



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

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice Programs**  
**Victim Compensation Grants**  
**Awarded to the**  
**Oregon Department of Justice,**  
**Salem, Oregon**



# Executive Summary

*Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Oregon Department of Justice, Salem, Oregon*

## Objective

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

## Results in Brief

As a result of our audit, we concluded that OR DOJ utilized and managed Victims of Crime Act (VOCA) funding to enhance its victim compensation program. However, we identified areas in need of improvement.

Specifically, we found that OR DOJ did not maintain documentation to support the quarterly and annual performance measures that it reported to the Office of Justice Programs (OJP), Office for Victims of Crime (OVC). We also found that OR DOJ was not in compliance with one of the two special conditions we tested. Further, OR DOJ did not have adequate controls in place to monitor and identify administrative costs charged to the victim compensation grants.

This audit did not identify significant concerns regarding OR DOJ's drawdowns and financial reporting.

## Recommendations

Our report contains three recommendations to assist the OR DOJ to improve its grant management and administration. We discussed the results of our audit with OR DOJ officials and have included their comments in the report, as applicable. In addition, we requested from OR DOJ and OJP their responses to the recommendations, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

## Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four VOCA victim compensation formula grants awarded by OJP's OVC to the OR DOJ in Salem, Oregon. OVC awarded these formula grants, totaling \$4,251,000, from FYs 2015 to 2018. The source of these grants was the Crime Victims Fund (CVF) and the intended purpose of the grants was to provide financial support through the payment of compensation benefits to crime victims throughout Oregon. As of September 2019, OR DOJ drew down a cumulative amount of \$2,371,525 for all of the grants we reviewed.

**Program Accomplishments** - OR DOJ enhanced services for crime victims by appropriately distributing the VOCA funding it received.

**Performance Reporting** - Each state administering agency must report to OVC on a quarterly and annual basis regarding activity funded by any VOCA awards active during the federal fiscal year. We found that OR DOJ did not maintain the supporting documentation used to prepare the quarterly and annual performance reports that it submitted to OVC.

We also found that OR DOJ was not in compliance with one of the two special conditions we tested. Specifically, OR DOJ's online application required applicants to provide gender information when the information should only be voluntarily provided.

**Grant Expenditures** - Each state administering agency may retain up to 5 percent of each grant to pay for the costs associated with administering its crime victim compensation program. We found that OR DOJ charged administrative costs in excess of the 5 percent limit to the FY 2016 grant, which it paid back before the issuance of this report. However, unless controls are improved, we anticipate this error could persist in the future.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
VICTIM COMPENSATION GRANTS AWARDED TO THE  
OREGON DEPARTMENT OF JUSTICE,  
SALEM, OREGON**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
VICTIM COMPENSATION GRANTS AWARDED TO THE  
OREGON DEPARTMENT OF JUSTICE,  
SALEM, OREGON**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Oregon Department of Justice (OR DOJ) in Salem, Oregon. OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, between fiscal years (FY) 2015 and 2018, the OVC grants to OR DOJ totaled \$4,251,000. As of September 2019, OR DOJ drew down a cumulative total of \$2,371,525.

**Table 1  
OR DOJ Grants Awarded 2015 through 2018**

<b>Award Number</b>	<b>Award Date</b>	<b>Award Period Start Date</b>	<b>Award Period End Date</b>	<b>Award Amount</b>
2015-VC-GX-0016	07/31/15	10/01/14	09/30/18	\$1,518,000
2016-VC-GX-0037	09/19/16	10/01/15	09/30/19	834,000
2017-VC-GX-0014	09/28/17	10/01/16	09/30/20	1,291,000
2018-V1-GX-0054	08/09/18	10/01/17	09/30/21	608,000
<b>Total:</b>				<b>\$4,251,000</b>

Note: Grant funds are available for the fiscal year of the award plus three additional fiscal years.  
Source: OJP

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.<sup>1</sup> The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. OVC annually distributes proceeds from the CVF to states and territories. The VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

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

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<sup>1</sup> The VOCA victim compensation formula program is funded under 34 U.S.C. § 20102.

physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.<sup>2</sup>

## **The Grantee**

As Oregon's state administering agency for VOCA funding, OR DOJ was responsible for administering the VOCA victim compensation program. The OR DOJ serves Oregon communities through its nine divisions, one of which is the Crime Victim and Survivor Services Division (CVSSD). The CVSSD has provided financial assistance for victims of crime since 1978 and is a payer of last resort, meaning victims must fully utilize their private medical insurance, Oregon Health Plan, or other resources before being eligible for crime victim funds. The CVSSD pays for crime victim-related services to include medical bills, counseling fees, loss of earnings, and funeral costs.

## **OIG Audit Approach**

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed relevant OR DOJ statutes, policies, and procedures, and interviewed OR DOJ personnel to determine how they administered the VOCA funds. We obtained and reviewed OR DOJ records reflecting grant activity.<sup>3</sup>

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<sup>2</sup> This program defines criminal violence to include drunk driving and domestic violence.

<sup>3</sup> Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit.

# AUDIT RESULTS

## Grant Program Planning and Execution

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

Based on our overall assessment in the areas of grant program planning and execution, we determined that OR DOJ's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found that OR DOJ sufficiently established an adequate program to compensate victims and survivors of criminal violence.

### *Program Implementation*

State administering agencies receive VOCA victim compensation grants to compensate victims directly for expenses incurred from criminal victimization. As the state administering agency for Oregon, OR DOJ was responsible for the victim compensation program, including meeting all financial and programmatic requirements. In assessing OR DOJ's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts OR DOJ had made to bring awareness to victims eligible for compensation program benefits.

Based on our review, we found that OR DOJ had an established process for the intake, review, and payment or denial of individual compensation claims, and that OR DOJ had adequate separation of duties between the employees who reviewed the claims and the employee who authorized payment. When paying claims for victims, OR DOJ operated under the Oregon Revised Statutes and the Oregon Administrative Rules, which conveyed the state-specific policies for the victim compensation program.

To enhance its state program and bring public awareness of available victim compensation benefits, we found that OR DOJ performs quarterly trainings and outreach services to advocacy programs and police. OR DOJ also provides informational brochures, in multiple languages, to police departments, and advocacy programs throughout the State of Oregon. OR DOJ's website contains the State of Oregon crime victim compensation eligibility requirements, compensation benefits that can be awarded, and instructions for applying online through its Crime Victims' Compensation Portal.

### *Annual State Certification*

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides OVC the necessary information to determine the grant award amount. The certification form must

include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 years prior.<sup>4</sup> The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation grant amounts awarded to each state.

We assessed OR DOJ's controls for preparing the annual certification forms submitted to OVC for FYs 2013 through 2017, which was used to calculate the award amounts granted in FYs 2015 through 2019.<sup>5</sup> We reviewed the annual certification forms, including the financial support for the payouts and revenues, and found the amounts tested on OR DOJ's Crime Victim Compensation State Certification Form to be accurate and supported.

## **Program Requirements and Performance Reporting**

To determine whether OR DOJ distributed VOCA victim compensation program funds to eligible victims of crime, we reviewed OR DOJ's performance measures and performance documents that OR DOJ utilized to track goals and objectives. Further, we examined OVC solicitations and award documents and verified OR DOJ's compliance with special conditions governing recipient award activity.

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that OR DOJ lacked adequate procedures to properly compile performance reports. Specifically, we found that OR DOJ did not maintain the required supporting documentation, in accordance with the DOJ Grants Financial Guide, which it utilized in preparing its performance reports. Without such documentation, we were unable to completely verify all information in OR DOJ's performance reports. We also found that OR DOJ did not comply with one of the two special conditions that we tested. We discuss our testing and results in more detail in the following sections.

### *Performance Reports*

Each state administering agency must annually report to OVC on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP's Grants Management System (GMS). As of FY 2016, OVC began requiring states to submit quarterly performance data through its web-based Performance Measurement Tool (PMT). To assess OR DOJ's performance, we reviewed its FY 2018 quarterly and annual performance reports that it submitted to

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<sup>4</sup> The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, amounts awarded for property loss, and other reimbursements.

<sup>5</sup> OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

OVC. We judgmentally selected three performance metrics from each of the FY 2018 quarterly reports, including: (1) the number of applications approved; (2) the number of applications received for sexual assault forensic examinations; and (3) the dollars paid for mental health for homicide-related crimes. To assess OR DOJ's claims of achievement, we reviewed a total of 24 claims between the four quarters for the three performance metrics. We did not identify any issues with OR DOJ's claims of achievement. However, we found that OR DOJ's performance metrics submitted to OVC differed slightly from its data found in its databases for each of the four quarters we tested as well as on OR DOJ's annual report.

When we asked about the differences that we identified in our analysis, OR DOJ's Compensation and Revenue Section Manager stated that the supporting documentation of the original database query that was utilized when preparing the reports submitted in PMT was not maintained because the data was also maintained in its database. We asked an OR DOJ's Information System Specialist about the differences and the Information System Specialist explained that the OR DOJ's database was a "live" system. This means that if a staff member makes a change to the data in the system, the changed data would be immediately reflected in any subsequent queries, such as when OR DOJ staff prepares reports to be submitted in PMT.

The OR DOJ's Information System Specialist also stated that unbeknownst to the OR DOJ's Compensation and Revenue Section Manager, test claims were included in the information obtained from the database that was queried to prepare the reports submitted in PMT. To prevent including test claims in future performance reports, the database now separately identifies these test claims as "ZTestClaim." The number of test claims was immaterial, but could have contributed to the slight differences we identified. However, by not maintaining adequate supporting documentation, OR DOJ was unable to definitively determine why its performance reports differed from its database. According to the DOJ Grants Financial Guide, grantees are required to retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date of submission of the final expenditure report. Therefore, we recommend that OJP work with OR DOJ to ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.

### *Compliance with Special Conditions*

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, OR DOJ certified it would comply with these special conditions. We reviewed the special conditions for each of the VOCA victim compensation program grants and identified special conditions that we deemed significant to grant performance which are not otherwise addressed in another section of this report.



We judgmentally selected the following special conditions from each of the VOCA victim compensation grants (FYs 2015 through 2018) to review:

1. The recipient agrees to ensure that at least one key grantee official attends the annual VOCA National Training Conference.
2. The recipient agrees that information on race, sex, national origin, age, and disability of recipients of compensation will be collected and maintained, where such information is voluntarily furnished by those receiving compensation.

We found that the grantee was in compliance with the special condition to ensure that at least one key grantee official attends the annual VOCA National Training Conference for each of the grant years we reviewed. However, we determined that while OR DOJ collects and maintains demographic information in accordance with the special condition that demographics data be collected and maintained, the information is not voluntarily furnished by those receiving compensation. In OR DOJ's online application for victim compensation, we noted that the gender information was a required field. We asked the OR DOJ's Compensation and Revenue Section Manager about the required field. The OR DOJ's Compensation and Revenue Section Manager stated that it would not reject an application if gender information is not provided on the paper application. However, the online application currently requires the applicant to select either male or female in its drop down menu, and without this information, the system will prompt the applicant to make a selection before the application can be submitted; thereby making the information involuntary. Therefore, we recommend that OR DOJ establish and implement written policies and procedures to ensure it does not require applicants to provide demographic data that should be voluntarily furnished.

## **Grant Financial Management**

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of OR DOJ's financial management related to the VOCA victim compensation grants we audited, we reviewed the process OR DOJ utilized in administering those funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. Further, we reviewed the State of Oregon's Single Audit Reports for FYs 2013 through 2017, interviewed OR DOJ personnel who were responsible for financial aspects of the grants, reviewed OR DOJ written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of its grant financial management, we determined that OR DOJ separately accounted for its CVF funds in its accounting records and generally had adequate internal controls over its process for utilizing grant funds to pay for approved victim claims, as well as its administrative expenses. Also, the Single Audit Reports that we reviewed did not include significant deficiencies or weaknesses specifically related to OR DOJ.

## *Grant Expenditures*

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

### Victim Compensation Claim Expenditures

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

To evaluate OR DOJ's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, adequately supported, and in accordance with the policies of the VOCA Guidelines, the Oregon Revised Statutes, and the Oregon Administrative Rules. We judgmentally selected 30 victim compensation payments (9 percent) totaling \$181,163. The transactions we reviewed included costs for medical and hospital bills, counseling, funeral expenses, and sexual assault forensic examinations. We found that the expenditures tested were accurately recorded in OR DOJ's accounting records, allowable, adequately supported, and in accordance with the policies governing the program.

### Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. However, such costs must derive from efforts to improve program effectiveness and service to crime victims, including claims processing, staff development and training, and public outreach. For the compensation grant program, we tested OR DOJ's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 2.

**Table 2**  
**Administrative Expenditures as of January 2019**

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2015-VC-GX-0016	\$1,518,000	\$75,900	5.00%
2016-VC-GX-0037	834,000	46,594	5.59
2017-VC-GX-0014	1,291,000	0	0.00
2018-V1-GX-0054	608,000	0	0.00

Source: OIG Analysis

In August 2018, OR DOJ began charging administrative costs in excess of the 5 percent limit to the FY 2016 grant, which does not end until September 30, 2019, and continued to do so until March 2019. Although OR DOJ began making correcting journal entries in December 2018 to reverse personnel expenditures, the entries were not sufficient to correct the amounts charged over the 5 percent limit. As a result, as of January 2019, OR DOJ had charged a total of \$46,594 to the FY 2016 grant, an overage totaling \$4,894. We asked an OR DOJ official why there was an excess amount of administrative costs charged to the FY 2016 grant. The OR DOJ official stated that a portion of the CVSSD's personnel expenditures were being charged automatically on a monthly basis to the FY 2016 grant general ledger in its accounting system. After we asked about the excess administrative costs still being charged, OR DOJ corrected the personnel entries in its accounting records. OR DOJ's accountant provided us with correcting journal entries to support that the \$4,894 in excess personnel expenditures had been moved from the FY 2016 grant general ledger to OR DOJ's general fund ledger. We also determined that as of April 2019, CVSSD's personnel expenditures are now being charged to the FY 2017 grant.

Using an average of the most recent 6 months of CVSSD personnel expenditures charged to the compensation grants, we project that OR DOJ will again exceed the 5 percent limit in February 2020, 7 months before its FY 2017 grant award's end date. An OR DOJ official stated that the percentage of personnel expenditures charged to the grants are based on historic records with an unknown methodology. Further, the OR DOJ official stated that these percentages should be reviewed because administrative expenditures will likely exceed the 5 percent limit since personnel expenditures are automatically charged to the grant. As a result, we determined that OR DOJ did not have adequate controls in place to monitor and identify administrative costs charged to the victim compensation grants. We believe that OR DOJ needs to properly monitor and identify administrative costs being charged to the victim compensation grants to ensure that it does not exceed OJP's 5 percent limit. Unless controls are improved, we anticipate this error could persist in the future. Therefore, we recommend that OR DOJ implement internal controls to ensure that it does not exceed OJP's 5 percent limit to pay for the costs of administering its crime victim compensation program.

We also tested administrative expenditures to determine whether the payments were accurate, allowable, and properly supported. We judgmentally selected 11 personnel expenditures, including fringe benefits costs, from 4 non-consecutive pay periods, for a total of \$21,873. We also judgmentally selected 2 indirect and 5 direct cost expenditures, for a total of \$3,006. We found that the expenditures we tested were accurate, allowable, and properly supported.

*Drawdowns*

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

For the VOCA victim compensation awards, OR DOJ checks daily on expenditures in its official accounting system. When CVSSD incurs at least \$5,000 of eligible expenses and after receiving managerial approval, an OR DOJ accountant requests a drawdown from OJP’s Grant Payment Request System. Although our testing only covered through February 2019, Table 3 shows the total drawdown as of September 9, 2019.

**Table 3**  
**Amount Drawn Down for Each Grant as of September 9, 2019**

<b>Award Number</b>	<b>Total Award</b>	<b>Award Period End Date</b>	<b>Amount Drawn Down</b>	<b>Amount Remaining</b>
2015-VC-GX-0016	\$1,518,000	09/30/18	\$1,518,000	\$0
2016-VC-GX-0037	834,000	09/30/19	830,692	3,308
2017-VC-GX-0014	1,291,000	09/30/20	22,833	1,268,167
2018-V1-GX-0054	608,000	09/30/21	0	608,000
<b>Total:</b>	<b>\$4,251,000</b>		<b>\$2,371,525</b>	<b>\$1,879,475</b>

Source: OJP Information.

During this audit, we determined that the OR DOJ expended funds within the grant award periods, drawdowns were requested on a reimbursement basis, and grant expenditures reconciled to OR DOJ’s drawdowns.

*Financial Reporting*

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether

OR DOJ submitted accurate Federal Financial Reports (FFR), we compared each of the 29 FFRs submitted to OJP as of February 2019 to OR DOJ's accounting records and determined that the quarterly and cumulative expenditures for the reports reviewed matched OR DOJ's accounting records.

## CONCLUSION AND RECOMMENDATIONS

Based on the results of our audit, we concluded that OR DOJ utilized its VOCA funding to enhance its crime victim compensation program. However, we identified issues needing corrective action or improvement related to OR DOJ's management of its program.

Specifically, we found that OR DOJ did not maintain supporting documentation used to prepare its quarterly and annual performance reports that it submitted to OVC. Without such documentation, we were unable to completely verify all information that OR DOJ included in its reports to OVC.

Further, we found that OR DOJ was not in compliance with one of the two special conditions we tested. Specifically, OR DOJ's online application required applicants to provide gender information when the information should only be voluntarily provided.

We also found that OR DOJ did not have adequate controls in place to monitor and identify administrative costs charged to the victim compensation grants to ensure that it does not exceed OJP's 5 percent limit. Unless controls are improved, we anticipate OR DOJ's administrative costs on the FY 2017 grant will likely exceed OJP's 5 percent limit.

We recommend that OJP:

1. Work with OR DOJ to ensure that it maintains support for the performance data, used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.
2. Ensure that OR DOJ establish and implement written policies and procedures to ensure it does not require applicants to provide demographic data that should be voluntarily furnished.
3. Ensure that OR DOJ implement internal controls to ensure that it does not exceed OJP's 5 percent limit to pay for the costs of administering its crime victim compensation program.

**OBJECTIVE, SCOPE, AND METHODOLOGY**

**Objective**

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

**Scope and Methodology**

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2015-VC-GX-0016, 2016-VC-GX-0037, 2017-VC-GX-0014, and 2018-V1-GX-0054 from the Crime Victims Fund (CVF) awarded to OR DOJ. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$4,251,000 to OR DOJ, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2014, the project start date for VOCA compensation grant number 2015-VC-GX-0016, through February 2019. As of September 2019, OR DOJ had drawn down a total of \$2,371,525 from the four audited grants.

To accomplish our objective, we tested compliance with what we considered to be the most important conditions of OR DOJ's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including victim compensation payments, administrative expenditures including payroll and fringe benefit charges, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, state compensation criteria, and the award documents contain the primary criteria we applied during the audit.

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

While our audit did not assess OR DOJ's overall system of internal controls, we did review the internal controls of OR DOJ's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether OR DOJ adequately managed the VOCA funds we audited, we conducted interviews with state of Oregon financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of OR DOJ's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.



OREGON DEPARTMENT OF JUSTICE RESPONSE TO THE DRAFT  
AUDIT REPORT

ELLEN F. ROSENBLUM  
Attorney General



FREDERICK M. BOSS  
Deputy Attorney General

DEPARTMENT OF JUSTICE  
CRIME VICTIM AND SURVIVOR SERVICES DIVISION

October 22, 2019

Dear Mr. Gaschke,

This letter is in response to your draft report on the audit of the Office of Justice Programs victim compensation grants awarded to the Oregon Department of Justice in Salem, Oregon. In your draft report your office found that:

1. The Oregon DOJ (ODOJ) did not maintain supporting documentation used to prepare its quarterly and annual performance reports that are submitted to OVC.
2. ODOJ was not in compliance with one of the two special conditions that were tested. Specifically, you found that ODOJ's online application required applicants to provide gender information when the information should only be provided voluntarily.
3. ODOJ did not have adequate controls in place to monitor and identify administrative costs charged to the victim compensation grants to ensure that it does not exceed OJP's 5% limitation. You indicated that unless controls are improved, you would anticipate the ODOJ's administrative costs on the FY 2017 grant would likely exceed OJP's 5% limit.

As a result of the audit by the Office of the Inspector General (OIG) the ODOJ has made the following modifications to our previous practices in order to be fully compliant with all guidelines required by OJP:

1. The ODOJ has created a spreadsheet that will be used to track all information submitted on the quarterly PMT reports to OJP. The ODOJ will maintain these reports for a minimum of three years and will begin using the new tracking spreadsheet for the 4<sup>th</sup> quarter reporting period which is due in November 2019.
2. The ODOJ modified its compensation application portal on September 24, 2019 to no longer require applicants to choose a gender field in order to submit an application. When applying for crime victims' compensation, the gender field is now an optional field. The ODOJ has also added an "other" option to the portal in the event an applicant wishes to voluntarily provide information regarding gender identity.
3. The ODOJ fiscal department will be making modifications to the percentage of staff salary charged to federal funds. The ODOJ will be decreasing the percentage of staff salaries that currently go to federal funds from 30% to 15%.

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Telephone: (503) 378-5348 Fax: (503) 378-5738 TTY: (800) 735-2900 [www.doj.state.or.us](http://www.doj.state.or.us)

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Although the 5% administrative cost limitation is monitored on a continual basis by the ODOJ fiscal department, the Department exceeded the 5% limitation in 2016 by .59%, or \$4,894. The ODOJ fiscal department was aware that the 5% limitation had been exceeded prior to the audit by the OIG and was in the process of correcting the amounts charged at that time. The ODOJ subsequently corrected the over expenditure and is currently in compliance with the 5% limitation.

By lowering the percent of staff time paid with federal funds to 15%, the system will automatically be charged the lesser amount and Department should not exceed the 5% limitation moving forward. The Department will have this change in place no later than December 31, 2019.

OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT  
AUDIT REPORT<sup>6</sup>



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

OCT 30 2019

MEMORANDUM TO: David J. Gaschke  
Regional Audit Manager  
San Francisco Regional Audit Office  
Office of the Inspector General

FROM: *for* Ralph E. Martin *Jabby Artale*  
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office for Victims of Crime Victim Compensation Grants Awarded to the Oregon Department of Justice, Salem, Oregon.*

This memorandum is in reference to your correspondence, dated October 2, 2019, transmitting the above-referenced draft audit report for the Oregon Department of Justice (OR DOJ). We consider the subject report resolved and request written acceptance of this action from your office.

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

1. **We recommend that OJP work with OR DOJ to ensure that it maintains support for the performance data, used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.**

OJP agrees with this recommendation. We will coordinate with OR DOJ to obtain a copy of its written policies and procedures, developed and implemented, to ensure that supporting documentation for performance data reported to OJP's Office for Victims of Crime (OVC), is maintained; and that a reconciliation of the reported data to its internal records is performed on a regular basis.

<sup>6</sup> The attachment referenced in this response was not included in this final report.

2. **We recommend that OJP ensure that OR DOJ establish and implement written policies and procedures to ensure it does not require applicants to provide demographic data that should be voluntarily furnished.**

OJP agrees with this recommendation. In its response, dated October 22, 2019, the OR DOJ stated that it no longer requires applicants to choose a gender field in order to submit an application. In addition, OR DOJ stated that it added an "other" option to its compensation application portal, in the event that an applicant wishes to voluntarily provide information regarding gender identity (see Attachment). We believe these actions are adequate and sufficient to address this recommendation. Accordingly, the Office of Justice Programs respectfully requests closure of this recommendation.

3. **We recommend that OJP ensure that OR DOJ implement internal controls to ensure that it does not exceed OJP's 5 percent limit to pay for the costs of administering its crime victim compensation program.**

OJP agrees with this recommendation. We will coordinate with OR DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that its costs in administering the Crime Victim Compensation Grant Program do not exceed five percent of the award amount.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

Attachment

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OJP Executive Secretariat  
Control Number IT20191003122939

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Oregon Department of Justice (OR DOJ). The responses for OR DOJ and OJP are incorporated in Appendices 2 and 3, respectively. OR DOJ did not explicitly state that it agreed with the three recommendations, but instead described modifications to its previous practices. OJP agreed with the three recommendations, and as a result, the status of the report is resolved. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

**Recommendations for OJP:**

- 1. Work with OR DOJ to ensure that it maintains support for the performance data, used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with OR DOJ to obtain a copy of written policies and procedures that OR DOJ has developed and implemented to ensure that supporting documentation for the performance data reported to OJP's Office of Victims of Crime (OVC) is maintained, and that a reconciliation of the reported data to its internal records is performed on a regular basis.

In its response, OR DOJ stated that it created a spreadsheet that will be used to track all information submitted on the quarterly PMT reports to OJP. Further, OR DOJ will maintain these reports for a minimum of 3 years and will begin using the new tracking spreadsheet for the 4<sup>th</sup> quarter reporting period which is due in November 2019.

This recommendation can be closed when we receive evidence of the developed and implemented written policies and procedures.

- 2. Ensure that OR DOJ establish and implement written policies and procedures to ensure it does not require applicants to provide demographic data that should be voluntarily furnished.**

Closed. OJP agreed with our recommendation and stated in its response that OR DOJ has stated that it no longer requires applicants to choose a gender field in order to submit an application, and has added an "other" option for applicants who wish to voluntarily provide information regarding their gender identity. OJP also provided an attachment showing screenshots from the compensation application portal. OJP believes that the actions OR DOJ has taken are adequate and sufficient to address the recommendation and requests the closure of this recommendation.

In its response, OR DOJ stated that it has modified its compensation application portal on September 24, 2019, to no longer require applicants to choose a gender field in order to submit an application because it is now an optional field. Further, OR DOJ stated that it has added an "other" option to the portal in the event an applicant wishes to voluntarily provide information regarding gender identity.

We reviewed the screenshots provided and independently verified that OR DOJ modified its compensation application portal to no longer require applicants to choose a gender field in order to submit an application. Therefore, we consider this recommendation closed.

**3. Ensure that OR DOJ implement internal controls to ensure that it does not exceed OJP's 5 percent limit to pay for the costs of administering its crime victim compensation program.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with OR DOJ to obtain a copy of written policies and procedures that OR DOJ has developed and implemented to ensure that its costs in administering the Crime Victim Compensation Grant Program do not exceed OJP's 5 percent limit.

In its response, OR DOJ stated that its fiscal department will be making modifications to the percentage of staff salary charged to federal funds. Further, OR DOJ stated that it will be decreasing the percentage of staff salaries that currently go to federal funds from 30 percent to 15 percent. By lowering the percent of staff time paid with federal funds, OR DOJ stated that the system will automatically charge a lesser amount and OR DOJ should not exceed the 5 percent limitation going forward. OR DOJ will have this change in place no later than December 31, 2019.

This recommendation can be closed when we receive evidence OR DOJ has implemented internal controls to ensure that it does not exceed OJP's 5 percent limit to pay for the costs of administering its crime victim compensation program.





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