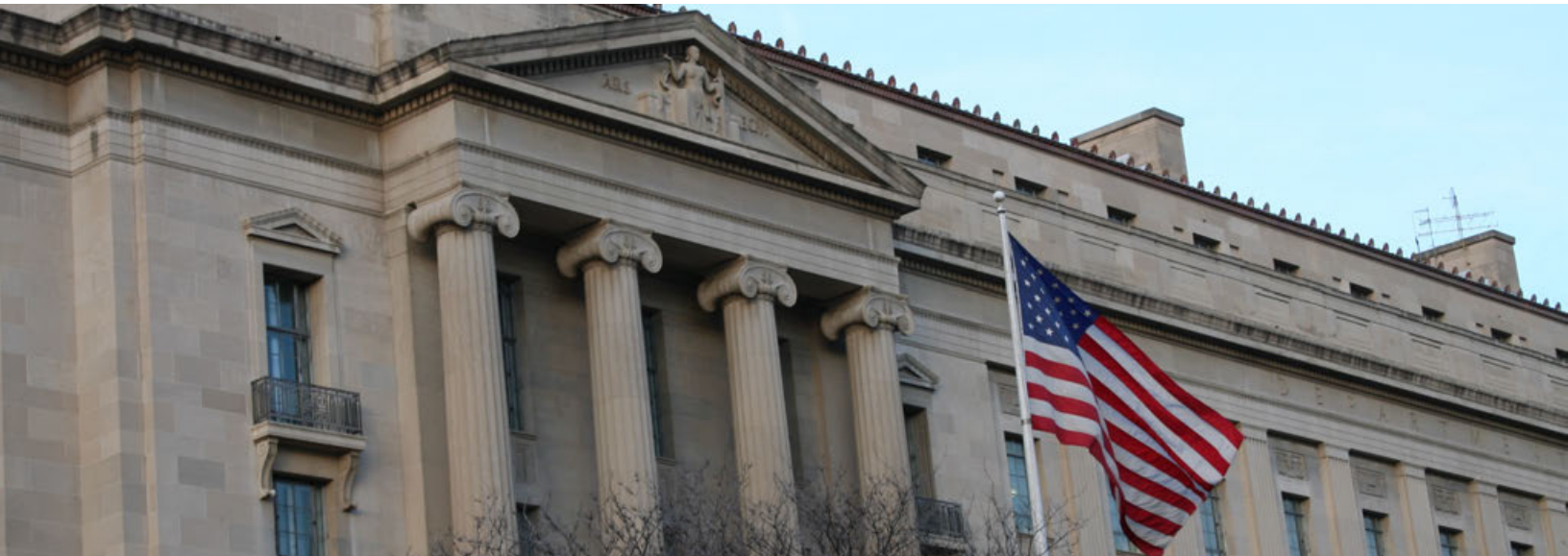




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice
Programs Victim Compensation
Grants Awarded to the West Virginia
Legislative Claims Commission,
Charleston, West Virginia**



Executive Summary

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the West Virginia Legislative Claims Commission, Charleston, West Virginia

Objective

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

Results in Brief

We found the Commission established a compensation program that adequately compensated victims and survivors of criminal violence. Tested claims were generally supported and complied with federal and state requirements. However, we identified a pervasive lack of policies and procedures governing the Commission's handling of its compensation program and weak controls over grant funds. We also identified a pattern of significant inaccuracies in the Commission's certification reports that resulted in incorrect federal award amounts to West Virginia that exceeded \$1 million. As of February 2019, the Commission had not drawn down any funds for the grants that were over-awarded; therefore, we identify the amount over-awarded as funds to be put to better use. The Commission lacked formal guidance and procedures in areas such as adjudicating claims, certifying state compensation program data, and handling any suspected instances of misuse of funds. These weaknesses increased the risk of grant mismanagement and impaired the efficiency of the program. We also found the Commission must better segregate duties and safeguard victim information within its claims tracking system.

Recommendations

Our report contains eight recommendations to the Office of Justice Programs (OJP) to improve the Commission's administration of the crime victim compensation program, and remedy the dollar-related finding. We requested a response to our draft audit report from the Commission and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three Victims of Crime Act (VOCA) victim compensation formula grants awarded by OJP, Office for Victims of Crime (OVC) to the Commission in Charleston, West Virginia. The OVC awarded these formula grants, totaling \$3,226,000 from Fiscal Years (FY) 2015 to 2017, from the Crime Victims Fund (CVF) to provide financial support through the payment of compensation benefits to crime victims throughout West Virginia. As of February 2019, the Commission drew down a cumulative amount of \$1,159,000 from these three grants.

Program Accomplishments – The Commission enhanced the compensation program by appropriately distributing the VOCA funding it received.

State Certification – We determined the Commission did not correctly calculate the amounts it reported on the annual certification forms for the FY 2015 through the FY 2018 grant awards, resulting in a net total of over \$1 million in excess compensation award amounts received by the Commission.

Program Requirements and Performance

Reporting – We were generally able to verify the totals reported to the OVC, although the Commission did not adjust its tracking process to align to federal reporting requirements or compile its performance reports in a way that precisely reflected its activity under the grant.

Grant Financial Management – Generally, we found that the Commission properly paid compensation claims to victims. However, the Commission needs to improve internal controls and develop formal policies and procedures. The Commission lacked written policies and controls for many areas of grant financial management, including adjudicating claims, preparing financial reports and drawdown requests, reporting suspected fraud, addressing conflicts of interest, and segregating duties across the process to approve payment of claims.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS
AWARDED TO THE
WEST VIRGINIA LEGISLATIVE CLAIMS COMMISSION,
CHARLESTON, WEST VIRGINIA**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS
AWARDED TO THE
WEST VIRGINIA LEGISLATIVE CLAIMS COMMISSION,
CHARLESTON, WEST VIRGINIA**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the West Virginia Legislative Claims Commission (Commission) in Charleston, West Virginia. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from Fiscal Years (FY) 2015 to 2017, these OVC grants totaled \$3,226,000.

**Table 1
Audited Grants
Fiscal Years 2015 to 2017**

| Award Number | Award Date | Award Period Start Date | Award Period End Date | Award Amount |
|---------------------|-------------------|------------------------------------|----------------------------------|---------------------|
| 2015-VC-GX-0057 | 9/28/2015 | 10/1/2014 | 9/30/2018 | \$1,159,000 |
| 2016-VC-GX-0066 | 9/09/2016 | 10/1/2015 | 9/30/2019 | 1,043,000 |
| 2017-VC-GX-0084 | 9/28/2017 | 10/1/2016 | 9/30/2020 | 1,024,000 |
| Total | | | | \$3,226,000 |

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

Source: OJP

Established by the Victims of Crime Act of 1984 (VOCA), the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation 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 physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.²

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

² This program defines criminal violence to include drunk driving and domestic violence.

The Grantee

As the West Virginia state administering agency, the Commission is responsible for managing the VOCA victim compensation program across West Virginia.³ This bipartisan Commission consists of three commissioners appointed by the President of the West Virginia Senate and the Speaker of the West Virginia House of Delegates. The Commission hears claims against the state for monetary damages, which can range from vehicle damages due to potholes to loss of personal property in the state's prison and detention facilities.

The Commission oversees both the VOCA grants and state funding sources that collectively constitute the state's Crime Victims Compensation Fund. In this role, the Commission investigates and hears claims made by victims of crime and is responsible for claims adjudication. Within the Commission, the claims office processes crime victim claims. This office consists of the clerk, docket clerk, chief deputy clerk, claims investigators, business manager, and administrative support staff. The clerk is responsible for maintaining the docket for all claims filed as well as the record book and documents for all claims. The clerk distributes applications the Commission receives to claims investigators, who assess each claim and file a written finding of fact and recommendation for award of compensation with the clerk. The clerk then assigns the claim to one of the three commissioners, who must approve the award to the claimant. The claims office submits approved claims to the fiscal division of the state's Joint Committee on Government and Finance, and the state Treasurer ultimately pays the approved compensation amount.

OIG Audit Approach

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

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 state statutes and Commission policies and procedures, such as West Virginia Code § 14-2A-1, and interviewed Commission personnel to determine how they administered the VOCA funds. In addition, we obtained and reviewed Commission records reflecting grant activity.⁴

³ Formerly known as the West Virginia Court of Claims, the West Virginia Legislative Claims Commission was renamed through an act of the state legislature in 2017.

⁴ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

AUDIT RESULTS

Grant Program Planning and Execution

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

We found the Commission established a compensation program that compensated victims and survivors of criminal violence, and the claims we tested were generally supported and in compliance with the VOCA Guidelines. However, we identified an overall lack of written policies and procedures governing how Commission employees should administer the compensation program, including how to compile and report data on annual certification forms that OJP needs to calculate future compensation awards. Our testing identified a pattern of significant inaccuracies in the certification reports, which resulted in West Virginia receiving a net total of \$1,048,000 in excess compensation awards between FYs 2015 and 2018.

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 West Virginia, the Commission was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the Commission operated under the West Virginia Code, which conveyed the state-specific requirements for the victim compensation program.⁵ In assessing the Commission's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts the Commission had made to bring awareness to victims eligible for compensation program benefits.

We found that the Commission has an established process for accepting, recording, and reviewing applications for victim compensation, although this process was largely informal and based on institutional knowledge prior to our audit. The Commission relied upon the West Virginia Code as guidance for the eligibility of claims and limits on allowable payments. We determined that this state statute is consistent with VOCA Guidelines and contains guidance on many of the common types of claims the Commission receives. However, the statute does not address more nuanced issues that the Commission's claim investigators encounter regularly. In many instances, because the Commission lacks written policies with specific detail, the claims processors rely on institutional knowledge

⁵ See West Virginia Code § 14-2A-1

and informal, handwritten guidance. For example, claims investigators relied upon a handwritten flowchart as a reference in assessing and processing claims for victims with and without health insurance. To improve the accuracy and consistency of claims processing, we recommend that OJP require that the Commission develops formal written policies and procedures to guide its compensation claims process.

We also found the Commission's claims appeal process provided opportunity for victims with rejected claims to appeal the adjudication. A claimant who does not agree with the initial Commissioner's decision may file a request through the clerk for an appeal hearing with a different Commissioner.⁶ In West Virginia, commissioners periodically travel throughout the state and host appeals hearings for claimants. However, we note that, at the time of our audit, there was a significant backlog of appealed claims, some of which had been unresolved for over 2 years. A Commission official told us that addressing this backlog is a priority.

According to Commission officials, the number of victim compensation claims in West Virginia has trended downward in recent years, and we identified a decline in applications received from FY 2015 to FY 2017. Commission officials told us they were uncertain of the precise cause of this trend, and posited that the reasons could include victims not knowing about compensation availability, less interest from prosecutors to promote victim awareness of the fund, changes in state population and crime trends, and a decreased need for payment assistance due to the Affordable Care Act. Commission officials did note that it was difficult to publicize the availability of the funds to eligible recipients in extremely rural counties in the state. The Commission has attempted to enhance public awareness of available victim compensation by presenting an overview of the program to victim advocates at the West Virginia Victim Assistance Academy. In addition, the Commission met with local prosecutors and police, and also printed and distributed to police across West Virginia "Miranda warning" cards with information on the Crime Victims Compensation Fund to inform police-victim interactions. We encourage the Commission to continue exploring other initiatives to increase public awareness of the victim compensation program.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the 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. The accuracy of the information

⁶ Claims investigators may also file appeals themselves if they do not agree with the initial decision.

provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.⁷

The OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the total eligible compensation claims paid to victims during the fiscal year 2 years prior.⁸ For example, this means a state's FY 2018 compensation award would be based on certified FY 2016 financial data. We thus compared and attempted to reconcile the amounts the Commission submitted to the OVC via its annual certification forms for FY 2015 through 2018 awards to the corresponding FY 2013 through FY 2016 data available from the Commission's accounting systems. We sought support for the certified payout and revenue amounts, to include accounting data maintained by the Commission documenting the amounts reported for total compensation claims paid, VOCA grants, subrogation recovery, and restitution recovery. Additionally, we reviewed the revenue received in the form of fines, fees, or penalties assessed by the West Virginia court system.

We determined the Commission did not correctly calculate the amounts it reported on its annual certification forms for the FY 2015 through the FY 2018 grant awards. We identified discrepancies in the reported amounts for payments made to or on behalf of victims in FY 2014 through FY 2016. We also identified discrepancies in the reported deduction amounts for FY 2013 through FY 2016. As shown in Table 2, the Commission consistently made errors in calculating the amounts that were critical to the accurate description of the state's compensation program and calculation of its federal award allocation.⁹

⁷ The 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.

⁸ The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, any amounts awarded for property loss, and other reimbursements.

⁹ Additionally, by statute, West Virginia allocates to the state compensation program revenue derived from court costs as a simple percentage of all costs collected by its courts. Therefore, the Commission cannot differentiate and subsequently track court costs from other specific types of payments that it should include as deductions on the certification form, such as restitution or subrogation. As a result, the Commission may not properly capture all costs that should be deducted on its certification form, ultimately resulting in a higher total and increasing the state's overall compensation award amount.

Table 2
Discrepancies in Certification Form Data Fields
FY 2013 through 2016 Reported Amounts

| Fiscal Year of Activity Captured on Form | Award Year | Data Field on Form* | Certified Amount (\$) | OIG-Recalculated Amount (\$) | Difference (\$) |
|--|------------|---------------------|-----------------------|------------------------------|-----------------|
| 2013 | 2015 | Payouts | \$3,793,596 | \$3,793,596 | (\$0) |
| | | Deductions | 1,862,520 | 1,860,537 | (1,983) |
| 2014 | 2016 | Payouts | 3,727,006 | 3,615,726 | (111,280) |
| | | Deductions | 1,988,235 | 1,978,958 | (9,277) |
| 2015 | 2017 | Payouts | 2,697,465 | 1,940,982 | (756,483) |
| | | Deductions | 991,130 | 991,462 | 332 |
| 2016 | 2018 | Payouts | 2,409,320 | 1,522,670 | (886,650) |
| | | Deductions | 457,345 | 460,976 | 3,631 |

Note: "Payouts" signifies field A. *Total Amount paid to or on behalf of crime victims from all funding sources* on the State Certification Form. "Deductions" is the subtotal of payments made with VOCA funds, subrogation and restitution recoveries, refunds, amount awarded for property loss, and other reimbursements. See Table 3 for more analysis on the net effect of these discrepancies.

Sources: Certification forms and OIG analysis of Commission accounting data

Each state's certified payout and deduction amounts serve as the basis for OJP to calculate federal compensation award totals. Because we identified significant discrepancies in these amounts that the Commission certified, we recalculated the FY 2015 through 2018 award amounts by applying the federal grant formula to the amounts we could verify in the state's accounting records, as shown in Table 3.

Table 3
Inaccurate Awarding of the Commission's Compensation Grants
FY 2015 through 2018

| Grant Number | Award Amount | OIG-Recalculated Award Amount | Difference |
|-------------------------------|--------------|-------------------------------|--------------------|
| 2015-VC-GX-0057 | \$1,159,000 | \$1,160,000 | (\$1,000) |
| 2016-VC-GX-0066 | 1,043,000 | 982,000 | 61,000 |
| 2017-VC-GX-0084 | 1,024,000 | 570,000 | 454,000 |
| 2018-V1-GX-0033 | 1,171,000 | 637,000 | 534,000 |
| Net Total Over-Awarded | | | \$1,048,000 |

Source: OIG Analysis

Based on this analysis, the Commission appeared to have received a net total of \$1,048,000 more in FY 2015 through FY 2018 federal awards than can be supported by available accounting records. Excess compensation awards received by one state not only result in inconsistent award allocations across all other state and territory recipients, but also affect the amount of CVF funds available for distribution to other programs.¹⁰ According to the Victim Compensation Program Guidelines, in the event of an over certification, “the necessary steps will be taken to recover funds that were awarded in error...it is the policy of OVC to reduce the amount of the subsequent year VOCA victim compensation award by the amount of the overpayment.” We recommend that OJP remedy as funds to be put to better use the \$1,048,000 we identified as excess compensation award amounts received by the Commission.¹¹ We further recommend that OJP verify that the Commission data submitted to support future awards is accurate.

Given the extent of the repeated discrepancies in the state certifications and corresponding award amounts, we determined that the Commission did not have adequate controls in place to promote accurate reporting. In general, the Commission lacked detailed guidance and formal procedures for completing key grant management duties, to include the completion of these annual certifications. We found the effects of this grant management environment became particularly acute when the Commission experienced grant management staff turnover in recent years, including in the position of business manager for the claims office—which is responsible for preparing the certifications and was held by four different individuals in the span of 5 years. Further, the Commission did not have any secondary verification or management review to ensure that that the certifications were complete and accurate.

To help minimize the risk of future improper award certifications and ensure accurate award amounts, we recommend that OJP work with the Commission to ensure it understands the expectations for the data fields in the certification form, and ensure the Commission develops and implements formal procedures to promote accurate reporting in its certification forms.¹²

Program Requirements and Performance Reporting

To determine whether the Commission distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed Commission performance measures and performance documents that the Commission used to track goals and objectives. We further examined OVC solicitations and award

¹⁰ Specifically, given that OJP calculates victim compensation awards before victim assistance awards, over-awarding of compensation awards results in less funding available for the victim assistance program.

¹¹ As of February 2019, the Commission had not drawn down any funds for the grants that were over-awarded; therefore, we identify the amount over-awarded as funds to be put to better use.

¹² We discuss the Commission’s lack of formal policies, procedures, and controls further in our Grant Financial Management section of this report.

documents and verified the Commission’s compliance with special conditions governing recipient award activity.

Based on our overall assessment in the areas of program requirements and performance reporting, we found that the Commission’s records generally supported the performance figures it reported to the OVC. However, we identified discrepancies in some of the figures reported, particularly with regard to the demographic information of victims, which the OVC requires to be reported if known. The Commission also did not adjust its tracking process to align to federal reporting requirements or compile its performance reports in a way that precisely reflected its activity under the grant. As discussed below, of the two special conditions tested, the Commission complied with one pertaining to attending the Annual VOCA National Training Conference, but did not comply with the other, which related to grant fraud reporting procedures.

Annual Performance Reports

Each state administering agency must annually report to the OVC on specific 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, the OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the Commission is required to produce the Annual State Performance Report and upload it to GMS.

For the victim compensation grants, the states must report the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; victim demographics; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type. Table 4 depicts the Commission’s Annual State Performance Report summary data from recent years.

**Table 4
Summary Data from the Commission’s Annual Performance Reports
FY 2015 through 2017**

| Performance Categories | FY 2015 Data Reported | FY 2016 Data Reported | FY 2017 Data Reported |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Number of Victims Compensated | 615 | 515 | 537 |
| Number of Applications Received | 602 | 497 | 537 |
| Number of Applications Approved | 296 | 407 | 282 |
| Number of Applications Denied/Closed | 255 | 264 | 286 |

Note: We note that the Commission’s claims tracking system does not differentiate federal versus state-funded victims, and that the Commission reported the overall performance data from its tracking system. We find that this practice can affect the accuracy of the reporting of VOCA-funded activity.

Source: FY 2015, 2016, and 2017 Annual Performance Measures Reports

We assessed whether the Commission’s performance reports to the OVC fairly reflected the performance figures of the victim compensation program by

comparing the data the Commission reported to the data it had recorded in its victim claims tracking system. Specifically, we compared performance measure data points from six judgmentally selected reporting periods in FY 2015 through FY 2017, as shown in Table 5 below. While the records in the Commission’s claims tracking system generally supported the PMT figures tested, in nearly all instances in our sample, the figures did not match precisely. We found that for the tested figures relating to number of applications received, the discrepancies were minimal and those that appeared to result in over-reporting differed from the supported figures by less than 5 percent.

Table 5
Sampled Performance Statistics Reported to OVC
FY 2015 through 2017

| Performance Categories | 2015 Quarter 1 | 2015 Quarter 4 | 2016 Quarter 2 | 2016 Annual Report ^a | 2017 Quarter 3 | 2017 Quarter 4 |
|---|----------------|----------------|----------------|---------------------------------|----------------|----------------|
| NUMBER OF APPLICATIONS RECEIVED | | | | | | |
| Commission Reported | 172 | 149 | 140 | 515 | 140 | 148 |
| Supporting Documentation | 168 | 143 | 138 | 504 | 137 | 147 |
| Difference | 4 | 6 | 2 | 11 | 3 | 1 |
| DEMOGRAPHIC DATA | | | | | | |
| <i>Applications with victim ethnicity/race “Not Tracked”</i> | | | | | | |
| Commission Reported | 159 | 118 | 95 | 187 | 0 | 0 |
| Supporting Documentation | 155 | 113 | 92 | 203 | 13 | 27 |
| Difference | 4 | 5 | 3 | (16) | (13) | (27) |
| <i>Applications with victim age “Not Tracked”</i> | | | | | | |
| Commission Reported | 0 | 1 | 3 | 6 | 0 | 0 |
| Supporting Documentation | 5 | 1 | 2 | 9 | 1 | 7 |
| Difference | (5) | 0 | 1 | (3) | (1) | (7) |

^a The annual report required by OVC is a compilation of quarterly data from the four quarters that constitute the federal fiscal year.

Sources: PMT reports, Commission records, and OIG analysis

However, in our sample testing related to demographic categories, we found more discrepancies and noted that the Commission reported high numbers for application demographic data “not tracked”—particularly for FYs 2015 and 2016. Although “not tracked” has been a valid response in PMT, according to the VOCA Victim Compensation Program Grantee Frequently Asked Questions, OVC informed state administering agencies that as of Fall 2017 it expected recipients of

compensation funding to make efforts to track the data in the manner required “as soon as possible.” We believe these discrepancies were partially due to the fact that the Commission did not structure its claims tracking system to enable it to collect all required data in the format requested by the OVC—at least at the time these previous reports were submitted. Further, we found that the Commission lagged in implementing improvements to its data collection capabilities.

Beginning in FY 2017, for the data points we tested, the Commission reported values of zero for the “not tracked” categories—in apparent compliance with OVC’s requirement that states improve the precision of their reporting and minimize responses that fell into generic categories such as “not tracked” or “not applicable.” However, during our fieldwork, we were subsequently able to identify records of applications from these reporting periods that appear to have met the definition of “not tracked” yet were not reported by the Commission in PMT. We also learned that for the scope of our sampled testing, when the Commission could not readily determine a data point due to limitations in its claims tracking system, it simply reported a value of zero. As of 2018, Commission officials told us that they were continuing to improve the tracking of claims and reporting capabilities, with input from the Commission’s claims investigators.

We recommend that OJP require that the Commission enhances its procedures to collect accurate performance data, to include (1) tracking victim demographics as required, and (2) maintaining records to support the data reported to the OVC.

Compliance with Special Conditions

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

We chose to test two special conditions. The first tested special condition required the Commission to ensure that at least one key official attended the Annual VOCA National Training Conference. We found that the Commission complied with this requirement. The second tested special condition required that the Commission ensure that it reported to the OIG fraud, waste, abuse, and other misconduct pertaining to its victim compensation program. At the time of our audit, the Commission did not have a policy to address and mitigate fraud, or a mechanism to inform those handling grant funds of their responsibility to report fraud. In response to this concern, the Commission and attorneys from the West Virginia Legislative Services Division conducted a fraud training for Commission employees, which included information regarding fraud reporting and handling conflicts of interest. However, to supplement this one-time training occurrence, we recommend that OJP require that the Commission implements formal fraud awareness and reporting policies.

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 the Commission's financial management of the VOCA victim compensation grants, we reviewed the process the Commission used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports.

As part of our review of the Commission's financial management of the VOCA victim compensation grants, we examined the Single Audit Reports performed on the State of West Virginia for FYs 2015 through 2017. These Single Audits identified some issues relating to how West Virginia prepared the Schedule of Expenditures of Federal Awards (SEFA) for the state, and the single auditors identified significant deficiencies based on their review of the state's major programs.¹³ However, the Single Audits did not note any issues related specifically to the Commission or the victim compensation program.

To further assess the Commission's grant financial management, we also interviewed Commission personnel responsible for financial aspects of the grants, evaluated Commission policies and procedures, inspected award documents, and reviewed financial records. We also reviewed how Commission employees used the claims tracking system to access, process, and track claims. As discussed in further detail below, while we determined that the Commission adequately processed the victim compensation claims we tested, we identified significant control weaknesses and a lack of formal procedures governing grant management in general, and financial management in particular. For example, the Commission did not have formal policies to guide employees who may encounter a conflict of interest when processing claims for compensation funds. These control weaknesses impaired the efficiency of West Virginia's victim compensation program and increased the risk of mismanagement of federal grant funds.

Claims Tracking System Controls

Based on our observation of system processes and confirmation from Commission officials, we determined that the Commission had significant internal control weaknesses with regard to ensuring proper segregation of duties and oversight for the system it used to track and process claims for compensation.

- The Commission did not restrict system access to only authorized users with a need to access information. The list of authorized system users: (1) was outdated, (2) included employees who did not process claims, and (3) included employees who did not have a need to know any

¹³ These SEFAs should be based on information submitted by state agencies, such as the Commission, that expend federal monies during the year, and serve as the basis for how the single auditors conduct their testing. The Single Audit reports noted that: (1) all state agencies did not follow policies and procedures related to timeliness, and (2) last-minute revisions and reclassifications were made to the SEFA that could have caused inaccurate reporting and improper classification of programs subject to audit.

information contained in the claims tracking system. For example, one authorized user on the list was actually a part-time assistant, whose duties we found were primarily secretarial and did not include any crime victim work.

- Among active users with access to the system, and a need to access the system, access was not differentiated based on user role. Instead, all system users, regardless of their level of authority, had unrestricted access to all claim information.
- The system did not maintain a log of claims accessed by any given user. Thus, the Commission had no auditable trail of users' activity.
- We observed Commission employees routinely using each other's workstations and computers to access the system.

While Commission officials told us that they were in the process of enhancing the claims tracking system with input from the Commission's claims investigators, they stated that they had been unaware of these significant access control issues. The lack of system controls we observed made the system too accessible to individuals without a need for unlimited access. Further, users could easily access the system in a way that disguised the activity of specific individuals without leaving an audit trail, increasing the risk of misuse—such as an individual accessing and manipulating claim data to potentially create and approve false claims. Moreover, enhanced controls are necessary for the Commission to safeguard the sensitive and personally identifiable information in this system, such as full names, social security numbers, addresses, birth dates, and medical histories of thousands of victims.

Following our discussion, the Commission took some action to address the system control issues we identified, requiring a username and password to log into the claims tracking system. While we consider this is a positive step, considering the sensitivity of the information contained in its claims tracking system, there remain potential risks associated with weak access and tracking controls. We thus recommend that OJP work with the Commission to implement claims tracking system controls that: (1) regularly assess the universe of individuals with access to the claims tracking system, (2) restrict access to this information to only necessary personnel, and (3) improve the ability to track and differentiate claims processing activity.

Grant Expenditures

State administering agency VOCA compensation expenses can fall into two overarching categories: (1) compensation claim payments – which generally constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. The Commission elected not to charge administrative costs to its VOCA grants. To determine whether compensation costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of

compensation claim payments by reviewing accounting records and verifying support for select transactions.

Victim Compensation Claim Expenditures

Crime victims can submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. In West Virginia, these victims may submit their claims via mail, email, fax, online, and walk-in applications. Commission employees adjudicate the eligibility of these claims and make payments. These payments are supported by both the VOCA victim compensation grants and state funding, as well as court fees, assessed fines, restitution, donations, and corporate settlements.

To evaluate the Commission's financial controls over VOCA victim compensation grant expenditures, we reviewed select victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA Guidelines and West Virginia Code. We judgmentally selected 331 expenses totaling \$1,481,428 that comprised 55 claims paid to or on behalf of victims. The transactions we reviewed included costs associated with loss of wages, loss of support, funerals, prescriptions, transportation, medical and dental bills, and mental health counseling. Generally, we found that the Commission properly reviewed the compensation claims and paid them in accordance with VOCA Guidelines along with the West Virginia Code.

We also examined a sample of denied claims, including denied claims subsequently appealed by the claimants, in order to assess the records the Commission retained to support its decisions and the outcomes. Specifically, we reviewed seven denied claim requests and verified that the Commission maintained adequate documentation to show these denied claims were incomplete or unallowable. Additionally, we reviewed seven appealed claims and found that the Commission maintained adequate and sufficient documentation regarding the appealed claims.

We found that the Commission adequately processed compensation claims and maintained detailed records on the claims it received. We did not identify any issues related to claims expenditures, although we found the Commission should formalize its policies and procedures guiding the claims adjudication process, as previously discussed in the Program Implementation section above.

Administrative Expenditures

State administering agencies may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. Commission officials stated that the Commission does not use the 5 percent administrative allowance and instead distributes all VOCA grant funding to pay victim compensation claims. Our review of Commission records confirmed that it did not charge administrative expenses to the VOCA grants under review.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA victim compensation grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the Commission managed grant receipts in accordance with these federal requirements, we compared the total amount drawn down to the total expenditures in the Commission’s accounting system and accompanying financial records. Table 6 shows the total amount drawn down for each grant as of February 2019.

Table 6
Amount Drawn Down for Each Grant as of February 2019

| Award Number | Award Date | Award End Date | Total Award (\$) | Amount Drawn Down (\$) | Amount Remaining (\$) |
|-----------------|------------|----------------|--------------------|------------------------|-----------------------|
| 2015-VC-GX-0057 | 09/28/15 | 9/30/2018 | 1,159,000 | 1,159,000 | 0 |
| 2016-VC-GX-0066 | 09/09/16 | 9/30/2019 | 1,043,000 | 0 | 1,043,000 |
| 2017-VC-GX-0084 | 09/28/17 | 9/30/2020 | 1,024,000 | 0 | 1,024,000 |
| Totals | | | \$3,226,000 | \$1,159,000 | \$2,067,000 |

Source: OJP Payment History Reports

We found the Commission used the funds it drew down from the VOCA victim compensation awards to reimburse itself for eligible payments it had previously covered with state funds, due to the timing of when the VOCA grant funds became available.

As noted above, the Commission made improper certifications for its compensation program, which resulted in inaccurate FY 2015 through 2018 award amounts made available for it to draw down. Consequently, we believe the Commission drew down and spent more federal funds than it should have received from OJP. However, in our examination of the drawdown process itself, we did not take issue with the Commission’s process to track eligible expenses, prepare drawdown requests, or apply federal funding as reimbursement for eligible costs paid by the state.¹⁴ Commission officials also told us that they did not plan to make any further drawdowns on the federal awards with balances remaining, until they resolved their award amounts with OJP.

¹⁴ We did identify one issue with the Commission’s deposit process that necessitated OJP sending grant funds in check form through the mail rather than secure Electronic Fund Transfers (EFT). Commission officials told us this occurred twice due to the EFT information being deleted from the Department’s payment system, causing some delays in the transaction. The Commission subsequently worked with the Department to resolve the issue and has been informed that EFT will resume once the Commission requests its next drawdown.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the Commission submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to the Commission's accounting records for each grant. We determined that quarterly and cumulative expenditures for the reports reviewed matched the Commission's accounting records. We found the Commission's reported expenditure amounts accurately reflected how it spent the federal funding it received—applied as reimbursements for eligible costs it had originally paid with state funds.¹⁵

We did find that on numerous occasions during our audit scope, the Commission did not comply with the deadlines for the grants' financial reports, resulting in instances of OJP freezing its award funds. We believe this was due in part to a lack of formal procedures on this process, as well as turnover in the position of business manager, which is charged with sending these financial reports for the Commission. The Commission ultimately resolved these issues each time and OJP released the funds after receiving and reviewing the overdue financial reports. To promote efficiency in grant funds management, we recommend OJP require that the Commission develops policies and procedures to guide relevant staff on preparing and submitting federal financial reports.

¹⁵ As described elsewhere in this report, we believe the Commission drew down and spent more federal funds than it should have received from OJP, due to issues with its annual program certifications.

CONCLUSION AND RECOMMENDATIONS

We found the Commission used its grant funds to compensate eligible crime victims in accordance with the criteria governing the VOCA victim compensation program. While we did not identify significant issues regarding the Commission's adjudication and payment of claims, we found there was a considerable backlog of appealed claims in West Virginia. The Commission generally kept adequate records to support its claims decisions and payments; however, we found there was a pervasive lack of formal policies and procedures to guide the Commission's victim compensation program and management of federal funds. Specifically, because Commission staff lacked formal guidance on the proper completion of the state certification form, the Commission made inaccurate certifications for the award years in our scope. This resulted in \$1,048,000 paid to the state in excess of the amounts we recalculated according to the grant formula. In addition, the Commission experienced significant weaknesses in internal controls for grant financial management, including a lack of formal fraud policies or training, and poor segregation of duties, particularly with regard to user access of its claims tracking system. We provide eight recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Require that the Commission develops formal written policies and procedures to guide its compensation claims process.
2. Remedy as funds to be put to better use the \$1,048,000 we identified as excess compensation award amounts received by the Commission.
3. Verify that the Commission data submitted to support future awards is accurate.
4. Work with the Commission to ensure it understands the expectations for the data fields in the certification form, and ensure the Commission develops and implements formal procedures to promote accurate reporting in its certification forms.
5. Require that the Commission enhances its procedures to collect accurate performance data, to include (1) tracking victim demographics as required, and (2) maintaining records to support the data reported to the OVC.
6. Require that the Commission implements formal fraud awareness and reporting policies.
7. Work with the Commission to implement claims tracking system controls that: (1) regularly assess the universe of individuals with access to the claims tracking system, (2) restrict access to this information to only necessary personnel, and (3) improve the ability to track and differentiate claims processing activity.
8. Require that the Commission develops policies and procedures to guide relevant staff on preparing and submitting federal financial reports.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

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-0057, 2016-VC-GX-0066, and 2017-VC-GX-0084 from the Crime Victims Fund (CVF) awarded to the Commission. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$3,226,000 to the Commission, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of September 28, 2015, the project start date for VOCA compensation grant number 2015-VC-GX-0057, through February 2019. As of February 2019, the Commission had drawn down a total of \$1,159,000 from the audited grants. Additionally, we conducted some review of the documents to support the Commission's application for grant 2018-V1-GX-0033 because the grant was awarded during the course of our audit, and we had the financial data to perform the analysis.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the Commission's activities related to the audited grants. We performed sample-based audit testing for compensation claims, financial reports, and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. Although we tested on a sample basis revenue transactions, our audit did not include a full verification of the revenue derived from court costs, as these amounts are determined by an allocation percentage set at the state level based on all costs collected by its courts, and are not controlled by the Commission, and thus beyond the scope of this audit.

The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, West Virginia Code § 14-2A-1, 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 the Commission's accounting systems specific to the management of DOJ funds during the audit period. We also obtained information from the Commission's claims tracking system, CVic (Crime Victims) Database, specific to claims during the scope of our audit. 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 the Commission's overall system of internal controls, we did review the internal controls of the Commission's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the Commission adequately managed the VOCA funds we audited, we conducted interviews with state of West Virginia financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of the Commission's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

| <u>Description</u> | <u>Amount</u> | <u>Page</u> |
|---|--------------------|-------------|
| Funds to be put to Better Use:¹⁶ | | |
| Funds Over-awarded Based on Inaccurate Certifications ¹⁷ | <u>\$1,048,000</u> | 7 |
| Total Funds to be put to Better Use | \$1,048,000 | |

¹⁶ **Funds to be put to Better Use** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

¹⁷ As of February 2019, the Commission had not drawn down any funds for the grants that were over-awarded; therefore, we identify the amount over-awarded as funds to be put to better use.

**WEST VIRGINIA LEGISLATIVE CLAIMS COMMISSION
RESPONSE TO THE DRAFT REPORT**



**West Virginia
Legislative Claims Commission**

Presiding Commissioner
J. David Cecil
Commissioners
George F. Fosdham
J. Rudy Martin

1900 Kanawha Blvd., E., Rm. W-334
Charleston, West Virginia 25305-0610
Telephone (304) 347-4851
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Janet N. Kawash
Clerk
Recky A. Offish
Chief Deputy Clerk

April 2, 2019

John J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
Jefferson Plaza
Suite 900
Washington, D.C. 20530

Dear Mr. Manning:

We appreciate the opportunity to respond to the recommendations contained in the report on the Audit of the West Virginia Crime Victims Compensation Fund as conducted by the Office of the Inspector General.

The West Virginia Crime Victims Compensation Fund's responses to the recommendations listed in the report are itemized below. The Fund welcomes this opportunity to improve its efficiency, administration and delivery of services and benefits to those who are the unfortunate victims of crime within our state borders. We look forward to working with the Office of Justice Programs to effectively implement the recommendations of the Audit Team and improve our program as well.

Please let this letter serve as the official response of the West Virginia Crime Victims Compensation Fund to the recommendations included in the Audit Report as listed below.

1. Require that the Commission develops formal written policies and procedures to guide its compensation claims process.

Response: The Commission concurs with the recommendation that formal written policies and procedures are needed to guide the compensation claims process. The development of written policies, guidelines and procedures is a top priority for the Commission in all aspects of the Commission office. The Commission is in the process of drafting written policies and procedures to further guide the process. Clearly, it is important to have a consistent set of guidelines that are routinely followed to assure that all claims are fairly

and accurately reviewed, assessed and adjudicated. All employees of the Commission are drafting these guidelines which will be used not only as compensatory guidelines but also as training manuals as staffing within the office changes. The Commission will review and modify these policies and procedures as necessary on a yearly basis to assure that the guidelines accurately reflect the practices of the Fund in all areas.

2. Remedy as funds to be put to better use the \$1,048,000 we identified as excess compensation award amounts received by the Commission.

Response: The Commission concurs with this recommendation that it received excess compensation award amounts and that the overpayment of compensation awards can be restored to the Office of Justice Programs/VOCA and designated as funds to be put to better use.

3. Verify that the Commission data submitted to support future awards is accurate.

Response: The Commission concurs with this recommendation. The Commission has put into place safeguards and will increase the safeguards once the written policies and procedure guidelines are completed to assure that no errors in the grant application process and certification process are made. The Commission acknowledges that the situation that led to the inclusion of inaccurate data – significant turnover in the grant and business manager and clerk positions as well as an extended illnesses and unfortunate death of the business manager all occurring at the time the grant application and certification were due - is a situation that is unlikely to be repeated in the future. With the introduction of formal guidelines and written procedures, along with a more informed staff and fiscal office, the appropriate personnel are better informed, more knowledgeable and more closely involved in the grant application and certification processes, particularly with the data needed to complete each process.

The Commission has, within the last eighteen months, employed new personnel for the key positions identified in the Audit Report, who are committed to rectifying the past errors and moving forward with the appropriate measures in place to prevent these same errors. Key personnel are actively involved in creating thorough written guidelines and procedures for the administration of the West Virginia Crime Victims Compensation Fund, including the entire claims compensation process, the grant application and certification process, the appeals process, accounting practices and adherence to all general and special conditions of the grants.

4. Work with the Commission to ensure it understands the expectations for the data fields in the certification form, and ensure the Commission develops and implements formal procedures to promote accurate reporting in its certification forms.

Response: The Commission concurs with this recommendation. The Commission further acknowledges that the lack of formal policies and procedures exacerbated the issues created by the turnover at the business manager position that eventually became a crisis upon the hospitalization and subsequent death of the business manager. Because there were no formal written guidelines, the knowledge needed for the completion of the

application and certification forms became unavailable with the passing of the business manager, thereby creating a void of knowledge and competency. These events occurred in close proximity to the closing of the application window in which to submit the grant, which heightened the deadline's urgency and led to the inclusion of inaccurate data in the certification forms.

Since the Audit began, Commission personnel, including the fiscal officer responsible for maintaining the Fund's payment and accounting records, have worked closely with the Audit Team to assure that the Fund's benefit payments are coded and labeled in such a manner to collect and report the correct data for inclusion in future grant applications and certification forms.

- 5. Require that the Commission enhances its procedures to collect accurate performance data, to include (1) tracking victim demographics as required, and (2) maintaining records to support the data reported to the OVC.**

Response: The Commission concurs with this recommendation. The Commission intends to update and revise the application so that demographic information, specifically victim ethnicity/race and age, is required, thereby complying with the requirements for Performance Measurement Tool (PMT) reports. The Commission further states that the business manager and the fiscal officer have implemented processes, including new codes for various payments, to allow for more specific tracking of payment types and to increase accuracy in its collection of performance data. The Commission worked with its IT Department to incorporate upgrades to the CVIC database and claims tracking system to assure that all demographics, payments, fees and other required data are collected within the same tracking system and that performance data can be collected accurately and quickly for reporting purposes.

The Commission has worked closely with Legislative Fiscal Office and the State Auditor's Office to implement an improved benefit coding system to better track awards. This will increase the Commission's ability to prepare accounting reports on a timelier and more accurate basis for performance reports, quarterly reports, annual legislative reports, applications and certification forms. The involvement of the Fiscal Office in the Audit has benefitted the Fund thus far as both the Commission staff and the Fiscal Office have a much better understanding of the Fund's workings, accounting practices, the information needed to apply for and comply with federal grants and the information needed to maximize the reach of the Crime Victims Compensation Fund.

- 6. Require that the Commission implements formal fraud awareness and reporting policies.**

Response: The Commission concurs with this recommendation. Upon being notified by the Audit Team that there was a lack of formal fraud awareness for the Crime Victims Compensation Fund, Commission officials instituted a fraud awareness policy, conducted a training session and developed written materials for use by the Commission staff in order to be aware of what constitutes fraud, how and where it should be reported and the appropriate signs were distributed to and posted by each Commission employee in their workspace and other prominent areas within the office. The Commission has committed to yearly fraud awareness and training for its employees and is currently working with the

Office of Legislative Services to incorporate the training into the existing annual training for all Legislative employees.

- 7. Work with the Commission to implement claims tracking system controls that: (1) regularly assess the universe of individuals with access to the claims tracking system, (2) restrict access to this information to only necessary personnel, and (3) improve the ability to track and differentiate claims processing activity.**

Response: The Commission concurs with this recommendation. During the Audit Team's onsite visit and investigation, the Team notified Commission officials as to their concerns related to the protection of private and identifying information as well as access to that information through the claims tracking system and database. This system and the accompanying database were specifically designed and built for the Crime Victims Compensation Fund by the IT Department. The Commission and the IT Department worked to tighten the privacy protections of the system, which included limiting access to the database to only those employees who worked with the Fund on a daily basis. A second password protection was added to the claims tracking system; various areas within the database were locked down and placed on restricted access to prevent any accidental or intentional changes to the data and information contained within the database. Additional fields were added to the claims tracking system and database to allow for more specific tracking of benefit payments, deposit types, donations, refunds, restitution payments, subrogation and attorneys' fees. The formal guidelines that are currently being drafted will include a yearly review of the database to assure privacy protections as well as a determination of the appropriate universe of employees with access to the database and in particular, access to sensitive information.

- 8. Require that the Commission develops policies and procedures to guide relevant staff on preparing and submitting federal financial reports.**

Response: The Commission concurs with this recommendation. The Commission agrees with the finding in the report that non-compliance with the deadlines for filing of financial reports related to the grants was related to the vacancies in the business manager position at the time the reports were due. The Commission office experienced significant turnover in several positions in 2016 and 2017, which adversely affected the management of the grants. Unfortunately, when an employee left employment with the Commission, the information needed to comply with the grant requirements also left because of the lack of written policies. The Commission is in the process of developing and compiling formal guidelines, policies and procedures to address all aspects of the Crime Victims Compensation Fund, including the reporting requirements for the VOCA grants. The Commission's current business manager is well-versed on all areas of the VOCA grant, including federal financial reports, certification forms, quarterly performance reports and applications. The Commission personnel responsible for hiring the business manager were specifically interested in only those candidates who had federal grant experience, particularly with VOCA grants. Going forward, grant experience will be a mandatory requirement for the business manager position whereas it was not in the past.

There were additional findings within the report that, while mentioned, did not merit recognition as a formal recommendation. Commission personnel has been working steadfastly to assure that all claims are reviewed on a timely basis, with minimal delays in the payment of benefits working within the framework of the State's auditing and payment systems. In instances where a claimant appeals either the denial of a claim in its entirety or the denial of a specific finding or payment, Commission personnel are prioritizing the appeals to have them heard in an expeditious manner and are working to eliminate the backlog of appeals as quickly as possible. Upgrades to the claims tracking system were implemented to allow for increased tracking of hearing requests and appeals. Newly filed appeals are placed on a hearing schedule almost immediately upon receipt.

The audit report also recommended that the West Virginia Crime Victims Compensation Fund explore other initiatives to further publicize the Fund. The Commission staff works closely with victim advocates who are on the staff of county prosecutors; however, not all West Virginia counties employ victim advocates and accordingly, those counties have lower claims filed each year. Our staff is committed to continue working with victim advocates and pursuing new relationships with other statewide and regional organizations that provide services to crime victims, with particular emphasis on domestic violence, sexual assault and child abuse victims.

Thank you for the opportunity to respond to the recommendations set forth in the Audit Report for the Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the West Virginia Legislative Claims Commission. We look forward to working with the Office of Justice Programs to strengthen the West Virginia Crime Victims Compensation Fund that will allow us to provide more support, more services and more benefits to crime victims within West Virginia.

Please call me or email me if you have any additional questions or you need further information related to this response.

Sincerely,



Janet N. Kawash
Clerk of the West Virginia
Legislative Claims Commission

cc: Aaron Allred
Legislative Manager

Linda J. Taylor,
Lead Auditor, Audit Coordination Branch
Audit and Review Division

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

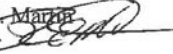
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

APR - 9 2019

MEMORANDUM TO: John J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Compensation Grants Awarded to the West Virginia Legislative Claims Commission, Charleston, West Virginia*

This memorandum is in reference to your correspondence, dated March 13, 2019, transmitting the above-referenced draft audit report for the West Virginia Legislative Claims Commission (Commission). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **eight** recommendations and **\$1,048,000** in funds to be put to better use. 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 require that the Commission develops formal written policies and procedures to guide its compensation claims process.**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to guide its compensation claims process.

2. **We recommend that OJP remedy as funds to be put to better use the \$1,048,000 we identified as excess compensation award amounts received by the Commission.**

OJP agrees with the recommendation. We will review the \$1,048,000 in excess compensation award amounts received by the Commission, and will work with the Commission to remedy, as appropriate.

- 3. We recommend that OJP verify that the Commission data submitted to support future awards is accurate.**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure the accuracy of that data submitted to support future Federal awards.

- 4. We recommend that OJP work with the Commission to ensure it understands the expectations for the data fields in the certification form, and ensure the Commission develops and implements formal procedures to promote accurate reporting in its certification forms.**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that the information reported on the claim certification forms is accurate.

- 5. We recommend that OJP require that the Commission enhances its procedures to collect accurate performance data, to include (1) tracking victim demographics as required, and (2) maintaining records to support the data reported to OJP's Office for Victims of Crime (OVC).**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure accurate collection of performance data, to include tracking victim demographics and maintaining records to support the data reported to OVC.

- 6. We recommend that OJP require that the Commission implements formal fraud awareness and reporting policies.**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, related to fraud awareness and reporting.

- 7. We recommend that OJP work with the Commission to implement claims tracking system controls that: (1) regularly assess the universe of individuals with access to the claims tracking system, (2) restrict access to this information to only necessary personnel, and (3) improve the ability to track and differentiate claims processing activity.**

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that claims tracking system controls regularly assess the universe of individuals with access to the claims tracking system; restrict access to this information to only necessary personnel; and improve the ability to track and differentiate claims processing activity.

8. We recommend that OJP require that the Commission develops policies and procedures to guide relevant staff on preparing and submitting Federal Financial Reports.

OJP agrees with the recommendation. We will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that staff is properly trained on preparing and submitting Federal Financial Reports.

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

cc: Matt M. Dummermuth
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OJP Executive Secretariat
Control Number: IT20190319081900

**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 West Virginia Legislative Claims Commission (the Commission). The Commission's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, the OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The Commission also concurred with our recommendations. The following provides the OIG analysis of these responses and a summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Require that the Commission develops formal written policies and procedures to guide its compensation claims process.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to guide its compensation claims process.

The Commission also concurred with our recommendation. The Commission stated in its response that it is in the process of drafting written policies and procedures to guide its compensation claims process. The Commission will review and modify these policies and procedures as necessary on a yearly basis to assure that the guidelines accurately reflect the practices of the West Virginia Crime Victims Compensation Fund in all areas.

This recommendation can be closed when OJP provides evidence that the Commission has established and implemented procedures to guide its compensation claims process.

- 2. Remedy as funds to be put to better use the \$1,048,000 we identified as excess compensation award amounts received by the Commission.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$1,048,000 in excess compensation award amounts received by the Commission, and will work with the Commission to remedy, as appropriate.

The Commission also concurred with our recommendation. The Commission agreed that it received excess compensation award amounts and further

stated in its response that the overpayment of compensation awards can be restored to the Office of Justice Programs/VOCA.

This recommendation can be closed when we receive evidence that OJP has coordinated with the Commission to remedy the \$1,048,000 in excess compensation received by the Commission.

3. Verify that the Commission data submitted to support future awards is accurate.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure the accuracy of that data submitted to support future Federal awards.

The Commission also concurred with our recommendation. The Commission stated in its response the Commission is working on safeguards to assure that no errors in the grant application and certification process are made. The Commission stated that key personnel are actively involved in creating thorough written guidelines and procedures for the administration of the West Virginia Crime Victims Compensation Fund, including the entire claims compensation process, the grant application and certification process, the appeals process, accounting practices and adherence to all general and special conditions of the grants.

This recommendation can be closed when we receive evidence that OJP has coordinated with the Commission to determine if its State Certification Forms included accurate amounts.

4. Work with the Commission to ensure it understands the expectation for the data fields in the certification form, and ensure the Commission develops and implements formal procedures to promote accurate reporting in its certification forms.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that the information reported on the claim certification forms is accurate.

The Commission also concurred with our recommendation. The Commission stated in its response that formal written guidelines were needed for the completion of the application and certification forms. The Commission stated that its personnel have worked to ensure the Fund's benefit payments are coded and labeled in such a manner to collect and report the correct data for inclusion in future grant applications and certification forms.

This recommendation can be closed when OJP provides evidence it has communicated with the Commission on expectations for the data fields in the

certification form, including the appropriate accounting for revenue derived from court costs. In addition, OJP should demonstrate that the Commission has established and implemented procedures to promote accurate reporting in its certification forms.

5. Require that the Commission enhances its procedures to collect accurate performance data, to include (1) tracking victim demographics as required, and (2) maintaining records to support the data reported to the OVC.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure accurate collection of performance data, to include tracking victim demographics and maintaining records to support the data reported to OVC.

The Commission also concurred with our recommendation. The Commission stated in its response that it intends to update and revise its victim compensation claim application to include demographic information, specifically victim ethnicity/race and age. The Commission further stated that its personnel have implemented processes, including new codes for various payments, to allow for more specific tracking of payment types and to increase accuracy in its collection of performance data. The Commission stated that it worked with its IT Department to upgrade the CVIC database and claims tracking system to assure that all demographics, payments, fees and other required data are collected within the same tracking system and that performance data can be collected accurately for reporting purposes.

This recommendation can be closed when OJP provides evidence that the Commission upgraded its database and claims tracking system to ensure that all demographics, payments, fees, and other required data are collected accurately for reporting purposes.

6. Require that the Commission implements formal fraud awareness and reporting policies.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, related to fraud awareness and reporting.

The Commission also concurred with our recommendation. The Commission stated in its response that it instituted a fraud awareness policy; conducted a training session; developed written material for use by Commission staff in order to be aware of what constitutes fraud, as well as how and where it should be reported; and posted signage on this topic in prominent areas within the office. The Commission stated that it has committed to providing yearly fraud training for its employees and is working with its Office of the

Legislative Services to incorporate the training into the existing annual training for all West Virginia legislative employees.

This recommendation can be closed when OJP provides evidence of the Commission's proposed remedial actions in this area, which include: (1) the Commission's fraud awareness policy; (2) written material for use by the Commission staff in order to be aware of what constitutes fraud, as well as how and where it should be reported; and (3) incorporation of fraud training into existing annual training for all West Virginia legislative employees.

7. **Work with the Commission to implement claims tracking system controls that: (1) regularly assess the universe of individuals with access to the claims tracking system, (2) restrict access to this information to only necessary personnel, and (3) improve the ability to track and differentiate claims processing activity.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that the claims tracking system controls regularly access the universe of individuals with access to the claims tracking system; restrict access to this information to only necessary personnel; and improve the ability to track and differentiate claims processing activity.

The Commission also concurred with our recommendation. The Commission stated in its response that formal guidelines are currently being drafted that will include a yearly review of the database to assure privacy protections as well as a determination of the appropriate universe of employees with access to the database. The Commission stated that its IT Department worked to tighten the privacy protections of the system, which included: (1) limiting access to the database to only those employees who worked with the Fund on a daily basis; (2) adding a second password protection; and (3) restricting access to various areas within the database to prevent any accidental or intentional changes to the data.

This recommendation can be closed when OJP provides evidence that the Commission has formalized guidelines relating to system access and completed the described changes to tighten privacy protections in the system.

8. **Require that the Commission develops policies and procedures to guide relevant staff on preparing and submitting federal financial reports.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that staff is properly trained on preparing and submitting federal financial reports.

The Commission also concurred with our recommendation. The Commission stated in its response that it agrees with the finding and is in the process of developing and compiling formal guidelines, policies, and procedures to address all aspects of the Crime Victims Compensation Fund, including the reporting requirements for the VOCA grants.

This recommendation can be closed when OJP provides evidence that the Commission has established and implemented procedures to ensure staff has appropriate guidance on preparing and submitting federal financial reports.



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