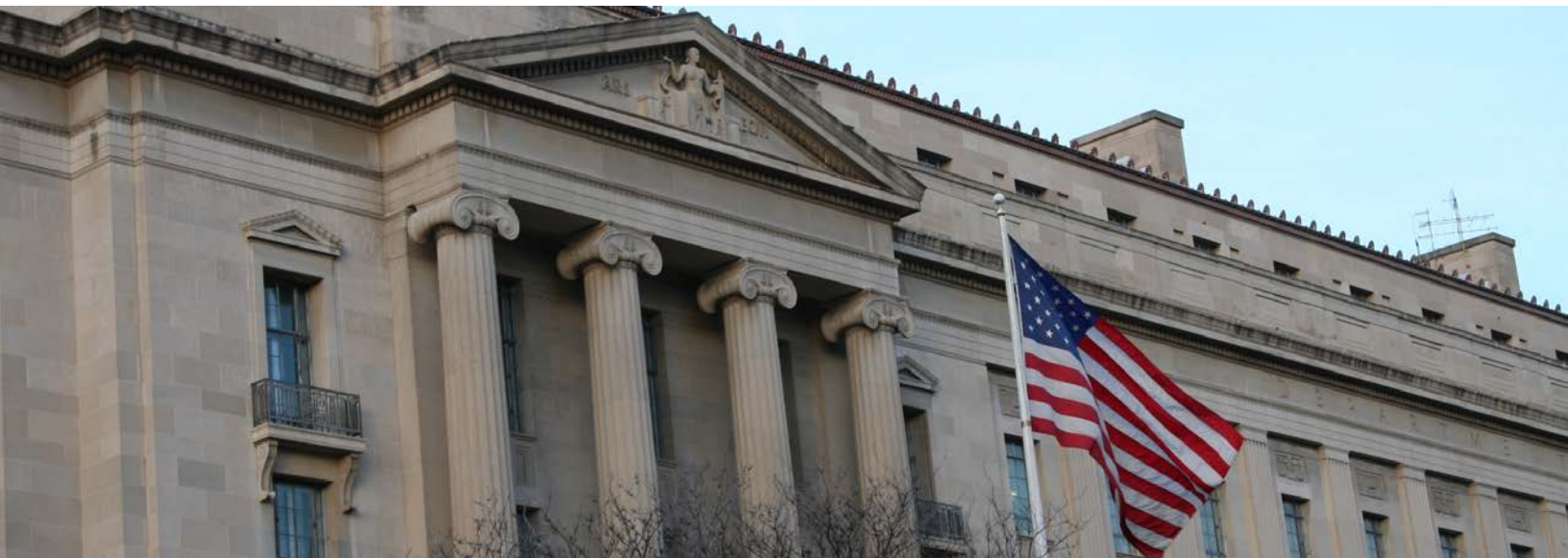




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs
Victim Compensation Grants
Awarded to the Colorado
Department of Public Safety,
Lakewood, Colorado



Executive Summary

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Colorado Department of Public Safety, Lakewood, Colorado

Objective

The objective of this audit was to evaluate how the Colorado Department of Public Safety (CDPS) 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 CDPS used and managed its Victims of Crime Act (VOCA) funding to enhance its crime victim compensation program. However, we determined that CDPS did not comply with essential award conditions related to support for award expenditures and documentation retention.

Specifically, we found that CDPS charged \$123,487 in unsupported costs to the grants in our scope. After issuing the draft report, CDPS provided sufficient documentation to support \$41,295 of the initially unsupported costs. Therefore, our final report questions \$82,192 in unsupported costs. In addition, we found that CDPS did not retain denied claim documentation as required by grant guidelines.

Recommendations

Our report contains two recommendations to OJP. We requested a response to our draft audit report from CDPS 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 four VOCA victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime to CDPS in Lakewood, Colorado. OJP awarded these formula grants, totaling \$16,533,000 from fiscal years (FY) 2015 to 2018, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Colorado. As of December 2018, CDPS drew down a cumulative amount of \$9,649,822 for all of the grants we reviewed.

Program Goals and Accomplishments – We reviewed CDPS's stated accomplishments for the awards and found no indications that it was not on track toward achieving the program goals.

Annual State Certification – We determined CDPS's FY 2017 Annual State Certification submitted to OJP for determining FY 2019 funding was generally accurate.

Compensation Claims Payments – We found that CDPS paid victim claims that were not supported by adequate documentation and identified \$82,192 in unsupported questioned costs.

Records Retention – We determined that two state judicial districts did not maintain documentation related to denied claims for 3 years as required by the DOJ Grants Financial Guide.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO
COLORADO DEPARTMENT OF PUBLIC SAFETY,
LAKEWOOD, COLORADO**

TABLE OF CONTENTS

INTRODUCTION	2
The Grantee	3
OIG Audit Approach	3
AUDIT RESULTS.....	4
Grant Program Planning and Execution	4
Program Implementation	4
Annual State Certification	5
Program Requirements and Performance Reporting	5
Annual Performance Reports	6
Compliance with Special Conditions.....	6
Grant Financial Management	7
Grant Expenditures	7
Drawdowns.....	10
Financial Reporting	11
CONCLUSION AND RECOMMENDATIONS.....	12
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY.....	13
APPENDIX 2: SCHEDULE OF DOLLAR-REALTED FINDINGS.....	15
APPENDIX 3: COLORADO DEPARTMENT OF PUBLIC SAFETY'S RESPONSE TO THE DRAFT REPORT.....	16
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT REPORT	22
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF THE ACTIONS NECESSARY TO CLOSE THE AUDIT REPORT	25

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO
COLORADO DEPARTMENT OF PUBLIC SAFETY,
LAKEWOOD, COLORADO**

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 Colorado Department of Public Safety (CDPS) in Lakewood, Colorado. OJP awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FYs) 2015 to 2018, CDPS was awarded four grants totaling \$16,533,000.¹

**Table 1
Audited Grants
Fiscal Years 2015 – 2018**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VC-GX-0043	09/25/2015	10/01/2014	09/30/2018	\$ 4,106,000
2016-VC-GX-0069	09/19/2016	10/01/2015	09/30/2019	4,578,000
2017-VC-GX-0033	09/28/2017	10/01/2016	09/30/2020	4,016,000
2018-V1-GX-0046	08/09/2018	10/01/2017	09/30/2021	3,833,000
Total:				\$ 16,533,000

Source: OJP's Grant Management System

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.² The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. OJP 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

¹ Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

² 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.³

The Grantee

As the Colorado state administering agency, CDPS is responsible for overseeing the VOCA victim compensation program. CDPS's mission is to safeguard the public and deliver diverse public safety services to local communities. CDPS looks to create safer and more resilient communities across Colorado.

CDPS's victim compensation program claims are managed by 22 state judicial districts. The judicial districts are responsible for processing victim compensation claim applications and payments, while CDPS administers and oversees the program. During the scope of our audit, 7 of the 22 state judicial districts, including the 1st, 2nd, 5th, 6th, 9th, 17th, and 18th Judicial Districts received federal victim compensation funding from CDPS to supplement state funding. According to CDPS, the remaining 14 judicial districts received sufficient state funding to process the victim compensation claims filed in their districts.

OIG Audit Approach

The objective of the audit was to evaluate how CDPS 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 VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guides as our primary criteria. We also reviewed relevant CDPS policies and procedures, including the CDPS Standards for Administration of the Crime Victim Compensation Programs and the Colorado Crime Victim Compensation Statute. Finally, we interviewed CDPS personnel to determine how it administered the VOCA funds and obtained and reviewed CDPS records reflecting grant activity.⁴

³ This program defines criminal violence to include drunk driving and domestic violence.

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

Overall, we determined that the CDPS's implementation of its victim compensation program was generally appropriate and in compliance with the VOCA Guidelines. We also found the CDPS generally complied with federal grant requirements and established an adequate program to compensate victims and survivors of criminal violence. However, we identified issues related to CDPS's grant financial management. Specifically, we found that CDPS charged unsupported victim compensation claim costs to the grants. Additionally, we found that two judicial districts were not in compliance with documentation retention requirements. These deficiencies are discussed in more detail in the Grant Financial Management section of this report.

Program Implementation

State administering agencies receive VOCA victim compensation grants to compensate victims directly for expenses incurred as a result of criminal victimization. As the state administering agency for Colorado, CDPS was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, CDPS operated under the Colorado Crime Victim Compensation Statutes, which conveyed the state-specific policies for the victim compensation program. In assessing CDPS'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 CDPS had made to bring awareness to victims eligible for compensation program benefits.

As discussed previously, CDPS relies on the 22 state judicial districts to process victim compensation claim applications and payments, 7 of which received federal funding from CDPS. Judicial district staff receive victim compensation claim applications and are responsible for reviewing police reports and other supporting documentation. The judicial districts then present a summary of the claim to the Victim Compensation Board for the district who determines whether the claim meets the requirements for funding.⁵ Based on our review, we found that CDPS has a process for accepting, recording, and reviewing applications for victim compensation. We did not identify any issues with CDPS's decision-making process for awarding claims; however, we did identify issues related unsupported claims, as

⁵ The Victim Compensation Boards for each judicial district are comprised of three appointed officials.

well as unallowable administrative expenditures that resulted in questions costs, as discussed in the Grants Financial Management section of this report.

The 22 judicial districts are also responsible for bringing awareness to the program. We found that the seven judicial districts who received federal funding generally rely on local police departments and victims advocacy groups to generate public awareness of the program. Additionally, CDPS maintains a public website which details the benefits available to victims and claimants. We did not identify any issues with CDPS's outreach efforts.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides OJP the necessary information to determine future grant award amounts. 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. OJP allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 years prior.⁶ As a result, accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

We assessed CDPS's controls for preparing the annual certification form submitted to OJP for FY 2017, which will be used to calculate the award amount granted for FY 2019.⁷ We also reviewed the accuracy of the 2017 annual certification form, including total funds paid, payouts made with VOCA funds, subrogation recoveries, restitution recoveries, refunds, property awarded, and other reimbursements.

We determined the CDPS's 2017 certification form was generally accurate and supported by its accounting records.

Program Requirements and Performance Reporting

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

⁶ 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.

⁷ OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OJP makes the grant awards.

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

Annual Performance Reports

Each state administering agency must annually report to OJP 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, OJP 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 recipients are required to produce the Annual State Performance Report and load it into 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.

We assessed whether the CDPS's annual performance data reported to OJP fairly reflected the victim compensation program activities by comparing the data reported on the two most recent quarterly performance reports to the records maintained by CDPS and the 22 judicial districts. Based on our analysis, we found that the performance data reported by CDPS was generally accurate. Additionally, we determined the goals and objectives articulated by the state were consistent with those reported to OJP and did not identify any indications that CDPS was not on track to accomplish its goals and objectives.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant award documentation, the CDPS certified it would comply with these special conditions. We reviewed the special conditions for each of the VOCA victim compensation program grants and identified two special conditions that we deemed significant to grant performance. The special conditions we tested required that:

- Information on race, sex, national origin, age, and disability of recipients of assistance will be collected and maintained, where such information is voluntarily furnished by those receiving compensation.
- The grantee agrees that the state's certified payments of crime victim compensation, upon which the award is based, represents payments made from state funding sources only. The grantee further understands that the following items shall be deducted in compiling the certification of state payments: (a) payments for property losses; (b) payments for administrative costs; and (c) dollar amounts of restitution and refunds received through subrogation for compensable expenses paid to, or on behalf of, victims and survivors.

Based on our analysis, we did not identify noncompliance with the grant special conditions we analyzed.

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

We also reviewed the state of Colorado's Single Audit Reports for FYs 2015 through 2017. Based on our review, we did not identify any unresolved issues specifically related to CDPS.

To further assess the CDPS's grant financial management, we interviewed CDPS personnel responsible for the financial aspects of the grants, reviewed CDPS's written policies and, inspected award documents, and reviewed financial records. We also reviewed CDPS's procedures for determining and making drawdowns, as well as the preparation and submission of periodic federal financial reports.

As discussed below, we determined that the CDPS implemented adequate controls over victim compensation claim expenditures, but could improve its processes for obtaining adequate documentation to support claims and ensuring that administrative costs are allowable within grant guidelines.

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 Colorado submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. Judicial district staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate the CDPS's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA Guidelines and the Colorado Victims Compensation Statute. We judgmentally selected a sample of 420 claim transactions totaling \$1,527,948 from the 7 judicial districts that received federal funding. The transactions we reviewed

included costs in the following categories: loss of support, lost wages, mental health therapy, relocation, burial, dental, medical services, and hospital costs.

Based on our testing, we identified concerns related to 30 claims paid by 6 of the 7 judicial districts that received federal funding. Additionally, we determined that two judicial districts were not in compliance with the DOJ Grants Financial Guide documentation retention requirements. The details of our analysis for each judicial district are discussed below.

- **1st Judicial District** - For the 1st Judicial District our sample included 75 claims totaling \$240,389. Based on our analysis we identified seven claim transactions related to loss of wages, relocation assistance, and medical costs that were not supported by adequate documentation. As a result, we identified claims totaling \$15,951 as unsupported. Subsequent to the issuance of our draft report, CDPS provided additional documentation that supported one of the claims totaling \$4,118. As a result, we consider \$4,118 of the previously unsupported costs to be supported.
- **2nd Judicial District** - For the 2nd Judicial District our sample included 60 claims totaling \$192,728. Based on our analysis we identified seven claim transactions totaling \$7,190 related to loss of support and medical costs that were not supported by adequate documentation. Subsequent to the issuance of our draft report, CDPS provided additional information that supported three of these claims totaling \$2,030. As a result, we consider \$2,030 of the previously unsupported to be supported.
- **5th Judicial District** - For the 5th Judicial District our sample included 30 claim transactions totaling \$68,544. Based on our analysis we identified two claims related to medical services and burial costs that were not supported by adequate documentation. As a result, we questioned the costs for these claims totaling \$739 as unsupported.

Additionally, we determined that the 5th Judicial District only retained denied claim documentation for 2 years. According to the DOJ Grants Financial Guide, documentation pertinent to the award must be retained for 3 years from the date of submission of the final Federal Financial Report (FFR). As a result, we determined the 5th Judicial District was not in compliance with grant guidelines.

- **6th Judicial District** - For the 6th Judicial District our sample included 60 claims totaling \$51,367. Based on our analysis, we did not identify any concerns related to the claims included in our sample.
- **9th Judicial District** - For the 9th Judicial District our sample included 60 claim transactions totaling \$190,157. Based on our analysis we identified two claims related to medical costs totaling \$9,453 that were not supported by adequate documentation. Subsequent to the issuance of our draft report, CDPS provided additional documentation that supported one claim totaling

\$314. As a result, we consider \$314 of the previously unsupported costs to be supported.

Additionally, we determined the 9th Judicial District was only retaining denied claim documentation for 2 years. According to the DOJ Grants Financial Guide, documentation pertinent to the award must be retained for 3 years from the date of submission of the final FFR. As a result, we determined the 9th Judicial District was not in compliance with grant guidelines.

- **17th Judicial District** - For the 17th Judicial District our sample included 75 claim transactions totaling \$383,608. Based on our analysis we identified five claims totaling \$26,151 related to loss of wages, medical costs, dental costs, and damaged property that were not supported by adequate documentation. Subsequent to the issuance of our draft report, CDPS provided additional documentation that supported one claim totaling \$830. As a result, we consider \$830 of the previously unsupported costs to be supported.
- **18th Judicial District** - For the 18th Judicial District our sample included 60 claim transactions totaling \$401,155. Based on our analysis we identified seven claims totaling \$64,003 related to lost wages, medical costs, and travel expenses that were not supported by adequate documentation. Subsequent to the issuance of our draft report, CDPS provided additional documentation that supported six claims totaling \$34,003. As a result, we consider \$34,003 of the previously unsupported costs to be supported.

Additionally, we noted an issue related to lost wages that existed throughout the program. Specifically, we determined that the judicial districts were not obtaining documentation from victims to support lost wages claims. Prior to the initiation of our audit CDPS issued additional guidance to the judicial districts detailing the documentation necessary to support lost wages claims. We did not identify any unsupported lost wages claims that occurred subsequent to the issuance of this guidance. As a result, we are not making a recommendation related to this issue.

Overall, we identified unsupported lost wage, medical, relocation, dental, travel, and burial claim costs totaling \$123,487. Subsequent to the issuance of our draft report, CDPS provided additional information and documentation supporting \$41,295 of the previously unsupported costs. After receiving OJP's official response to the draft report, we confirmed with OJP that it agreed that \$41,295 of the previously unsupported questioned costs are now supported and remedied. As a result, we consider these costs totaling \$41,295 to be to be remedied. Therefore, we recommend that OJP coordinate with CDPS to remedy the remaining \$82,192 in unsupported victim claim questioned costs. Additionally, we recommend that OJP ensures CDPS develops and implements policies and procedures that ensure its judicial district adhere to documentation retention requirements.

Administrative Expenditures

According to the Victim Compensation Guidelines, 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 the CDPS's compliance with the 5 percent limit on the administrative category of expenses.

We compared the total administrative expenditures charged to the grants against the total expenditures from the general ledger and determined that CDPS complied with the 5-percent limit.

In addition to testing the CDPS's compliance with the 5-percent threshold, we also tested a sample of administrative costs charged to the awards. We judgmentally selected 50 administrative transactions, comprised of 25 transactions from each of the FY 2015 and 2016 grants. At the time of our audit, administrative costs had not been charged to FY 2017 and 2018 grants.

We found that for the FYs 2015 and 2016 grants all transactions we tested were allowable and supported. However, we noted 14 transactions charged to the FY 16 grant for medical forensic exams, which were paid directly to hospitals on behalf of victims. While we consider the costs allowable, we determined that CDPS did not require the victims to submit an application, as required by the Colorado Victim Compensation State Statutes. We also noted that the costs included in the general ledger for the grant administrative expenditures, some of which were charged to the grant as supplies and operating expenses.

Personnel Costs

We tested three non-consecutive payroll periods for the FY 2015 grant, and one payroll period for the FY 2016 grant. We found that the salary and fringe benefit costs included in our sample were generally supported and allowable.

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. To assess whether CDPS managed grant receipts in accordance with these federal requirements, we compared the total drawdowns to the total expenditures in the CDPS's accounting system and accompanying financial records.

Based on our analysis, we found that CDPS's drawdowns did not exceed its expenditures for the awards. Additionally, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to individual expenditures as described in the Grant Expenditures sections above.

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 CDPS submitted accurate FFRs, we compared the four most recent reports to the CDPS's accounting records for the FYs 2015, 2016, and 2017 grants. At the time of our analysis, CDPS had not submitted any FFRs for the FY 2018 grant.

We determined that the expenditures reported on the FFRs were generally accurate and supported.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit, we concluded that CDPS used and managed its VOCA funding to enhance its crime victim compensation program. However, we identified 30 Victim Compensation claims charged to the awards that were not supported by adequate documentation, resulting in unsupported costs of \$123,487. Subsequent to the issuance of our draft report, CDPS provided additional information and documentation supporting 12 claims totaling \$41,295 that we identified as unsupported during our audit. As a result, we consider these costs supported. Additionally, we found that CDPS was not ensuring that the judicial districts complied with the 3 year documentation retention requirements. We provide two recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Remedy the remaining \$82,192 of the \$123,487 in unsupported victim claim costs.⁸
2. Ensures CDPS develops and implements policies and procedures that ensure its judicial districts adhere to documentation retention requirements.

⁸ As discussed previously, CDPS provided additional information and documentation supporting \$41,295 of the previously unsupported questioned costs. That amount is not included in the \$82,192.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how the Colorado Department of Public Safety (CDPS) 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 Grant Numbers 2015-VC-GX-0043, 2016-VC-GX-0069, 2017-VC GX-0033, and 2018-V1-GX-0046 from the Crime Victims Fund awarded to CDPS. The Office of Justice Programs (OJP), Office for Victims of Crime awarded these grants totaling \$16,533,000 to CDPS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of September 2015, the project start date for the FY 2015 VOCA compensation grant, through January 2019. As of December 2018, the CDPS had drawn down a total of \$9,649,822 from the three of the four audited grants. No charges had been made to the FY 2018 grant at the time of our audit.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of CDPS's activities related to the audited grants. We performed sample-based audit testing for administrative costs, victim compensation claims, progress reports, State Certification Reports, and Federal Financial 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, and 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 the CDPS 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 CPDS's overall system of internal controls, we did review the internal controls of CDPS's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether CDPS adequately managed the VOCA funds we audited, we conducted interviews with state of Colorado financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of CDPS'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>
Questioned Costs: ⁹		
Unsupported Victim Claim Expenses	\$123,487	9
<i>Less Remedied Costs</i> ¹⁰	(\$41,295)	
TOTAL QUESTIONED COSTS	<u>\$82,192</u>	

⁹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹⁰ Prior to the issuance of the final report, the CDPS provided additional information and documentation supporting previously unsupported costs that we identified during our audit.

**COLORADO DEPARTMENT OF PUBLIC SAFETY'S
RESPONSE TO THE DRAFT REPORT¹¹**



June 25, 2019

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Mr. Sheeren,

We appreciate the opportunity to respond to the Office of the Inspector General's (OIG) recommendations contained in the Audit of The Office Of Justice Programs Victim Compensation Grants Awarded to the Colorado Department Of Public Safety- Division of Criminal Justice. Overall, the Division of Criminal Justice (DCJ) concurs in part to recommendation #1 regarding unsupported costs but does not concur with all of the claims that were identified as unsupported. Given that the victim compensation program is decentralized in Colorado, our response to the recommendations will be broken down by each of the local judicial districts that were reviewed as part of the audit.

Recommendation #1: Remedy the \$123,487 in unsupported victim claim costs.

Response by Judicial District:

Recommendation #1 regarding the 1st Judicial District:

DCJ concurs in part and does not concur in part with the questioned costs totaling \$15,951.39.

Claim #1018056 in the amount of \$4,118.40:

DCJ believes that sufficient documentation was initially provided to support payment for lost wages but has also added copies of the paystubs to document the hourly rate of pay for the victim as requested by the OIG. Therefore, DCJ does not concur that these costs were unsupported. This claim file documentation can be found in ATTACHMENT 1 and includes:

- A signed and dated letter from the employer which indicated that the victim had no paid leave;
- A letter from the victim's therapist documenting the time missed from work related to



¹¹ Attachments referenced in this response were not included in this final report.

- the crime; and
- The lost wage policy for the 1st Judicial District at the time the claim was paid.
- Copies of the victim's paystubs.

DCJ concurs with the findings that there was insufficient documentation in the files to support payment in the amount of \$11,832.99 on the remaining claims.

Recommendation #1 regarding the 2nd Judicial District:

DCJ concurs in part and does not concur in part with the questioned costs totaling \$7,190.

Claim #1005526 in the amount of \$3,000:

DCJ believes that sufficient documentation was in the claim file verifying that the victim was providing support to the family prior to his death and the claimant was eligible for loss of support as a result of the crime that resulted in her husband's death. Therefore, DCJ does not concur that these costs were unsupported. This claim file documentation can be found in ATTACHMENT 2 and includes:

- A letter from the deceased victim's wife requesting loss of support;
- Copies of the W-2s of the deceased victim showing proof that the victim was employed; and
- A copy of the victim and the claimant's (victim's wife) joint tax return.

Claim #1006881 in the amount of \$1,000:

DCJ believes that sufficient documentation was in the claim file to support payment for lost household support as allowed by current state law. Therefore, DJC does not concur that costs were unsupported. This claim file documentation can be found in ATTACHMENT 3 and includes:

- The 2nd Judicial District CVC Policy outlining this benefit pursuant to statute;
- A police report that documented a compensable crime and that the victim and offender shared a residence.
- A lease showing shared residency;
- An affidavit signed by the victim outlining monthly costs and the name of the offender's employer and hours worked per week; and
- A copy of the protection order requiring the offender to vacate the shared residence.

Claim #1007905 in the amount of \$1,000:

DCJ believes that sufficient documentation was in the claim file to support payment for lost household support as allowed by current state law. Therefore, DJC does not concur that costs were unsupported. This claim file documentation can be found in ATTACHMENT 4 and includes:

- The 2nd Judicial District CVC Policy outlining this benefit pursuant to statute;
- An affidavit signed by the victim outlining monthly costs and the name of the offender's employer and hours worked per week;
- A copy of the protection order requiring the offender to vacate the shared residence; and



- An insurance bill with the name of both victim and offender sent to the shared residence; and

DCJ concurs with the findings that there was insufficient documentation in the files to support payment in the amount of \$2,190 on the remaining claims.

Recommendation #1 regarding the 5th Judicial District:

DCJ concurs with the findings that there was insufficient documentation in the files to support payments in the amount of \$738.68 on the two questioned claims.

Recommendation #1 regarding the 9th Judicial District:

DCJ does not concur with the questioned costs totaling \$9452.82 for the two claims.

Claim #993736 in the amount of \$314:

DCJ believes that the items in the claim file document that the initial test was a necessary step in treating the victim's symptoms and the Board had the discretion to make this payment based on the information it had and the invoice received. Therefore, DJC does not concur that costs were unsupported. This claim file documentation can be found in ATTACHMENT 5 and includes:

- The victim's note indicating that she was experiencing symptoms of depression and was seeking assistance. The Board approved an evaluation test so a medical provider could rule out the reasons for her symptoms and paid for the initial testing only in the amount of \$314.
- Documentation that no additional payments for medical services were made after the initial test.

Claim #993751 in the amount of \$9,138.82:

DCJ believes that the claim file contained all documentation required by state law to establish a compensable crime occurred and that the financial loss incurred by the victim was a result of the compensable crime. Therefore, DCJ does not concur that these costs were unsupported. This claim file documentation can be found in ATTACHMENT 6 and includes:

- The initial police report identifying the crime which occurred and the victim's injuries at the time of that report;
- An email from the victim, to law enforcement, documenting injuries from the crime which had developed subsequent to the initial offense report;
- A statement from the victim to the court explaining how the crime aggravated a previous surgery; and
- Documentation that all bills paid were for services provided to the victim after the date of the crime.



Recommendation #1 regarding the 17th Judicial District:

DCJ concurs in part and does not concur in part with the questioned costs totaling \$26,150.61.

Claim #1012769 in the amount of \$829.93:

A copy of the check showing full payment in the amount of \$829.93 is included to demonstrate that the original estimate contained in the file matches the amount paid in full to the service provider. (Attachment 7)

Claim #1017018 in the amount of \$13,937.48:

DCJ believes that sufficient documentation was in the claim file to support payment of the expenses incurred. DCJ agrees that the calculation for lost wages for three months was done incorrectly, but the eligibility for three months of lost wages was correct. Based upon the documentation in the claim file, \$4,645.82 of the amount paid is supported based on a corrected calculation of the lost wages. Therefore, DJC does not concur that all costs for this claim were unsupported. This claim file documentation can be found in ATTACHMENT 8 and includes:

- A copy of the lost wage verification form signed by the employer; and
- A doctor's note with the victim's date of return to work.

DCJ concurs with the findings that there was insufficient documentation in the files to support payments in the amount of \$20,674.86 on the remaining claims.

Recommendation #1 regarding the 18th Judicial District:

DCJ does not concur with the questioned costs totaling \$64,003.00.

Claim #1006979 in the amount of \$1,208.00:

This claim file documentation can be found in ATTACHMENT 9 and includes:

- The original medical bill and a bill from a collection agency that are in the same dollar amount; and
- A copy of the check issued to the collection agency to demonstrate that the service provider received the entire amount paid.

Claim #1007489 in the amount of \$9,989:

Documentation within the claim file included a lost wage form and doctor's notes indicating time missed from work as a result of the crime. DCJ believes the doctor's notes clearly explain how long the victim had to be out of work and when the victim was able to return to work. (Attachment 10)



Claim #1007800 in the amount of \$15,491.00:

This claim file documentation can be found in ATTACHMENT 11 and includes:

- A loss wage form signed by the deceased victim's employer
- A copy of the victim's paystubs to demonstrate that the victim was working at the time of the victim's death.

Claim #1008226 in the amount of \$2,051:

There was a question regarding whether the modifications to the home were medically necessary. This claim file documentation to verify medical necessity can be found in ATTACHMENT 12 and includes:

- Notes from the medical care provider demonstrating that the modifications made to the home were medical necessary and directly related to the injuries incurred from the crime.

Claim #1011788 in the amount of \$30,000:

The claim filed contained extensive documentation explaining, and verifying, that victim owned his own business and was the only employee of the business. As the sole employee, there would not be paystubs to himself, rather copies of projects he was unable to complete and his taxes showing his adjusted gross income are the best records to demonstrate the victim's total lost wages and the wages were paid out according to the Board's policy. (Attachment 13)

Claim #1013133 in the amount of \$2,791:

Pursuant to state law, the Board has the obligation to review a police report to determine if a crime is listed and consider contributory conduct. It is not required that charges are filed for a victim to be eligible to receive victim compensation. In this case, the report lists the crime of second degree assault and the Board determined the victim was eligible to receive assistance with the medical bills. (Attachment 14)

Claim #1013354 in the amount of \$2,473:

There was a question whether the file contained receipts for the costs incurred. The receipts that were paid in this claim are attached for review (Attachment 15).

For any costs that are still determined to be unsupported after this additional review by the OIG and the Office for Victims of Crime, DCJ would offer two options to resolve the costs. The first option would be reimbursement from the local programs with state victim compensation funds or the second option would be a reduction in the next federal victim compensation award in the final amount of unsupported costs.

Recommendation #2: Ensures CDPS develops and implements policies and procedures to ensure its judicial district adhere to documentation retention requirements.

DCJ concurs with the recommendation that there should be policies and procedures that inform judicial districts of retention requirements of claim files when receiving federal funds. In order to accomplish this, the state Victim Compensation Administrator at DCJ will include as part of the monitoring plan a review of each of local judicial districts' victim compensation



programs' policies to ensure that record retention is addressed at the local level. In addition, DCJ staff has notified all 22 local victim compensation programs that if they receive any federal award, the policy is to maintain all approved and denied claim files for a minimum of three years.

Sincerely,



Joe Thome

Director - Division of Criminal Justice



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

JUL - 1 2019

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver 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 Colorado Department of Public Safety, Lakewood, Colorado*

This memorandum is in reference to your correspondence, dated May 30, 2019, transmitting the above-referenced draft audit report for the Colorado Department of Public Safety (CDPS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 2 recommendations and \$123,487 in questioned costs. The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **Remedy the \$123,487 in unsupported victim claim costs.**

OJP agrees with this recommendation. We will review the \$123,487 in unsupported victim claim costs, and will work with CDPS to remedy, as appropriate.

2. **Ensures CDPS develops and implements policies and procedures to ensure its judicial district[s] adhere to documentation retention requirements.**

OJP agrees with this recommendation. We will coordinate with CDPS to obtain a copy of its written policies and procedures, developed and implemented, to ensure its judicial districts adhere to documentation retention requirements.

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.

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Control Number IT20190605163017

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

The OIG provided a draft of the audit report to OJP and CDPS for review and official comment. CDPS's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our audit report, OJP agreed both of our recommendations. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and a summary of the actions necessary to close the report.

Recommendations for OJP:

1. Remedy the remaining \$82,192 of the \$123,487 in unsupported victim claim costs.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with CDPS to remedy the original \$123,487 in unsupported victim claim costs.

CDPS partially concurred with our recommendation regarding the unsupported victim claim costs. While CDPS concurred that a portion of the claims were unsupported, it provided additional information and documentation with its response to the draft report. We reviewed this documentation and determined that it is sufficient to support \$41,295 of the previously unsupported costs. After receiving OJP's official response to the draft report, we confirmed with OJP that it agreed that \$41,295 of the previously unsupported questioned costs are now supported and remedied.

In its response, CDPS also stated that for four claims, the original documentation provided was sufficient and did not provide any additional support. However, we disagree with CDPS's assertion that the claims were adequately supported.

- For claim number 1005526, related to loss of support, CDPS stated that the lost wages were adequately supported by the W-2s and joint tax return provided by the judicial district. We disagree with CDPS. W-2s and tax returns from almost a year prior to the date the crime occurred do not support that at the time the crime occurred: (1) the victim was employed; (2) the hourly pay rate, or (3) whether the victim worked a full-time or part-time schedule. As a result, we consider the claim totaling \$3,000 unsupported.
- For claim number 993751, related to medical services, CDPS stated that the claim file contained all documentation required by state law to establish that a compensable crime occurred and that the loss incurred by the victim was a result of the crime. We disagree with CDPS. The documentation provided by the judicial district included treatment for

the injuries prior to the crime occurring. The claimant stated that the crime aggravated a previous injury. However, there was no documentation from a medical professional to support that the crime aggravated the previous injury, or that the medical services were related to the crime, rather than ongoing treatment. As a result, we consider the claim totaling \$9,139 unsupported.

- For claim number 1017018, related to \$13,937 in unsupported lost wages, CDPS stated that it agrees that the lost wages were calculated incorrectly when the claim was paid. Based on the documentation in the claim file, CDPS stated that \$4,646 of the total amount paid is supported using a corrected calculation. As a result, CDPS does not concur that all costs for the claim were unsupported. However, CDPS is incorrect in assuming we questioned the entire amount of the claim as unsupported. We agree that \$4,646 of the paid claim totaling \$18,583 was supported, and we deducted the allowable amount of \$4,646 from the total claim paid and only questioned the excess amount paid of \$13,937. Therefore, we consider the original amount questioned of \$13,937 unsupported.
- For claim number 1011788, related to \$30,000 in loss of wages, CDPS stated that the claim file contained extensive documentation explaining, and verifying, that the victim owned his own business. CDPS stated that as the sole employee, the victim would not have paystubs. As a result, CDPS believes that copies of projects the victim was unable to complete and his taxes showing his adjusted gross income demonstrate the victim's total lost wages. We disagree with CDPS's assertion that the claim was supported. We reviewed the documentation in the claim file, along with the victim's individual income tax return, which was provided in response to the draft report. We found that the loss of wage claim paid, which was based on an \$88,000 contract from which the victim had to withdraw due to his injuries, was calculated incorrectly. Specifically, the victim's estimated monthly income of \$17,600 was calculated using the contract amount of \$88,000 divided by a 5-month contract period. However, the judicial district used the wrong contract period in calculating the victim's estimated monthly income since the contract was for a 17-month period, rather than a 5-month period. As a result, the victim's estimated monthly income based on the correct contract period was only \$5,176, rather than \$17,600. Therefore, the correctly calculated total loss of income using this methodology is only \$10,999. Additionally, we found that based on the documentation provided the victim had already invoiced and been paid for services performed under the contract; however, no documentation was provided that showed the amount paid under the contract prior to the victim's injury. We also found that the \$88,000 contract included subcontractor costs and other costs that would not be incurred after the victim withdrew from the contract. Finally, we found that the \$30,000 in loss of wages

claim paid for 2.5 months of missed work was more than the victim's reported annual income on his prior year's Individual Income Tax Return. As a result, we consider the claim totaling \$30,000 unsupported.

In total, CDPS provided additional information and documentation supporting 12 of the 30 previously unsupported claims totaling \$41,295. However, \$82,192 remains unsupported.

This recommendation can be closed when we receive documentation supporting that OJP has remedied the \$82,192 in remaining unsupported questions costs.

2. Ensures CDPS develops and implements policies and procedures that ensure its judicial districts adhere to documentation retention requirements.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with CDPS to ensure it develops and implements policies and procedures that ensure its judicial districts adhere to documentation retention requirements.

CDPS concurred with our recommendation and stated that the State Victim Compensation Administrator at the Department of Criminal Justice will include a review of each local judicial districts' victim compensation programs' policies to ensure that record retention is addressed at the local level. Additionally, CDPS stated that it has notified all 22 local victim compensation programs that if they receive any federal award, the policy is to maintain all approved and denied claim files for a minimum of 3 years.

This recommendation can be closed when we receive documentation supporting that CDPS has fully developed and implemented its policies and procedures to ensure its judicial districts adhere to documentation retention requirements.



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