, a central part of OJP's efforts to manage the challenges of the CVF formula grant programs is monitoring. Comprehensive monitoring is essential to ensure the States accomplish program goals, use the funds properly, and comply with program requirements. OJP has employed several mechanisms—including site visits, regional meetings, and risk reports—to oversee CVF awards. However, our September 2017 audit on the risks associated with OJP's management of the CVF grant programs noted certain weaknesses with regard to OJP CVF oversight, and we have found that monitoring the large CVF program remains a challenge for OJP.³⁰

The OVC's State Compensation and Assistance Division (SCAD) is responsible for grant administration of the majority of the CVF awards.³¹ The SCAD answers administrative, financial, and programmatic questions, reviews reported information, monitors State CVF performance, and assists States with data calls and grant applications. OJP's Office of the Chief Financial Officer (OCFO) assists the SCAD with grant monitoring duties and also reviews spending rates. OJP's Office of Audits, Assessment, and Management also performs a monthly risk indicator report of States on an individual and aggregate basis in addition to reviewing spending patterns, audit findings, closeout actions, and deobligations.

OVC grant managers can use the options of both site visits and desk reviews to oversee grantees. Desk reviews include reviewing drawdowns and financial and performance reports to check State compliance. If a grant manager finds an issue during a desk review, he or she should reach out to the State for verification. Alternatively, during a site visit, grant managers travel to the State's location to review policies and procedures, transactions, and on-the-ground operations. At the conclusion of a site visit, grant managers compile report findings and recommendations. While our September 2017 CVF audit found that OJP had not met its CVF monitoring schedule, during FYs 2015 and 2016 OVC nearly tripled the number of annual site visits it performed over previous levels. Further, in August 2018 follow-up to that audit, OJP articulated the goal of conducting one site visit every 4 years, subject to resource availability.

In addition to site visits and desk reviews, OVC hosts East and West Coast regional meetings with the States each year, to share information with State administrators and provide a forum for OVC to hear feedback and understand the needs of States. Records from a May 2018 regional meeting indicate that OVC and the States discussed: (1) new State programs, (2) monitoring of recipients and

³⁰ U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), [Audit of Risks Associated with the Office of Justice Programs' Management of the Crime Victims Fund Grant Programs](#), Audit Report 17-36 (September 2017).

³¹ SCAD staff have oversight responsibility for all CVF formula awards, including assistance and compensation, as well as training and technology discretionary awards—which collectively constitute the majority of the CVF awards managed by OJP. A portion of other CVF discretionary awards are the responsibility of other OJP grant managers.

subrecipients, and (3) State challenges and needs. We note that unlike the annual VOCA conference, participation in these regional meetings is voluntary; thus, only those States with administrators who are able to participate benefit from these regional meetings.

Needed Oversight Improvements

Notwithstanding these efforts, States that have received OVC scrutiny or direct feedback just prior to our audit work have still been found to be deficient with regard to their grant management. For example, one State set up its grant programs in a way that did not distinguish the source of funds to its subrecipients. This resulted in a grant environment that commingled funds. While State officials believed they managed their program appropriately and cited OVC guidance that endorsed this approach, this State ultimately had its CVF funding frozen and was designated as high risk.

In other instances, our audits identified examples where States had a fundamental misunderstanding about how to handle their victim compensation grants and certifications. For example, a State miscalculated its federal drawdowns by taking the State funding amount spent at the time and multiplying it by 60 percent to request the amount of federal funds for advancement. This process departed from grant management principles and resulted in excess money on hand. Nevertheless, an OJP and OCFO site visit conducted a month before our audit began did not identify this discrepancy. In addition, another State significantly miscalculated its compensation certification amount by applying the formula to the entire amount budgeted to the program, and not the total victim compensation payments as required. Despite an OVC site visit the previous year, it was not until our audit tested the award certification process that these errors, which resulted in improper award amounts, were discovered. We are concerned that in each instance the State appeared to have been visited by an OJP official or posed a specific question, yet OJP did not identify and correct the grant mismanagement or provide a clear response to the State.

We have also identified additional examples where OVC has been less than responsive in its interactions with the states. At least a few States we have audited noted concerns in their ability to obtain helpful responses from OJP. For example, one State posed a question to a grant manager about the use of its CVF funds for a specific type of expense. In response, according to this State, it simply received a copy of the DOJ Grants Financial Guide, which is available to the general public.

We identified two ways in which OJP can enhance its own ability to monitor the CVF grantees: (1) building grant manager expertise and (2) effectively sharing in-house knowledge among its personnel.

With regard to training, SCAD grant managers frequently encounter questions from the State grantees, though these grant managers said that they did not always believe that they had the knowledge and authority to provide a definitive answer themselves. For example, although the daily activities of a grant manager involve reviewing financial information—such as federal financial reports,

general ledgers, and system and record controls—grant managers do not need to have a financial background or education, and only one SCAD grant manager possessed a background in accounting. Our interviews with SCAD grant managers confirmed a lack of formal financial or accounting training for newly hired grant managers beyond the DOJ grants management financial training, which covers general financial principles that are not specific to the CVF program. Although we were told by some officials that OJP tried to coordinate site visits to ensure complementary coverage by both programmatic and financial personnel, and grant managers expressed the benefit of conducting site visits jointly with financial monitors from OCFO, we found that joint site visits were rare for the scope of our review. OJP reported in August 2018 that it had begun assessing the training needs of grant personnel and was developing an OJP-wide policy on training requirements. OJP also stated that it had provided mandatory grants management update training to the grant managers. Given that the grant manager position involves ensuring compliance with grant management requirements, including the financial aspects of the award, OJP should prioritize enhancing grant manager expertise in this area.

GRANT MANAGER PERSPECTIVES

- *“There is no real training for newly hired grant managers. OJP does not provide detailed training or workshops in accounting.”*
- *“Grants management training is provided annually. However, there isn’t enough time to provide the level of detail needed. Our grant managers really struggle with reviewing and understanding the general ledger.”*
- *“I have not received proper training...the training we were provided did not allow staff to ask the right questions and provided more content than could be sufficiently covered in an hour.”*

In addition to training gaps, we identified some barriers to communication that have hampered OJP’s ability to provide responsive and well-informed CVF oversight. SCAD grant managers described some challenges in obtaining answers to more difficult questions from OJP officials. Different OJP offices, including SCAD, other offices within OVC, OJP’s OCFO, and OJP’s OGC, have different roles and authorities, and do not always work together effectively to field and address recurring State questions or concerns. For example, grant managers told us that they have difficulties obtaining answers to financial questions from OCFO. Based on these observations, we believe OJP can enhance its internal communications process to achieve better responses on CVF inquiries requiring resolution. We therefore recommend that OJP review its internal process for addressing CVF grant management questions, particularly with regard to financial management and the allowability of expenditures.

OJP is making progress in the area of grant manager training. In an August 2018 response to the September 2017 audit, OJP stated that it was working on an assessment of the financial and programmatic training needs of the grant program

specialist and developing an OJP-wide policy on training requirements for grants specialists and financial monitors which they expect to complete by December 2018. OJP also stated that it had provided mandatory grants management update training to the grant managers. Beginning in FY 2019, OJP also reoriented its monitoring to take a statewide approach and complete in-person monitoring of each State within 4 years. Financial personnel will review on-site at least one award from each OJP-funded program in the State, and programmatic staff will pick up the financial questions for the awards that did not fall in the scope of the financial staff review. Under this approach, the financial staff can take more of a lead role in assessing the overarching accounting and financial policies and procedures, as well as subrecipient policies within a State. We are encouraged by OJP's explanation of its planned approach, which it described as always involving a team on site, composed of a mix of both financial and programmatic monitors. We believe OJP should continue its efforts to improve coordination with its financial personnel and others with expertise positioned to provide answers on the proper implementation of the CVF awards to achieve better results with the CVF programs.

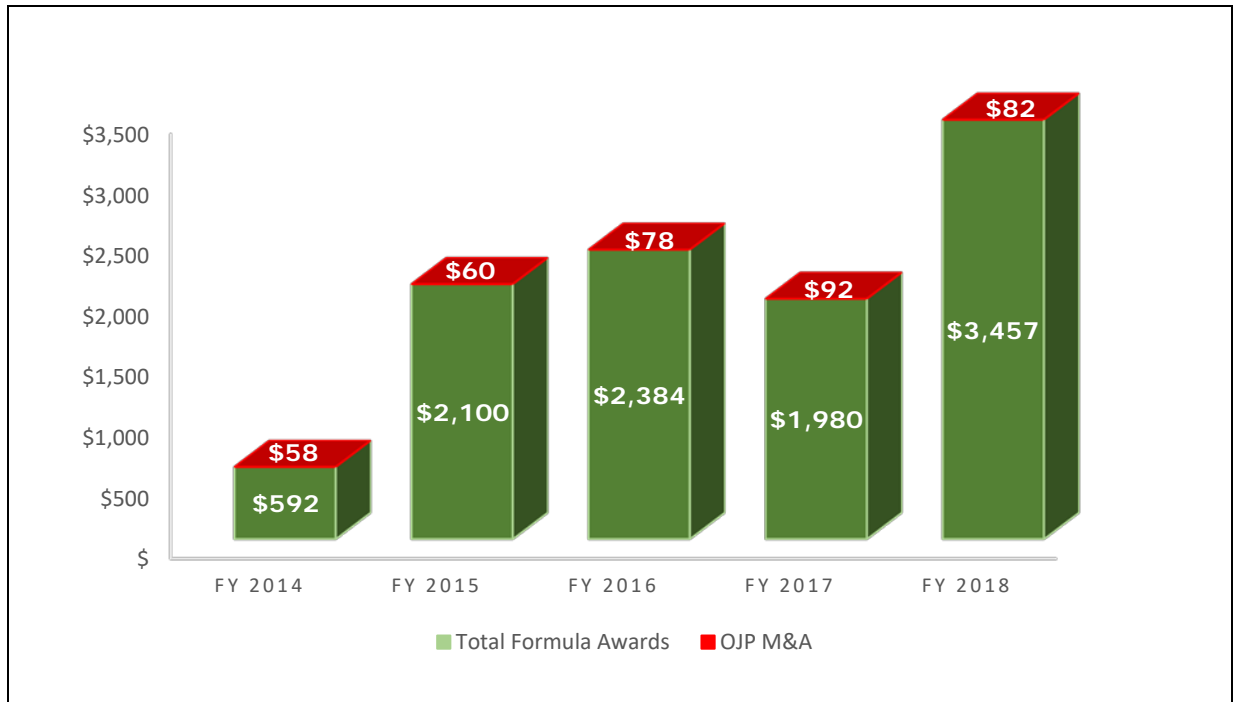
OJP Capacity Constraints

With minor exceptions, OJP has not received appropriated funding specifically designated for administrative purposes since 2012. Instead, OJP must "fairly and equitably" support its cumulative administrative expenses from funding available to its grant programs. To accomplish this, OJP first surveys its collective needs and compiles a budget request for Congress capturing cumulative management and administration expenses anticipated across all six of its program offices as well as its nine business offices that provide shared services for all OJP grants, including the CVF portfolio. Once Congress enacts a budget, OJP's OCFO develops a Spend Plan, which details more specifically how OJP will use the funding made available by Congress for its grant programs to support administrative expenses. In developing this Spend Plan, OJP's OCFO has a multi-step "assessment" process to determine the proportion of the total OJP administrative expense burden paid by each of its six grant program areas available to support the collective OJP expenses.³² CVF is one of these program areas, and therefore, CVF funds are one of the sources available to OJP to support its management and administrative expenses. OJP's OCFO has some discretion in determining what is a fair and equitable portion of expenses paid by each program area; however, the total amount available to OJP is determined by Congress. Once OJP calculates the relative contributions from each program area, that funding becomes part of a collective pool to support all of OJP's shared expenses. Figure 7 shows the contributions from CVF toward OJP management and administration expenses in relation to the total value of CVF formula grants for which OVC has oversight responsibility.

³² OJP excludes certain programs from the total amount OJP considers available to cover management and administrative costs for several reasons, including appropriations provisions that would limit, preclude, or otherwise render inappropriate the routing of money from certain programs to cover OJP's expenses.

Figure 7

CVF Funds Used for OJP Management and Administration Compared to OVC Formula Grant Portfolio Value, FYs 2014-2018 (in millions)



Source: OJP

At the time of the September 2017 audit, we were told that previous hiring freezes and budget cuts impaired OVC’s ability to manage the CVF program. OJP identified the need to increase both OVC and OCFO staff levels and, in FYs 2016 and 2017, OVC secured an increase in CVF-sourced administrative funding and expanded its CVF oversight team. However, we found that this expansion was only temporary, and some staff have since left. OJP is once again encountering some capacity constraints which, according to the proposed Department of Justice FY 2020 Performance Budget, are likely to worsen as OJP becomes responsible for administering a growing number of awards with funding and staff levels below those of previous years.

In March 2016, SCAD’s grant manager cohort included eight full time equivalent (FTE) positions.³³ At the start of our review in March 2018, OVC’s SCAD was composed of six grant managers, one team lead, and one director. Yet, as of March 2019, SCAD’s grant manager pool comprised only five FTE grant managers, and lacked a dedicated team lead or director. These five grant managers are

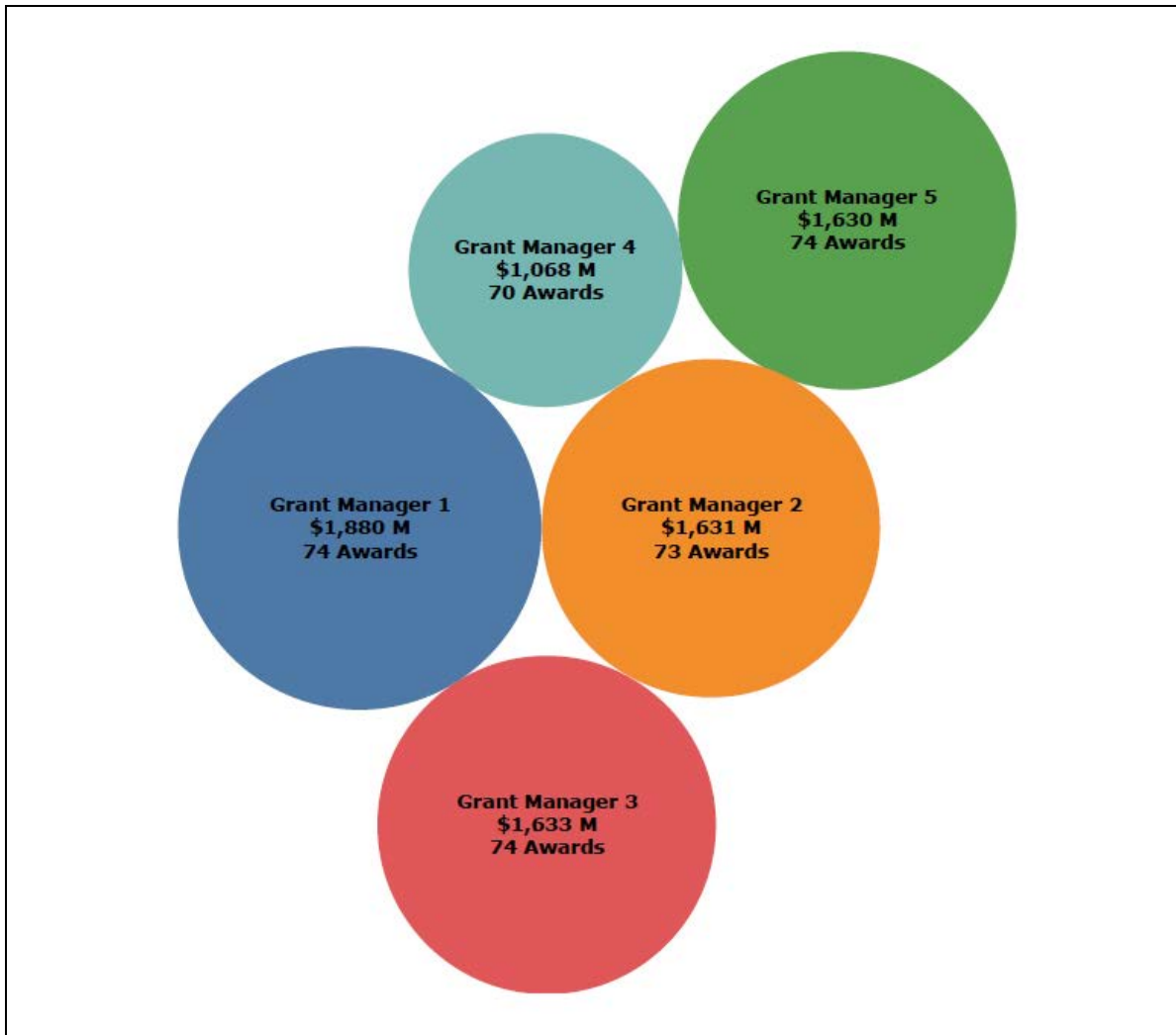
GRANT MANAGER PERSPECTIVE

SCAD hired additional staff [...], but three people have since left, “so we’re back to where we started.”

³³ One of these eight positions was vacant in 2016.

responsible for overseeing an average of over \$1.5 billion each in CVF formula and discretionary grants, as depicted in Figure 8.

Figure 8
Grant Oversight Responsibilities for SCAD Grant Managers:
Cumulative Award Amounts and Number of Awards



Note: This figure includes all CVF formula awards open as of March 2019, including FY 2016-2018 assistance and compensation awards, as well as training and technology discretionary awards.

Source: OIG analysis based on OJP data

Maintaining adequate monitoring of \$7.8 billion in grant funding, much of which is further distributed to subrecipients, presents an enormous challenge, given the current size of the SCAD. SCAD grant managers reported that this distribution made it difficult for them to stay fully apprised of developments and areas of concern with all their grantees. The grant managers stated that a few additional grant managers would make the workload much more manageable. Despite questions from the States about OVC's capacity, as of August 2018, OVC had not reported any plans to hire more staff. Further, we note that the Department of

Justice FY 2020 Performance Budget released March 2019 did not include any plans for additional positions dedicated to the SCAD and proposed cutting 144 positions that had previously been dedicated to traditional OJP activities.

From FY 2017 to FY 2018, OJP became responsible for an additional \$1.477 billion in CVF formula grants alone. OJP also maintained responsibility for its traditional portfolio of CVF discretionary awards, and gained responsibility for approximately \$133 million in additional grants through a new set-aside specifically designated for tribal crime victims.³⁴ This latter allocation presents a unique oversight burden for OJP. In recognition of the challenges some tribes face in applying for and managing federal grants, OVC established a two-phase application process both to help attract eligible tribal applicants for its crime service programs and allow more time for tribes to fully develop in-depth submissions for the second part of the process. This enhanced grant process will require more staff attention than other awards made under the traditional award process and will create an extra demand on OJP.

We recognize OJP does not control the amount of CVF funding made available each year for which it becomes responsible. Further, while there has been a marked increase in the total funding for CVF awards and in the number and value of subrecipient assistance awards as well as an addition of new tribal recipients, according to proposed budget documents, OJP may be facing a significant reduction of OJP staff as well as the potential consolidation of additional new grant management responsibilities. The increasing workload in an environment of decreasing resources is likely to impact OJP's ability to conduct comprehensive oversight and thereby heightens the risk of misuse of funds intended to help victims of crime.

Within these constraints, OJP has strived to achieve effective oversight. For instance, OJP included in its tribal solicitation examples of activities, services, and items for which grant funds can and cannot be used, which we note as a best practice—particularly in light of our audits findings with regard to tribal recipients. We encourage OJP to consider similar ways in which it can mitigate risk in its grantee population with a relatively modest investment of resources.

³⁴ Authorized by the 2018 Consolidated Appropriations Act, the FY 2018 Tribal Victim Services Set-Aside Program made 3 percent of the CVF cap amount available to federally recognized Indian tribes, as determined by the Department of the Interior, including Alaska Native villages and tribal consortia consisting of two or more federally recognized Indian tribes.

CONCLUSION AND RECOMMENDATIONS

The significant increase in funding available to the CVF programs since FY 2015 has resulted in additional support to the crime victim community and helped the States enhance their services to victims. States have been able to fund larger and more numerous subawards to direct service providers, and some have exhibited promising practices in areas ranging from public awareness campaigns to innovative subaward monitoring strategies as part of their efforts to implement the larger CVF award programs. In response to the increase in funding, many States identified new areas of focus as part of an effort to better meet the needs of victims that have been previously underserved. As the program continues, States have cited additional needs in the areas of staffing and space, training, capacity-building, and management of funding.

While the additional funding created significant opportunities for States to enhance their program accomplishments, the States also encountered a variety of challenges as they have implemented their growing CVF programs. As a result of sustained audit efforts relating to the CVF program, we found some States have struggled to adjust to the substantial increase in funding within the statutory award deadlines. We also learned States often experienced difficulty in both interpreting the requirements governing the expenditure of these CVF grants, and reporting their award activity to OJP. Specific to the compensation program, we observed certain States experienced challenges accounting for and supporting claims payments, while a chief challenge of the States' victim assistance programs was designing and implementing an effective monitoring strategy for the burgeoning population of CVF subrecipients.

OJP has undertaken several steps to better understand the needs in the crime victim field and provide guidance for States and crime victim service providers on ways to achieve a successful and compliant grant program, though our work has found there are several ways OJP can continue to enhance the guidance and monitoring for these programs. For example, OJP must provide attentive oversight to ensure the States are distributing the new assistance funds in a responsible manner. States would also benefit from more responsive answers to common questions and more training and guidance, particularly in the areas of financial compliance and subrecipient monitoring. We further found that the standard grant resources and requirements for CVF grantees, such as financial guides and reporting forms, sometimes are unclear in the context of the CVF programs and would be improved by customized materials or explanations to help the States better achieve compliance and effectively implement their victim programs. While addressing these areas would help OJP improve the functioning of the CVF programs, we note that OJP's ability to provide oversight to these programs is constrained by recent changes to its operating budget and structure, which have resulted in the administrative resources dedicated to this program shrinking as a proportion of the total value of the growing CVF awards.

We recommend that OJP:

1. Examine States' spending data, comparatively analyze States' spending plans and program execution, assess the causes for any State implementation delays, and apply the results of this review to assist States in developing and executing future spending plans.
2. Enhance communication to the formula grant recipients, including the victim assistance subrecipients, regarding established grant rules that clearly govern what constitutes an allowable cost.
3. Better define and provide clarification on the allowability of expenses that have generated questions, to include building modifications, subrecipient non-service or indirect costs, and contracting costs.
4. Clarify to States the supporting requirements for CVF formula grant administrative costs, to include personnel costs.
5. Review the causes of the discrepancies in the certification form amounts and provide additional clarification to the States on the proper basis for completing this form.
6. Provide additional guidance on the charging and certification of forensic exam payments with respect to the CVF compensation program, particularly for States that have additional sources of funding available for this purpose.
7. Highlight the characteristics of well-supported payment amounts for the benefit of States in designing auditable compensation programs that adhere to federal and DOJ grant record-keeping requirements, and assist States in strengthening their policies and procedures where needed.
8. Clarify the financial reporting expectations for the CVF compensation grants in particular, especially noting any areas in which these grants may be unique from other federal or DOJ awards.
9. Analyze the causes for the Performance Measurement Tool (PMT) technical errors and address these issues to improve system functionality.
10. Further clarify the expected reporting methodology for counting victims and tracking of compliance with priority victim areas, and resolve the discrepancies in the reporting instructions identified in this review.
11. Consider providing further guidance to the States about effective monitoring of subrecipients, to include suggestions on the strategies for risk assessment as well as the characteristics of effective monitoring techniques and meaningful site visits.
12. Enhance its efforts to provide current and specific guidance on the management of the CVF formula grants and prioritize publishing answers to the FAQs it has identified.

13. Evaluate supporting grant management training and assistance for a wider audience of grantees and seek to more closely align the services with demand, particularly in the area of financial management.
14. Review its internal process for addressing CVF grant management questions, particularly with regard to financial management and the allowability of expenditures.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this review were to: (1) assess systemic issues facing CVF grant administration and (2) evaluate actions OJP has taken to ameliorate programmatic issues identified through OIG work.

Scope and Methodology

The scope of this review covers generally FYs 2014 through 2018. Because the formula grants together constitute the largest portion of the CVF distribution, we focused our work primarily on these grant programs, although this review includes discussion of certain CVF discretionary awards to some extent.

From January 2016 through July 2019 the Department of Justice Office of the Inspector General (OIG) has released a total of 48 CVF-related audits. As detailed in Appendix 2, this included: 17 victim assistance grant audits, 10 victim compensation grant audits, and 7 audits of both grant programs together. The OIG has also issued 5 victim assistance subrecipient grant audits, 8 CVF discretionary grant audits, and a risk assessment audit on the CVF grant programs (September 2017 audit). Results from these prior CVF audit results, including observations at the States and associated field visits to their subrecipients, informed this review.

To inform our spending analysis, we reviewed both payment history reports and data from States' federal financial reports, as well as spending plans from each of the States. We also reviewed the States' spending plans to gauge the variety of ways States have approached their additional funding and the types of projects and populations that the increase in funding has supported. Validating the completion of each new initiative described in these spending plans was not the goal of the OIG teams that conducted audits of victim assistance programs at the State level, although our State-oriented audits have included a review of States' planned spending strategies as well as general performance under the grants—in order to determine if they enhanced services for victims.

Our review was informed by discussions with responsible DOJ officials, including all OVC grant managers and supervisors responsible for CVF grant programs, as well as from OJP's OCFO, OGC, and Office of Audit, Assessment, and Management. This review also assessed governing policy, informational materials, and training available to the CVF grantees. In our analysis of resources available to the States, we also reviewed additional funding announcements, to include the training and technology discretionary awards announced between FY 2015 and 2018. In addition, we reviewed certain draft and proposal documents that could affect OJP and the CVF, including the Department of Justice FY 2020 Performance Budget.

APPENDIX 2

RELEVANT PRIOR STATE AUDIT REPORTS

- U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), [*Audit of the Office of Justice Programs Victim Assistance Formula Grants Awarded to the California Governor's Office of Emergency Services Mather, California*](#), Audit Report GR-90-16-002 (January 2016)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Grants Awarded to the Delaware Criminal Justice Council Wilmington, Delaware*](#), Audit Report GR-70-16-006 (August 2016)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Iowa Department of Justice Office of the Attorney General Crime Victims Assistance Division Des Moines, Iowa*](#), Audit Report GR-50-16-007 (August 2016)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Utah Office for Victims of Crime Salt Lake City, Utah*](#), Audit Report GR-60-17-001 (October 2016)
- DOJ OIG, [*Audit of the Office of Justice Programs Victims Assistance and Victims Compensation Formula Grants Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice Lincoln, Nebraska*](#), Audit Report GR-60-17-002 (November 2016)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Office of Victim Services and Justice Grants Washington, D.C.*](#), Audit Report GR-30-17-001 (February 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Assistance Grants Awarded to the Rhode Island Department of Public Safety Grant Administration Office Providence, Rhode Island*](#), Audit Report GR-70-17-004 (March 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the New Mexico Crime Victims Reparation Commission Albuquerque, New Mexico*](#), Audit Report GR-60-17-006 (April 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the South Dakota Department of Social Services Pierre, South Dakota*](#), Audit Report GR-60-17-011 (July 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Minnesota Department of Public Safety Office of Justice Programs Saint Paul, Minnesota*](#), Audit Report GR-50-17-003 (August 2017)

- DOJ OIG, [*Audit of Victim Assistance Formula Grants Awarded by the Office for Victims of Crime to the State of North Carolina's Department of Public Safety Governor's Crime Commission Raleigh, North Carolina*](#), Audit Report GR-40-17-005 (August 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Pennsylvania Commission on Crime and Delinquency Harrisburg, Pennsylvania*](#), Audit Report GR-70-17-008 (September 2017)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awarded to the Michigan Department of Health and Human Services Lansing, Michigan*](#), Audit Report GR-50-18-001 (January 2018)
- DOJ OIG, [*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*](#), Audit Report GR-70-18-006 (March 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Governor's Office of Crime Control and Prevention Crownsville, Maryland*](#), Audit Report GR-30-18-002 (March 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Missouri Department of Public Safety Jefferson City, Missouri*](#), Audit Report GR-50-18-004 (March 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services Carson City, Nevada*](#), Audit Report GR-90-18-002 (March 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Vermont Center for Crime Victim Services Waterbury Vermont*](#), Audit Report GR-70-18-007 (March 2018)
- DOJ 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)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awarded to the Idaho Industrial Commission's Crime Victims Compensation Program, Boise, Idaho*](#), Audit Report GR-60-18-006 (June 2018)
- DOJ OIG, [*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*](#), Audit Report GR-30-18-004 (July 2018)

- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Mississippi State Department of Health, Jackson Mississippi*](#), Audit Report GR-40-18-004 (August 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awarded to the Wisconsin Department of Justice, Madison, Wisconsin*](#), Audit Report GR-50-18-005 (August 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Connecticut Judicial Branch, Hartford Connecticut*](#), Audit Report GR-70-18-009 (August 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Office for Victims of Crime, Victim Assistance Formula Grants Awarded to the Massachusetts Victim and Witness Assistance Board, Boston, Massachusetts*](#), Audit Report GR-70-18-010 (September 2018)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the New Jersey Department of Law and Public Safety Trenton, New Jersey*](#), Audit Report GR-70-19-001 (February 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the State of Hawaii Department of the Attorney General, Honolulu, Hawaii*](#), Audit Report GR-90-19-002 (March 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Compensation Formula Grants Awarded to the Washington Department of Labor and Industries Olympia, Washington*](#), Audit Report GR-90-19-001 (March 2019)
- DOJ OIG, [*Audit of Office of Justice Programs Victim Compensation Grants Awarded to the West Virginia Legislative Claims Commission, Charleston, West Virginia*](#), Audit Report GR-30-19-004 (April 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Tennessee Department of Finance and Administration, Nashville, Tennessee*](#), Audit Report GR-40-19-002 (May 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Louisiana Commission on Law Enforcement, Baton Rouge, Louisiana*](#), Audit Report GR-40-19-003 (June 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Montana Office of Victim Services' Crime Victim Compensation Program, Helena, Montana*](#), Audit Report GR-60-19-006 (June 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Arkansas Department of Finance and Administration, Little Rock Arkansas*](#), Audit Report GR-40-19-004 (July 2019)
- DOJ OIG, [*Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Colorado Department of Public Safety, Lakewood, Colorado*](#), Audit Report GR-60-19-007 (July 2019)

OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

JUL 19 2019

MEMORANDUM TO: Michael E. Horowitz
Inspector General
United States Department of Justice

THROUGH: Jason R. Malmstrom
Assistant Inspector General for Audit
Office of the Inspector General
United States Department of Justice

FROM: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

SUBJECT: Response to the Office of the Inspector General's Draft Audit Report, *Review of the Office of Justice Programs' Efforts to Address Challenges in Administering the Crime Victims Fund Programs*

This memorandum provides a response to the Office of the Inspector General's (OIG) June 19, 2019, draft audit report entitled, *Review of the Office of Justice Programs' Efforts to Address Challenges in Administering the Crime Victims Fund Programs*. The Office of Justice Programs (OJP) appreciates the opportunity to review and comment on the draft report.

As noted in the draft report, the annual amount available under the Crime Victim Fund (CVF) significantly increased from \$2.4 billion in Fiscal Year (FY) 2015 to \$4.4 billion in FY 2018. Recognizing the increased risks associated with awarding this level of funding, the Office for Victims of Crime (OVC) took a number of steps to enhance its oversight of CVF funds.

OVC, in collaboration with the Office of Chief Financial Officer (OCFO) and the Office of Audit, Assessment, and Management (OAAM), developed tools to guide programmatic and financial monitoring efforts and provided training to OVC Program Specialists and Financial Monitors responsible for programmatic and fiscally monitoring CVF grants. In collaboration with OAAM, OVC developed and implemented a monitoring strategy which calls for on-site visits to each State Administering Agency (SAA) every four years. Using the new SAA monitoring strategy, OVC and OCFO has conducted 13 site visits, providing programmatic and financial monitoring. Additionally, communication with the SAAs has been enhanced through increased

phone calls, email correspondence, Frequently Asked Questions (FAQs) webinars, and updates to the Administrators' page on the OVC website with relevant information for the SAAs.

OVC continues to support its formula grantees with intensive training and technical assistance, including peer-to-peer mentoring. OVC is currently assessing policies, informational materials, and training available to the CVF grantees, and analyzing various State-specific reports, ranging from performance and spending under the awards. Using this information, OVC will strengthen its training and technical assistance intended to enhance SAA's understanding of the allowability of costs under the VOCA Victim Assistance Rule; provide more support and understanding of DOJ's Financial Guide; assist with developing subrecipient monitoring and risk assessment policies and tools; and help SAAs manage their formula grants in the most effective manner.

The draft audit report contains 14 recommendations. For ease of review, the recommendations directed to OJP are summarized below and followed by OJP's response.

- 1. We recommend that OJP examine States' spending data, comparatively analyze States' spending plans and program execution, assess the causes for any State implementation delays, and apply the results of this review to assist States in developing and executing future spending plans.**

The Office of Justice Programs agrees with this recommendation. OJP will build upon its existing efforts of monitoring the states' spending of OVC grants. By December 31, 2019, OVC will work with OJP's Office of the Chief Financial Officer (OCFO) to develop a process for routinely examining states' spending plans, spending data, drawdown activity, grantee reports, and other available data on all the awards. OJP will use this analysis to assist states as they develop and execute future spending plans.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 2. We recommend that OJP enhance communication to the formula grant recipients, including the victim assistance subrecipients, regarding established grant rules that clearly govern what constitutes an allowable cost.**

The Office of Justice Programs agrees with this recommendation. OJP will build upon its existing base of guiding resources (e.g., Victims of Crime Act (VOCA) Administrator's website, Frequently Asked Questions (FAQ), DOJ Grants Financial Guide) to enhance communication to formula grant recipients. As part of this effort, OVC will be making individual visits to the SAAs to build stronger relationships and demonstrate support to the States as they use federal, non-tax payer dollars to provide services to victims across the country. During these meetings, OVC expects to address any concerns SAAs have regarding programming supported with VOCA dollars; discuss innovative and challenging VOCA-funded projects; visit with sub-grantees; and provide an opportunity for open dialogue.

regarding programming supported with VOCA dollars; discuss innovative and challenging VOCA-funded projects; visit with sub-grantees; and provide an opportunity for open dialogue.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 3. We recommend that OJP better define and provide clarification on the allowability of expenses that have generated questions, to include building modifications, subrecipient non-service or indirect costs, and contracting costs.**

The Office of Justice Programs agrees with this recommendation. By December 31, 2019, OVC will define and provide clarification on building modifications, subrecipient non-service or indirect costs, and contracting costs.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 4. We recommend that OJP clarify to States the supporting requirements for CVF formula grant administrative costs, to include personnel costs.**

The Office of Justice Programs agrees with this recommendation. OCFO has regularly addressed this issue at previous meetings, webinars, and conferences with VOCA Administrators. For example, most recently, on June 12, 2019, OCFO presented to more than 30 SAA staff on this issue, and OCFO will also address this issue during the VOCA Administrator's conference in August 2019. OJP understands, however, that because of the diversity in how State Administering Agencies structure their victim assistance efforts, and the fact that the requirements are largely set out in somewhat complex provisions of cross-cutting grant rules, a clearer statement of the requirements would be helpful. By December 31, 2019, OVC will clarify for SAAs the supporting requirements for State administrative (including personnel) costs under the VOCA formula programs.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 5. We recommend that OJP review the causes of the discrepancies in the certification form amounts and provide additional clarification to the States on the proper basis for completing this form.**

The Office of Justice Programs agrees with this recommendation. By December 31, 2019, OVC will complete its review of the causes of discrepancies identified to date in the certification forms, and provide clarification to the States regarding proper completion of the form.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

6. **We recommend that OJP provide additional guidance on the charging and certification of forensic exam payments with respect to the CVF compensation program, particularly for States that have additional sources of funding available for this purpose.**

The Office of Justice Programs agrees with this recommendation. By December 31, 2019, OVC will provide guidance to State compensation administrators regarding how States may charge forensic exam costs to VOCA Compensation grant awards, and when they may include State funded compensation payments in their annual certifications.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

7. **We recommend that OJP highlight the characteristics of well-supported payment amounts for the benefit of States in designing auditable compensation programs that adhere to federal and DOJ grant record-keeping requirements, and assist States in strengthening their policies and procedures where needed.**

The Office of Justice Programs agrees with this recommendation. By January 1, 2020, OVC will work with OCFO to highlight the characteristics of well-supported payment amounts for the benefit of States in designing auditable compensation programs that adhere to federal and DOJ grant record-keeping requirements, and assist States in strengthening their policies and procedures, where needed.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

8. **We recommend that OJP clarify the financial reporting expectations for the CVF compensation grants in particular, especially noting any areas in which these grants may be unique from other federal or DOJ awards.**

The Office of Justice Programs agrees with this recommendation. By December 31, 2019, OJP will work to identify financial reporting requirements for the VOCA Victim Compensation Program that are unique from other federal or DOJ awards, and provide clarification on financial reporting expectations.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

9. **We recommend that OJP analyze the causes for the PMT technical errors and address these issues to improve system functionality.**

The Office of Justice Programs agrees with this recommendation. Over the past two years, the process for responding to technical problems has been improved. To date, all major technical issues impacting grantee reporting have been addressed and several updates have

been implemented to improve the reporting process. Given the volume of information, OJP will provide OIG documentation outside of this response to support that issues have been addressed.

The Office of Justice Programs requests closure of this recommendation and requests written acceptance of this action from your office.

10. **We recommend that OJP further clarify the expected reporting methodology for counting victims and tracking of compliance with priority victim areas, and resolve the discrepancies in the reporting instructions identified in this review.**

The Office of Justice Programs agrees with this recommendation. By December 31, 2019, OJP will clarify reporting instructions to address the discrepancies noted in the draft report, as well as clarify the methodology for counting victims and tracking priority victim areas.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

11. **We recommend that OJP consider providing further guidance to the States about effective monitoring of subrecipients, to include suggestions on the strategies for risk assessment as well as the characteristics of effective monitoring techniques and meaningful site visits.**

The Office of Justice Programs agrees with this recommendation. On June 12, 2019, OAAM presented on this issue at the VOCA regional meeting, and will also address this issue during the VOCA Administrator's conference in August 2019. OJP agrees that further guidance on effective monitoring of subrecipients, including strategies for risk assessment, effective monitoring techniques, and meaningful site visits, is beneficial to the States. By December 31, 2019, OVC will work with OAAM and OCFO to develop a subrecipient monitoring toolkit for states.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

12. **We recommend that OJP enhance its efforts to provide current and specific guidance on the management of the CVF formula grants and prioritize publishing answers to the FAQs it has identified.**

The Office of Justice Programs agrees with this recommendation. OVC is committed to enhancing its efforts to provide States with current and specific guidance on the management of CVF formula grants, and will continue to explore ways to improve and enhance its efforts to provide current and specific guidance on the CVF formula grants by seeking input from States and national partners. Currently, OVC conducts regular FAQ calls and/or meetings to address questions regarding the management of CVF formula grant. By December 31, 2019, OVC will establish a process to ensure that questions from State administrators and subrecipients regarding program-specific and cross-cutting cost principles are tracked and addressed and, as appropriate, disseminated to all SAAs. As part

of this process, OVC will ensure that the FAQ website is updated with new FAQs and answers.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

13. **We recommend that OJP evaluate supporting grant management training and assistance for a wider audience of grantees and seek to more closely align the services with demand, particularly in the area of financial management.**

The Office of Justice Programs agrees with this recommendation. OVC's Training and Technical Assistance Center is currently focused on providing intensive training and technical assistance to states and sub-recipients, including one-on-one technical assistance to help support states and sub-recipients efforts to improve financial management. By January 1, 2020, OJP will identify grant management training for and assistance needs of states, and determine how to augment the efforts to include a wider audience of grantees.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

14. **We recommend that OJP review its internal process for addressing CVF grant management questions, particularly with regard to financial management and the allowability of expenditures.**

The Office of Justice Programs agrees with this recommendation. As noted in the response to Recommendation 12, by December 31, 2019, OVC will establish a process to ensure that questions from State administrators and subrecipients regarding program-specific and cross-cutting cost principles are tracked and addressed and, as appropriate, disseminated to all SAAs.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

Thank you for the opportunity to respond to this draft report, and for your continued collaboration to improve the administration of our grant programs. If you have any questions regarding this response, please contact Ralph E. Martin, Director, Office of Audit, Assessment, and Management, at (202) 305-1802.

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

The OIG provided a draft of this report to the Office of Justice Programs (OJP). We incorporated OJP's response in Appendix 3 of this final report. In response to our report, OJP concurred with our recommendations and discussed the actions it will implement in response to our findings. As a result, the status of the report is resolved. The following provides the OIG analysis of the response and summary of the actions necessary to close the report.

Recommendations for OJP:

- 1. Examine States' spending data, comparatively analyze States' spending plans and program execution, assess the causes for any State implementation delays, and apply the results of this review to assist States in developing and executing future spending plans.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it planned to build upon its efforts to monitor state spending by working with OJP's Office of the Chief Financial Officer (OCFO) to develop a process to examine routinely States' spending plans, spending data, drawdown activity, grantee reports, and all other available data on all the awards. OJP noted that it would use this analysis to assist States as they develop and execute future spending plans. OJP anticipates that this process will be in place by the end of 2019.

This recommendation can be closed when we receive evidence that OJP has implemented a process to analyze State spending activity that will allow it to identify any States that may be struggling with grant implementation and support the States in developing and executing appropriate spending plans in these instances.

- 2. Enhance communication to the formula grant recipients, including the victim assistance subrecipients, regarding established grant rules that clearly govern what constitutes an allowable cost.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it would enhance communication to formula grant recipients through OVC site visits to the States, which should build upon existing resources such as the Victims of Crime Act (VOCA) Administrator's website, Frequently Asked Questions (FAQ), and DOJ Grants Financial Guide. Through these site visits, OVC expects to build relationships and provide an opportunity for open dialogue to address State concerns regarding VOCA programming, discuss innovative and challenging VOCA-funded projects, and visit subrecipients.

This recommendation can be closed when we receive evidence that OJP has enhanced communication to formula grant recipients and subrecipients (as appropriate) about grant rules governing allowable costs.

3. Better define and provide clarification on the allowability of expenses that have generated questions, to include building modifications, subrecipient non-service or indirect costs, and contracting costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that by the end of 2019, OVC would define and provide clarification on building modifications, subrecipient non-service or indirect costs, and contracting costs.

This recommendation can be closed when we receive evidence that OJP has defined and provided clarification to the States on the allowability of expenses that have generated questions, as cited in this report, to include building modifications, subrecipient non-service or indirect costs, and contracting costs.

4. Clarify to States the supporting requirements for CVF formula grant administrative costs, to include personnel costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that its OCFO has addressed this issue at previous meetings, webinars, and conferences with VOCA Administrators—including a June 2019 OCFO presentation—and also planned to address this topic at the VOCA conference planned for August 2019. In acknowledging a number of reasons why a clearer statement of the requirements in this area would be helpful, OJP stated that OVC anticipates clarifying the supporting requirements for State administrative costs (including personnel costs) under the VOCA formula programs by the end of 2019.

This recommendation can be closed when we receive evidence that OJP has clarified to States the supporting requirements for CVF formula grant administrative costs, to include personnel costs.

5. Review the causes of the discrepancies in the certification form amounts and provide additional clarification to the States on the proper basis for completing this form.

Resolved. OJP agreed with our recommendation. OJP stated in its response that OVC plans to review the causes of the certification form discrepancies and clarify how States should properly complete the form.

This recommendation can be closed when we receive evidence that OJP has reviewed the causes of the discrepancies in the certification form amounts and provided additional clarification to States on how to complete the form properly, particularly to avoid common errors cited in this report.

- 6. Provide additional guidance on the charging and certification of forensic exam payments with respect to the CVF compensation program, particularly for States that have additional sources of funding available for this purpose.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that, by the end of 2019, OVC would provide guidance to the States on how they may charge forensic exam costs to compensation grant awards and when to include such compensation payments in their annual certifications.

This recommendation can be closed when we receive evidence that OJP has provided additional guidance on the charging and certification of forensic exam payments with respect to the CVF compensation program, particularly for States that have additional sources of funding available for this purpose.

- 7. Highlight the characteristics of well-supported payment amounts for the benefit of States in designing auditable compensation programs that adhere to federal and DOJ grant record-keeping requirements, and assist States in strengthening their policies and procedures where needed.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that OVC plans to work with its OCFO to highlight characteristics of well-supported payments for the benefit of States in designing auditable compensation programs that adhere to federal and DOJ grant record-keeping requirements. OJP also stated that OVC plans to assist States in strengthening their policies and procedures in this area, where needed.

This recommendation can be closed when we receive evidence that OJP has: (1) shared the characteristics of well-supported payments for the benefit of States in designing auditable compensation programs that adhere to grant requirements, and (2) assisted States in strengthening pertinent record-keeping policies and procedures.

- 8. Clarify the financial reporting expectations for the CVF compensation grants in particular, especially noting any areas in which these grants may be unique from other federal or DOJ awards.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it would identify and clarify unique compensation program financial reporting requirements and expectations.

This recommendation can be closed when we receive evidence that OJP has identified and provided clarification regarding financial reporting requirements for the compensation program grants. Such an effort should note areas in which these grants may be unique from other federal or DOJ awards.

9. Analyze the causes for the Performance Measurement Tool (PMT) technical errors and address these issues to improve system functionality.

Closed. OJP agreed with our recommendation. OJP stated in its response that it has improved the process for responding to technical problems over the past 2 years (July 2017 to July 2019). OJP further provided historical logs showing its efforts to track PMT issues over time along with evidence that it had improved the reporting process and addressed major technical issues affecting grantee reporting.

OJP later provided supporting documentation demonstrating that it has a working group composed of relevant subject matter experts that has met regularly to discuss technical issues related to PMT. OJP provided summary agendas of these meetings, which included discussions on topics such as backlogged items as well as protocols for internal correspondence to the Helpdesk communications group that would aid this group in preparing for any calls from grantees. OJP also provided several examples of PMT development task reports, which included relative priority assessments, deadlines, and the status of each item. These listings also contained evidence of certain tasks categorized as ready for deployment, closed, or resolved.

In addition, OJP provided evidence that it has established a new PMT subject matter expert position to support Contracting Officer Representatives and Task Monitors across all PMT project call orders in providing guidance on PMT system backlog issues, and support the PMT Helpdesk in addressing user calls related to system functioning. Specific duties of this position include: (a) assessing system issues for their impact on grantees' ability to enter data and complete reports in PMT; (b) identifying similar items in order to understand the scope of an issue and whether the items could be resolved together; (c) tracking the closure of items by ensuring that issues have been fully resolved and any impacted grantees have been notified of fixes; and (d) sharing information across calls about identified system issues as well as system fixes so that Helpdesk support specialists can more effectively respond to users.

OJP requested closure of this recommendation. We reviewed the documentation provided and find OJP's actions to be sufficient to address this recommendation; therefore, the status of this recommendation is now closed.

10. Further clarify the expected reporting methodology for counting victims and tracking of compliance with priority victim areas, and resolve the discrepancies in the reporting instructions identified in this review.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it would clarify both reporting instructions to address the discrepancies noted in this report, and the methodology for counting victims and tracking priority victim areas.

This recommendation can be closed when we receive evidence that OJP has clarified the expected reporting methodology for counting victims and tracking of compliance with priority victim areas, and resolved the discrepancies in the reporting instructions identified in this review.

11. Consider providing further guidance to the States about effective monitoring of subrecipients, to include suggestions on the strategies for risk assessment as well as the characteristics of effective monitoring techniques and meaningful site visits.

Resolved. OJP agreed with our recommendation and expressed agreement that further guidance on effective monitoring of subrecipients—including strategies for risk assessment, effective monitoring techniques, and meaningful site visits—would be beneficial to the States. OJP stated that its Office of Audit, Assessment, and Management (OAAM) presented on this issue at the VOCA regional meeting in June 2019, and also planned to address this topic at the August 2019 VOCA conference. OJP's response also stated the OVC planned to work with OJP's OAAM and OCFO to develop a subrecipient monitoring toolkit for States by the end of 2019.

This recommendation can be closed when we receive evidence that OJP has provided such monitoring guidance to the States and developed the proposed subrecipient monitoring toolkit.

12. Enhance its efforts to provide current and specific guidance on the management of the CVF formula grants and prioritize publishing answers to the FAQs it has identified.

Resolved. OJP agreed with our recommendation. OJP expressed in its response OVC's commitment to enhancing its efforts to provide States with current and specific guidance on the management of CVF formula grants, and noted that OVC will continue to explore ways to improve these efforts to provide such guidance by seeking input from States and national partners. OJP described efforts by OVC to conduct regular FAQ calls or meetings to address questions regarding the management of CVF formula grants. OJP also stated that, by the end of 2019, OVC would establish a process to track and address program-specific and cross-cutting questions from State administrators and subrecipients. As part of this process, OVC noted it would

disseminate to States the content of these discussions, as appropriate, and update its FAQ website with new questions and answers.

This recommendation can be closed when we receive evidence that OJP has established a process to track, address, and disseminate answers to States on questions relating to management of the CVF formula grants, and also updated the relevant FAQ website.

13. Evaluate supporting grant management training and assistance for a wider audience of grantees and seek to more closely align the services with demand, particularly in the area of financial management.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it would identify grant management training and assistance needs of States, and determine how to augment existing efforts to include a wider audience of grantees.

This recommendation can be closed when we receive evidence that OJP has identified grant management training and assistance needs of States and subrecipients—particularly in the area of financial management—and determined how to augment existing efforts to include a wider audience of grantees.

14. Review its internal process for addressing CVF grant management questions, particularly with regard to financial management and the allowability of expenditures.

Resolved. OJP agreed with our recommendation. OJP cited its response to Recommendation 12 and stated that OVC plans to establish a process to track, address, and share with other States (as appropriate) questions from States and subrecipients regarding program-specific and cross-cutting issues.

This recommendation can be closed when we receive evidence that OJP has established an effective process to address CVF grant management questions, particularly with regard to financial management and the allowability of expenditures. OJP's process should address the barriers to communication identified in this report and define the roles of different OJP offices, including SCAD, other offices within OVC, OJP's OCFO, and OJP's OGC in the face of State questions or concerns. We would expect this process to address specifically the role of grant managers and OCFO with respect to financial questions at the State level.



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