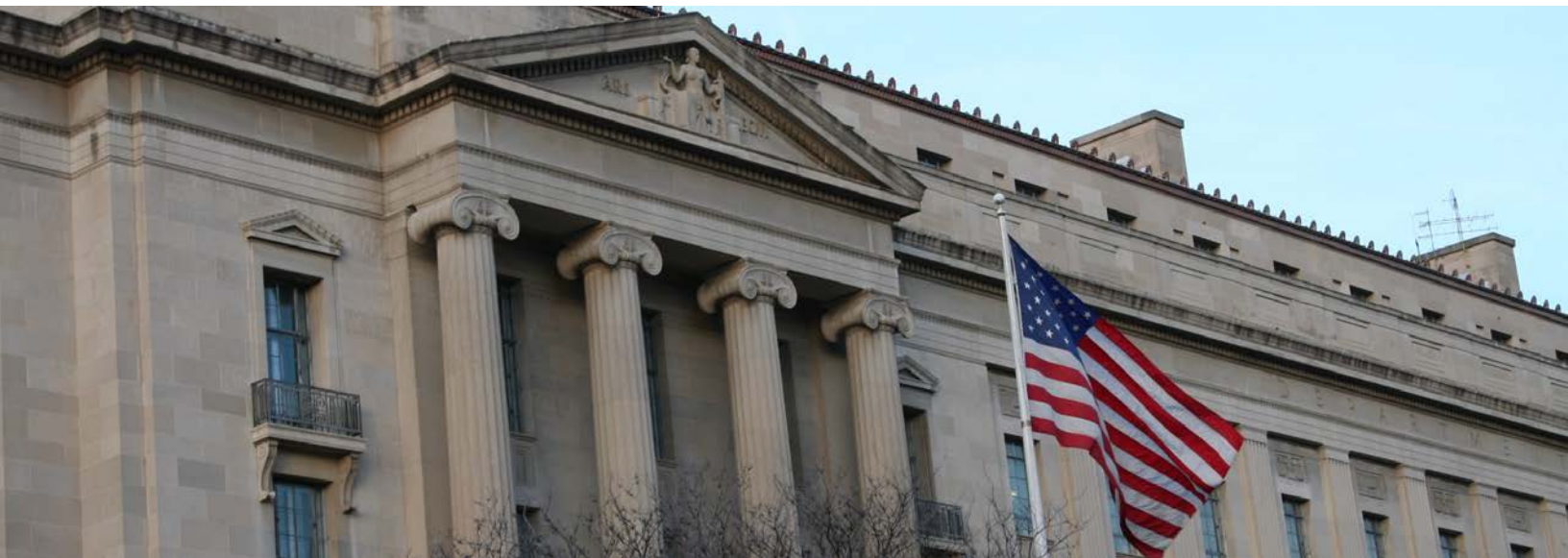




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice Programs
Victim Compensation Grants Awarded
to the Rhode Island
Office of the General Treasurer,
Providence, Rhode Island**



Executive Summary

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Rhode Island Office of the General Treasurer, Providence, Rhode Island

Objective

The objective of the audit was to evaluate how the Rhode Island Office of the General Treasurer (RIOGT) 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 RIOGT used its Victims of Crime Act (VOCA) funding to enhance its crime victim compensation program. We did not take issue with RIOGT's use of the administrative funding or drawdowns.

However, we did find areas for improvement for RIOGT's programmatic policies and procedures, state certification forms, performance reporting, compliance with special conditions, and grant financial management. We also identified unallowable and unsupported claim payments. As a result, we questioned \$15,935.

Recommendations

Our report contains 10 recommendations to Office of Justice Programs (OJP) to assist RIOGT in improving its grant management and administration and in remedying questioned costs. We requested a response to our draft audit report from RIOGT and OJP, which can be found in Appendix 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of three VOCA victim compensation formula grants awarded by the OJP, Office for Victims of Crime (OVC) to RIOGT in Providence, Rhode Island. OVC awarded these formula grants, totaling \$1,670,000 from fiscal years (FYs) 2015 to 2017, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Rhode Island. As of November 2018, RIOGT drew down a cumulative amount of \$1,404,764 for all of the grants we reviewed.

Grant Program Planning and Execution – We determined that RIOGT did not include, or had limited, criteria authorizing payment of home modification, lost wages, and emergency relocation.

Also, RIOGT did not accurately calculate and report its Crime Victim Compensation State Certification Forms, which impacted the calculation of its OVC awards.

Program Requirements and Performance Reporting – We found that RIOGT did not maintain adequate documentation to support the program performance metrics it submitted to OVC and did not comply with special conditions we tested.

Grant Financial Management – We found that RIOGT failed to uniquely identify VOCA victim compensation grant funds in its accounting records. We also found most of the payments we sampled were adequately supported and complied with state statutes; however, we identified \$15,935 in unallowable and unsupported claim payments. We did not identify instances of non-compliance with administrative payments.

Further, RIOGT reported drawdowns instead of expenditures on its Federal Financial Reports, which, therefore, were not prepared accurately.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO
THE RHODE ISLAND OFFICE OF THE GENERAL TREASURER,
PROVIDENCE, RHODE ISLAND**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO
THE RHODE ISLAND OFFICE OF THE GENERAL TREASURER,
PROVIDENCE, RHODE ISLAND**

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 Rhode Island Office of the General Treasurer (RIOGT) in Providence, Rhode Island. 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 \$1,670,000.

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

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VC-GX-0036	09/15/2015	10/1/2014	9/30/2018	\$549,000
2016-VC-GX-0071	09/19/2015	10/1/2015	9/30/2019	579,000
2017-VC-GX-0078	09/28/2017	10/1/2016	9/30/2020	542,000
Total:				\$1,670,000

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

Source: OJP Records

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.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

¹ 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.²

The Grantee

As the Rhode Island state administering agency, the Rhode Island Office of the General Treasurer (RIOGT) was responsible for administering the VOCA victim compensation program. Within RIOGT is the Crime Victim Compensation Program (CVCP).³ CVCP was established by the legislature in 1972 as a fund to assist victims with the financial impact of a violent crime. The program helps victims by providing compensation for such crime-related expenses as medical costs, counseling, loss of earnings, relocation, funeral/burial costs, and loss of support. CVCP is comprised of four core employees, with both its Administrator and Deputy Director as appointees of the Treasurer.

The program is funded by state court fees and fines, and receives 60 percent matching funds from the federal government through annual VOCA grants. Additional funds are received from offenders through court ordered restitution, fines, and donations.

OIG Audit Approach

The objective of the audit was to evaluate how RIOGT 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 consider 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 applied the Rhode Island Criminal Injuries Compensation Act of 1996, the Rules and Regulations Pertaining to the Crime Victim Compensation Program (state regulations), RIOGT CVCP *Operations Manual* (CVCP Manual), and the RIOGT *Payment Processing and Grant Management Manual*. We interviewed RIOGT personnel to determine how they administered the VOCA funds and further obtained and reviewed RIOGT records reflecting grant activity.⁴

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

³ In the context of this report, we refer to CVCP as RIOGT.

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 RIOGT's overall process for making victim compensation payments. We assessed RIOGT's regulations, policies, and procedures for providing compensation payments to victims as well as the accuracy of the state certification form.

We found that RIOGT was using its VOCA victim compensation grants to enhance its state program and was compensating victims and survivors of criminal violence. However, we also found limitations with its regulations, policies, and procedures for processing claims involving home modification, lost wages, and emergency relocation expenditures. In addition, we identified errors on the Annual State Certification Forms.

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 Rhode Island, RIOGT was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, RIOGT operated under the state regulations, which conveyed the state-specific policies for the victim compensation program. In assessing RIOGT's implementation of its victim compensation program, we analyzed RIOGT's program administration and its policies and procedures governing the decision-making process for individual compensation claims. We found their processes, as designed, to be sufficient and adequate.

Claim Processing

RIOGT is managed by an Administrator and Deputy Director, and staffed by an Applications Coordinator and Administrative Aide. RIOGT's Chief Financial Officer (CFO) works with CVCP to handle the financial aspects of the program, which includes accounting for CVCP funding, preparing federal financial reports (FFRs), requesting grant funding reimbursements, and processing victim compensation checks.

RIOGT receives applications for crime victim compensation benefits through multiple sources that include mailings, facsimile, electronic mail, in-person, or on-line through its portal. RIOGT staff enters the application into RIOGT's electronic case management system, the Computerized Crime Victim Compensation System (CCVC). To ensure that the applications are complete, the staff use an internal checklist to request all required documentation, such as a police report and a background check from the Rhode Island Bureau of Criminal Identification (BCI). When all required documentation is received, an application is considered complete.

At that time, staff review the full application and make an initial recommendation to either approve or deny a claim.

Based on the information gathered by the staff, the Administrator or Deputy Director make a final determination to either approve or deny the claim. If a claim is approved, it is returned to staff to gather and process necessary expense documentation. Staff use an expense checklist to determine what forms of documentation are required based on the type of claim. Using the CCVC system, staff then mail form letters to claimants requesting additional supporting documentation for all requested expense reimbursements. All eligible claim expenses are collected and reviewed by the staff and passed to the Administrator or Deputy Director for final approval.

When a claim expenditure receives approval, staff process payments through the Rhode Island Financial Accounting System (RIFANS). The RIOGT Financial Unit, headed by Rhode Island's CFO, is responsible for processing payments and making disbursements.

Denied Claims

In Rhode Island, an Administrator may deny or reduce an award if the victim: (1) was convicted of violent felonious criminal conduct, (2) was incarcerated at any criminal institutional facility at the time of his or her injury, (3) engaged in misconduct that contributed to the victim's injuries, or (4) if compensation to the victim would directly or indirectly unjustly benefit the offender. According to state regulations, the applicant may submit a written request for reconsideration within 15 days of the dated notice of award or denial. In addition, the Administrator may reconsider a decision awarding or denying compensation where there has been no request for reconsideration. Within 30 days of the receipt of the reconsideration from the denied applicant, the Treasurer, or the Treasurer's designee, will reconsider any award or denial and, based on additional supporting documentation submitted by the applicant, will either affirm the award or denial, issue an amended award or denial, or remand the matter to the Administrator for further review. Within 30 days of the Treasurer's or Treasurer's designee's decision upon reconsideration to deny an applicant, the applicant may then petition the Superior Court for judicial review.

Regulations, Policies, and Procedures

According to the VOCA Guidelines, states are mandated to award victim compensation for medical expenses, mental health counseling, lost wages, and funeral expenses. States may also offer compensation for other types of expenses authorized by state statute, rule, or other established policy. The Rhode Island Criminal Injuries Compensation Act of 1996 (Act) authorized the Administrator to promulgate all rules and regulations necessary to effectuate the provisions and overall purpose of the Act. The Act also required that the rules and regulations include, but not be limited to, an application process for victims that is easy to understand and include the filing of claim forms and reference to documentation supporting a claim.

Based on our review, we determined the regulations in effect at the time of our audit did not include or provide specific parameters for compensable expenses we tested specific to home modification, lost wages, and emergency relocation.

Home Modifications

During our audit, we found RIOGT paid \$23,950 for a home modification of a victim who became disabled as a result of a crime. According to the Administrator, the home modification was authorized as a medical expense under the regulations because it was prescribed by the victim's physician. Although we determined RIOGT documented that the modification was medically necessary and deemed an allowable expense under VOCA guidelines, the state's regulations did not specifically identify home modifications as a compensable expense and included no requirements for this expense type. We also determined RIOGT's CVCP Manual, did not include policies and procedures for processing home modifications. During our testing of this claim, we observed and were told by RIOGT officials that a previous Administrator required the modification to be pre-authorized. We asked RIOGT officials to provide the pre-authorization documentation or to explain its process and requirements for home modifications, but the pre-authorization could not be located among RIOGT's archived records.

According to the VOCA Guidelines, and as stated above, state grantees may offer compensation for expenses as authorized by state statute, rule, or other established policy. RIOGT approved and paid for a medically necessary home modification despite not having specific criteria authorizing it or policies and procedures necessary to ensure proper processing. Therefore, we recommend OJP ensure RIOGT update its regulations and written policies and procedures accordingly should RIOGT continue to authorize funding for medically necessary home modifications.

Lost Wages

According to the state regulations, "an award for loss of earnings shall be based on the victim's actual earnings at the time of the crime." The regulations state further that, "if the victim was performing seasonal, non-salaried or intermittent work at the time of the crime, or if the victim had received a bona fide offer of employment at the time of the crime, the office may look to the victim's earnings history and the value of the victim's contractual work obligations in order to determine the victim's loss of earnings. Any award for loss of earnings based on seasonal, non-salaried, or intermittent work, or a bona fide offer of employment shall be based on an average net anticipated salary for the period of employment."

We reviewed the regulations and determined the method for calculating lost wages was not sufficiently detailed to facilitate the audit and review of lost wage awards for seasonal, non-salaried, and intermittent workers. Specifically, the regulations are unclear as to how an average net salary is calculated for seasonal, non-salaried, and intermittent work and does not specify a period of employment that should be considered for all claimants.

Based on discussions with officials, RIOGT awarded lost wages in several ways depending on the type of documentation available, but can include a victim's wages reduced to the Rhode Island Workers Compensation Spendable Wage Base or the weekly wages verified by an employer using the CVCP Employer Verification Form. As part of our audit, we reviewed a claim for which RIOGT awarded lost wages to a victim that was a non-salaried wage earner at the time of the crime based on a net weekly wage the employer provided using the CVCP Employer Verification Form. However, we determined the form did not require employers to calculate an employee's average net weekly wage for the employee's period of employment. We also determined RIOGT did not obtain employee pay stubs or any other corroborating records necessary to verify the wage calculated and reported by the employer.

We believe that RIOGT's procedure of basing lost wages on the Employer Verification Form without supporting records to substantiate the amounts calculated may result in a greater lost wage award and increases the potential risk for fraud. Therefore, we recommend that OJP ensure RIOGT revise its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.

Emergency Relocation

At the outset of our audit, state regulations authorized Rhode Island to issue an award for emergency relocation expenses resulting from the temporary or permanent relocation of a victim not to exceed the sum of \$5,000.⁵ Allowable relocation expenses included, but were not limited to, temporary housing, start-up expenses, moving expenses, housing-related expenses, and one-way transportation expenses. The state regulations did not define or set a limit on a period of time that would be considered for an emergency, and we found RIOGT generally paid up to the maximum allowable amount.

From FYs 2014 to 2018, RIOGT paid approximately \$1.8 million in emergency relocation expenditures, as shown in Table 2. Of that amount, \$1.2 million was paid in FYs 2017 and 2018, which is the same period RIOGT charged expenditures to the grants that we audited.

⁵ In May 2017, the Governor of Rhode Island signed into law an increase in the maximum amount of emergency relocation costs allowed to be awarded by RIOGT from \$2,500 to \$5,000.

Table 2
Emergency Relocation Expenditures from All Sources
(Federal Fiscal Years 2014 - 2018)

Fiscal Year	Amount	Total Number of Claims ^a
2014	\$ 163,350	86
2015	176,121	106
2016	262,160	130
2017	693,946	204
2018	478,056	152
Total	\$1,773,633	678

Note: Emergency relocation payment totals and frequencies reported in this section are provided for information purposes. According to RIOGT officials, CCVC payment data does not reconcile with RIOGT's accounting system, RIFANS, and can include amounts RIOGT cancelled before payment was made.

^a Emergency relocation expenditures were paid to claimants over multiple fiscal years. Therefore, this field contains duplicate claims and does not represent the full amount RIOGT may have paid to each claimant.

Source: OIG Calculation of RIOGT CCVC Data

Based on our review of the program and officials' description of their emergency relocation process, RIOGT administered emergency relocation expenditures by permitting claimants to receive the \$5,000 maximum allowable threshold under the regulations without criteria establishing a reasonable duration claimants could receive benefits.

As part of our audit, we reviewed emergency relocation claims paid by RIOGT from FYs 2014 to 2018 and found that more than half of the approved claims received four or more payments, which we determined in most instances were separate payments for living expenses, such as monthly rent. We also found that 5 claims had 18 or more payments, including 1 claim that had 29 payments.

During our audit, in February 2019, RIOGT amended its regulations, limiting allowable emergency relocation expenses to include a security deposit and 2 months of rent. Prior to this change, we estimated RIOGT paid over \$400,000 in emergency relocation expenditures in FYs 2017 and 2018 that exceeded a security deposit and 2 months' rent. Based on our analysis, this amount exceeded the total amount RIOGT paid for all other expense categories in FYs 2017 and 2018.

While we believe paying such costs beyond what was necessary to remove victims from harmful situations negatively impacted funding available to cover other victim expenses, we found RIOGT's revised regulations addressed our concerns regarding the use of federal funds for emergency relocation expenses and the sustainability of funding to assist additional victim needs.

Annual State Certification Form

The OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 years prior. State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which is intended to provide OVC the necessary information to determine the next FY's grant award amount. The certification form is to include all sources of revenue for the State Administering Agency's 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 provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

We assessed RIOGT's annual certification forms submitted to the OVC for FYs 2013 through 2017, which were then used to calculate the award amounts granted in FYs 2015 through 2019.⁶ All of the certification forms we reviewed were not prepared by the current CFO, but by previous RIOGT officials who held the same position. According to the current CFO, RIOGT did not have written policies and procedures for preparing the certifications. We asked RIOGT for all supporting documentation for the FYs 2013 to 2017 certifications and found that while RIOGT maintained records that supported the amounts in the certifications, there were numerous errors in how the certifications were prepared making the certifications inaccurate.

Specifically, RIOGT certified VOCA expenditures based on drawdowns instead of expenditures recorded during the fiscal year for each of the certifications we tested. For FY 2013, this included an \$84,097 drawdown of VOCA expenditures from FY 2012. For FY 2014, the amounts paid to victims of crime did not match the federal fiscal year because RIOGT included \$32,109 in expenditures from September 2013 (FY 2013) in the total amount paid to or on behalf of crime victims from all funding sources. For the FYs 2014 and 2015, RIOGT included \$27,345 in administrative expenditures as VOCA expenditures that should have been excluded from the certification. We also determined the FY 2017 certification was inaccurate because RIOGT subtracted refunds in the total amount paid to or on behalf of crime victims. Due to the number and extent of these errors, it appears that RIOGT both overstated and understated its certifications, as shown in Table 3.

According to the Victim Compensation Grant 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 over payment." If a state under certifies, "OVC and the Office of the Comptroller, OJP, will not supplement payments to the state to correct the states error since this

⁶ 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.

would require recalculating allocations to every state VOCA compensation and assistance program and cause disruption in administration of these programs.”

Table 3
Potentially Inaccurate Awarding of
RIOGT’s Victim Compensation Grants
Fiscal Years 2015 – 2019

Award Amount Based on:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 <i>projected award</i>
Certification	\$549,000	\$579,000	\$542,000	\$491,000	582,000
Accounting Records	601,000	532,000	534,000	541,000	583,000
Difference	(\$52,000)	\$47,000	\$8,000	(\$50,000)	(1,000)

Note: The certification and accounting record figures are from the fiscal year 2 years prior to the award fiscal year.

Source: OIG Analysis of RIOGT Certification Forms

Because the errors resulted in both over certifications and under certifications during the scope of our review, we recommend that OJP work with RIOGT to determine if its state certifications for FY 2013-2017 were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds. We also recommend that OJP ensure RIOGT implements and adheres to comprehensive, written policies and procedures to ensure its certification forms are accurate and supporting documentation is maintained to facilitate review and audit of funds awarded.

Program Requirements and Performance Reporting

To determine whether RIOGT properly distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed RIOGT performance measures and performance documents that RIOGT used to track goals and objectives. We further examined OVC solicitations and award documents and reviewed RIOGT compliance with overall program requirements and special conditions governing recipient award activity.

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that RIOGT: (1) did not implement adequate procedures to compile annual and quarterly performance reports, and (2) did not comply with select special conditions we examined.

Annual Performance Reports

Each state administering agency is required to annually report on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP’s Grants Management System (GMS). As of FY 2016, OVC also began requiring states to submit quarterly performance data through the web-

based Performance Measurement Tool (PMT). At fiscal year-end, state administering agencies are required to prepare an Annual State Performance Report and submit it through GMS. For the victim compensation grants, states are to report the number of people 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.

RIOGT used its electronic case management system (CCVC) to prepare its quarterly and annual performance reports. To assess RIOGT's performance, we compared CCVC reports RIOGT generated during the audit to its FY 2017 quarterly performance reports submitted to OVC. We sampled and tested metrics from every applicable category in the performance report, as listed above. Based on our review, the performance data did not match precisely, with some metrics being under reported and others over reported. Of the categories we tested, 90 percent could not be reconciled.

In Table 4, below, we included the three performance metrics with the greatest discrepancies: (1) the number of people for whom an application was made for victim compensation benefits during the reporting period, (2) the number of victims whose victimization is the basis for the application, and (3) the number of new applications received during the reporting period.

Table 4
Summary from RIOGT Victim Compensation Program
Annual Performance Report
FY 2017

Performance Categories	Oct. to Dec. 2016	Jan. to March 2017	April to June 2017	July to Sept. 2017
Number of people for whom an application was made for victim compensation benefits during the reporting period.				
RIOGT Reported	284	265	316	346
Supporting Documentation	300	251	334	335
Difference	-16	14	-18	11
Number of victims whose victimization is the basis for the application.				
RIOGT Reported	261	242	303	327
Supporting Documentation	299	232	334	333
Difference	-38	10	-31	-6
Number of new applications received during the reporting period.				
RIOGT Reported	258	254	297	343
Supporting Documentation	281	238	320	332
Difference	-23	16	-23	11

Note: The report represents accomplishments funded by VOCA victim compensation and Rhode Island State funds.

Source: OIG Analysis of RIOGT CCVC Data

When we asked RIOGT officials about the differences, the Administrator stated that the status of claims changes as new information is obtained, as well as the addition of demographic information as the claim evolves. During our victim compensation testing, we found that claim determinations and dates were overwritten in CCVC each time a claim was reconsidered for eligibility by the Administrator because CCVC was not designed to capture the date and outcome of multiple determinations before a claim was approved. Therefore, CCVC reports generated at different times captured different claims and did not reconcile. In addition, RIOGT did not maintain copies of the CCVC reports used to prepare its performance reports.

Retaining contemporaneous records when submitting PMT reports to OVC would enable RIOGT to more readily demonstrate that reported data accurately reflected its performance at the time of reporting. Therefore, we recommend that OJP ensure that RIOGT maintains support for the performance data at the time of

reporting to the OVC to enable reconciliation of reported data with its internal records.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, RIOGT 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 tested RIOGT’s compliance with four special conditions and found that RIOGT was not in compliance with two of the four conditions we tested, as shown in Table 5.

Table 5
Special Condition Compliance

Special Condition Summary		In Compliance? (Yes/No)
1	OJP Training Guiding Principles	Yes
2	VOCA National Training Conference Attendee	Yes
3	Collection of Information on Race, Sex, National Origin, Age, and Disability is Voluntary	No
4	Required Training for Point of Contact and all Financial Points of Contact	No

Source: OIG Analysis

For special condition 3, RIOGT had agreed that information on race, sex, national origin, age, and disability of recipients of assistance would be collected and maintained, where such information is voluntarily furnished by those receiving compensation. To ensure compliance with this special condition, we reviewed RIOGT’s Application for Crime Victim Compensation form. Based on our review, we found that gender is listed as required information necessary to process an application and not voluntary. We discussed this condition with the CVCP Administrator and were told that the paper application could be amended without difficulty, but changes to the online application may be more difficult to implement.

For special condition 4, RIOGT had agreed that both the Point of Contact (POC) and all Financial Points of Contact (FPOC) would successfully complete an "OJP Financial Management and Grant Administration Training." To ensure compliance with this special condition, we reviewed training completion certifications from the OVC Grant Program Manager. We found that the RIOGT Administrator was correctly listed as the grant POC and completed the required training. However, we found that the current FPOC had not yet completed required training.

Failure to fully comply with all special conditions undermines effective grant administration and may result in withholding, suspension, or termination of funds,

as appropriate. Therefore, in addition to remedying the non-compliance issues discussed above, we recommend OJP ensure that RIOGT establish and implement written policies and procedures to ensure it complies with all federal grant award special conditions.

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 RIOGT's financial management of the VOCA victim compensation grants, we examined expenditures charged to the grants, subsequent drawdown funding requests, and resulting financial reports. To further evaluate RIOGT's financial management of the VOCA victim compensation grants, we reviewed Rhode Island's most recent Single Audit Report for FY 2017. We also interviewed the RIOGT official who was responsible for financial aspects of the grants, reviewed RIOGT written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we identified significant weaknesses in RIOGT's financial management of its grant funds. Specifically, we found that RIOGT did not establish a unique account number or project code that would allow for separate accounting and tracking of each DOJ grant. We also questioned \$15,935 in unsupported and unallowable expenditures charged to the grants.

Single Audit

The Single Audit Act requires that recipients of federal funding above a certain threshold receive an annual audit of its financial statements and federal expenditures. Federal award recipients that expend \$750,000 or more in federal funds within the entity's fiscal year must have a single audit performed annually covering all federal funds expended for that year. We did not identify significant deficiencies or material weaknesses specifically related to the RIOGT Crime Victim Compensation Program.

OVC Site Visit

On April 16, 2018, OJP's Office of the Chief Financial Officer (OCFO) conducted a site visit that reviewed RIOGT's 2015 and 2016 victim compensation grants included in our audit, as well as an OVC Technology grant not included in our audit. On May 31, 2018, OCFO issued a report that included nine recommendations. We reviewed the nine recommendations and determined the following were applicable to the victim compensation grants and relevant to the scope of our audit:

- 1) Policies and procedures not documented for federal grants financial management,
- 2) Annual progress report not submitted for the 2015-VC-GX-0036 grant,

- 3) FFRs did not reconcile with the RIOGT's accounting records,
- 4) \$15,480 in personnel and fringe benefit costs were not supported,
- 5) Registration with the System for Award Management is not active,
- 6) Point of Contact and authorized representative in GMS are not current, and
- 7) Written policies and procedures for Crime Victim Compensation Fund not documented for completed and reconciling the Crime Victim Compensation State Certification Form and claims processing.

OJP closed recommendation 5 before our audit began, and RIOGT resolved recommendation 2 during the audit. Although RIOGT implemented its CVCP Manual in July 2015, we determined RIOGT did not have written policies and procedures for completing and reconciling its certification form to remedy recommendation 7. As discussed in the Grant Expenditures section, we determined RIOGT's personnel and fringe benefits charged to Victim Compensation grants were adequately supported. We also determined RIOGT had not addressed the remaining recommendations before we concluded our audit testing.

Inadequate Grant Accounting

According to the DOJ Grants Financial Guide, there is no financial requirement to identify the source of individual payments to crime victims as either federal or state dollars, nor is there any requirement that restitution recoveries or other refunds be tracked to federal or state dollars paid out to victims. However, the state agency administering funds under this program must have an adequate accounting system to separately track receipts and expenditures, and to support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award. Although RIOGT used RIFANS to track federal and state expenditures separately, we determined RIOGT did not establish a unique account number or project code that would allow for separate accounting and tracking of each DOJ grant. In order to identify victim compensation expenditures charged specifically to the 2015-2017 grants, we reconciled Rhode Island's accounting records with supplemental accounting records used to calculate its drawdowns.⁷

We discussed this issue with the CFO and determined RIFANS is capable of tracking expenditures by grant award number, but RIOGT had not designed and established its procedures for separately tracking federal grants. During the audit, the RIOGT Chief Financial Officer confirmed that RIOGT will track its grant awards separately using separate codes in RIFANS. However, RIOGT had not revised its *Payment Processing and Grant Management Manual* to reflect this change in its accounting procedures. We recommend OJP ensure RIOGT revise its *Payment Processing and Grant Management Manual* to ensure grant funds are tracked separately.

⁷ The RIOGT CFO verified the listing was complete and accurate.

Grant Expenditures

State administering agency VOCA compensation expenses fall into two overarching categories: (1) administrative expenditures – which are allowed to total up to 5 percent of each award, and (2) compensation claim payments – which constitute the vast majority of total expenses. 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. In addition, we reviewed a sample of denied and appealed claims to ensure proper adjudication by RIOGT.

Administrative Expenditures

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

Although RIOGT did not account for grant expenditures as required, we determined its grant management procedures were adequate to ensure it complied with the 5 percent limit. We found that RIOGT used tracking sheets that included budgetary limits for administrative expenditures, and its drawdowns were calculated according to its established limits.

In addition to assessing RIOGT's compliance with the 5 percent administrative allowance threshold, we tested a sample of administrative expenditures to ensure these were allowable and supported by adequate documentation. Based on our analysis, RIOGT used 70 percent of its administrative expenditures to pay personnel and fringe benefit charges. We judgmentally sampled three, non-consecutive pay periods and compared employee payroll registers and timesheets provided by RIOGT against its accounting records.

Based on our testing, we determined RIOGT charged both allowable and adequately supported administrative expenditures.

Victim Compensation Claim Expenditures

To evaluate RIOGT's financial controls over VOCA victim compensation grant expenditures, we interviewed all RIOGT officials and several staff, assessed the CVCP Manual, reviewed documents RIOGT uses to communicate with claimants and vendors, and conducted a walk-through of the claim processing procedures in CCVC. In addition, we tested a sample of claim determinations and payments.

- Claim Determinations

We judgmentally selected six approved claims to test for claim eligibility to determine whether RIOGT approved the claims timely and in accordance with its CVCP Manual, state regulations, and the VOCA Guidelines.

From our review, we determined that RIOGT approved the six claims in accordance with state regulations and VOCA Guidelines. We also determined that RIOGT processed the claim determinations in accordance with its CVCP Manual.

- Expenditure Allowability

We judgmentally sampled 161 separate payments associated with 29 claims, totaling \$236,724, to determine whether the payments were allowable, supported by adequate documentation, and in accordance with state regulations and VOCA Guidelines.⁸ The expenditure sample included: relocation, medical, dental, loss of support, and loss of earnings.

Based on our testing, we determined that most expenditures were allowable, supported by adequate documentation, and approved in accordance with state regulations and VOCA Guidelines. However, our testing disclosed one occurrence where RIOGT awarded \$3,717 in lost wages to a victim that, at the time of the crime, was self-employed. In this instance, RIOGT incorrectly calculated the award amount as the annual weekly average of wages the victim earned as an employee during prior employment instead of the three-year average net salary, as required by the state's self-employment regulations. We determined that the award was calculated based on the individual's total earnings as an employee before self-employment began and was not processed in accordance with RIOGT's regulations. RIOGT officials agreed with our determination.

For another claim, RIOGT awarded \$12,218 in lost wages to a victim that was a non-salaried employee wage earner at the time of the crime based on a net weekly wage the victim's employer provided using the CVCP Employer Verification Form as supporting documentation. As discussed in the Regulations, Policies, and Procedures section of the report, we determined RIOGT did not have adequate policies and procedures for ensuring the lost wage award was awarded in accordance with state regulations.

As a result of our testing, we question \$3,717 as unallowable and \$12,218 as unsupported. We recommend OJP remedy these questioned costs.

Denied Claims

We judgmentally selected six denied claims to review. To assess whether the documentation maintained in RIOGT's case files adequately supported its decision

⁸ The sample included payments made from federal and state funds because CCVC and RIFANS did not track expenditures by grant award number. Questioned costs reflect only those payments charged to RIOGT's FYs 2015 to 2017 grants.

to deny claims, we reviewed available documentation including the application for benefits, the police report from the law enforcement agency, and any other supporting documentation. Based on our review, we determined that the documentation maintained by RIOGT adequately supported its decision to deny each of the six claims.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and 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 three additional fiscal years. To assess whether the RIOGT managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the RIOGT’s accounting system and supplemental accounting records.

For the VOCA victim compensation awards, RIOGT made its drawdowns on a reimbursement basis. Table 6 shows the total amount drawn down for each grant as of November 2018.

**Table 6
Amount Drawn Down for Each Grant as of November 2018**

Award Number	Award Period End Date	Amount Drawn Down	Amount Remaining	Total Award
2015-VC-GX-0036	9/30/2018	\$549,000	\$0	\$549,000
2016-VC-GX-0071	9/30/2019	578,742	258	579,000
2016-VC-GX-0078	9/30/2020	277,022	264,978	542,000
Total:		\$1,404,764	\$265,236	\$1,670,000

Source: OJP records

During our audit, we did not identify significant deficiencies related to RIOGT’s process for calculating drawdown requests. Although RIOGT commingled expenditures in its accounting system as we cite earlier in this report, we determined RIOGT adequately supported its drawdowns with supplemental accounting records that reconciled with its accounting system.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients are to report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report, as well as cumulative expenditures. To determine whether RIOGT submitted accurate FFRs, we tried to reconcile all FFRs required as of December 2018, to RIOGT’s accounting system. However, RIOGT’s CFO informed us that the reports would not reconcile because RIOGT reported drawdowns instead

of actual expenditures charged to the grant during the reporting period. As a result, we determined that the FFRs were not prepared accurately.

Although the cumulative accounting record and FFR expenditures reconciled at the end of the 2015 grant, we determined RIOGT's reporting discrepancies were significant and caused by inadequate or deficient internal controls over FFR reporting. We reviewed RIOGT's *Payment Processing and Grant Management Manual* and found that it states that FFRs should be prepared based on drawdowns instead of actual expenditures.

As a result, we recommend that OJP ensure RIOGT revise its financial reporting policies and procedures and ensure that it reports all quarterly expenditures accurately on its FFRs going forward.

CONCLUSION AND RECOMMENDATIONS

We found that RIOGT used its grant funds to compensate crime victims. We did not take issue with RIOGT's use of administrative funding or drawdowns. However, we identified several opportunities where RIOGT could improve its programmatic and fiscal policies, as well as implement and adhere to procedures for its annual state certification form. We also believe the program will benefit from enhancements to its performance reporting. We provide 10 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure RIOGT update its regulations and written policies and procedures accordingly should RIOGT continue to authorize funding for medically necessary home modifications.
2. Ensure RIOGT revise its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.
3. Work with RIOGT to determine if its state certifications for FY 2013-2017 were overstated, resulting in funds awarded in error, and, if so, to take the necessary steps to recover those funds.
4. Ensure RIOGT implement and adhere to comprehensive, written policies and procedures for preparing annual certifications so that certifications are prepared accurately and supporting documentation is maintained to facilitate the review and audit of funds awarded.
5. Ensure RIOGT maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.
6. Ensure RIOGT to develop and implement policies and procedures so that it complies with all federal grant award special conditions.
7. Ensure RIOGT revise its Payment Processing and Grant Management Manual so that grant funds are tracked separately.
8. Remedy \$3,717 in unallowable grant expenditures.
9. Remedy \$12,218 in unsupported grant expenditures.
10. Ensure RIOGT revise its financial reporting policies and procedures so that it reports all quarterly expenditures accurately on its FFRs going forward.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how RIOGT 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 objectives.

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2015-VC-GX-0036, 2016-VC-GX-0071, and 2017-VC-GX-0078 from the Crime Victims Fund (CVF) awarded to the RIOGT. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$1,670,000 to the RIOGT, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2014, the project start date for VOCA compensation grant number 2015-VC-GX-0036, through April 2019. As of November 5, 2018, the RIOGT had drawn down a total of \$1,404,764 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of RIOGT's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including financial reports, progress reports, and victim compensation expenditures. 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 and Performance Management Tool, RIOGT's accounting system specific to the management of DOJ funds during the audit period, and RIOGT's electronic claim processing system CCVC. 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 RIOGT's overall system of internal controls, we did review the internal controls of RIOGT's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether RIOGT adequately managed the VOCA funds we audited, we conducted interviews with state of Rhode Island financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of RIOGT'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 Costs⁹:		
Lost Wages	<u>\$3,717</u>	16
Unallowable Costs	\$3,717	
Lost Wages	<u>\$12,218</u>	16
Unsupported Costs	\$12,218	
TOTAL QUESTIONED COSTS	<u>\$15,935</u>	

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

**RHODE ISLAND OFFICE OF THE GENERAL TREASURER'S
RESPONSE TO THE DRAFT AUDIT REPORT**

Seth Magaziner
General Treasurer



State of Rhode Island and Providence Plantations
CRIME VICTIM COMPENSATION PROGRAM
50 Service Ave, Warwick, Rhode Island 02886 Phone: (401) 462-7655 Fax: (401) 462-7694

July 18, 2019

Via email at: Thomas.O.Puerzer@usdoj.gov

Thomas O. Puerzer, Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Philadelphia Regional Audit Office
701 Market Street, Suite 2300
Philadelphia, Pennsylvania 19106

Dear Mr. Puerzer:

Please consider this letter the official response to the recent audit conducted by your office (the Office of Inspector General) related to the Office of Justice Programs Victim Compensation Formula Grants awarded to the Rhode Island Office of the General Treasurer (RIOGT) for the Crime Victim Compensation Program (CVCP).

The RIOGT is grateful for the cooperation of the OIG in conducting its audit and appreciates this opportunity to strengthen the CVCP. As you know, the CVCP serves as a vital resource to those individuals who are victims of violent crime. The RIOGT has reviewed the recommendations provided in your draft report and will work with the Office of Justice Programs (OJP) to implement these recommendations.

For convenience, your recommendations followed by our responses are provided below:

1. *Ensure RIOGT update its regulations and written policies and procedures accordingly should RIOGT continue to authorize funding for medically necessary home modifications.*

RIOGT has not authorized any additional funding for medically necessary home modifications since November 2016, but concurs with the recommendation and will update its regulations and written policies and procedures to address medically necessary home modifications.

2. *Ensure RIOGT revise its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.*

RIOGT concurs with the recommendation. Although the CVCP regulations provide that "loss of earnings shall be based on the victim's actual earnings at the time of the crime" and that "the office may look to the victim's earnings history and value of victim's contractual work obligations", we agree that revisions to our regulations to clarify the methodology for awarding

lost wages for seasonal, non-salaried, and intermittent work are warranted and will revise accordingly.

3. *Work with RIOGT to determine if its state certifications for FY 2013-2017 were overstated, resulting in funds awarded in error, and, if so, to take the necessary steps to recover those funds.*

RIOGT will work with OJP to determine if any certifications were overstated and take the necessary steps to remit any funds received in error.

4. *Ensure RIOGT implement and adhere to comprehensive, written policies and procedures for preparing annual certifications so that certifications are prepared accurately and supporting documentation is maintained to facilitate the review and audit of funds awarded.*

RIOGT concurs with the recommendation and will work with OJP to implement comprehensive written policies and procedures for preparing annual certifications and maintain supporting documentation.

5. *Ensure RIOGT maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.*

RIOGT concurs with the recommendation and has already begun to maintain support for performance data at the time of reporting and will continue to do so going forward.

6. *Ensure RIOGT to develop and implement policies and procedures so that it complies with all federal grant award special conditions.*

RIOGT concurs with the recommendation and has already updated its CVCP application to track, on a voluntary basis, race, sex, national origin and gender. Additionally, our financial point of contact completed the DOJ Grants Financial Management Online training on July 12, 2019. RIOGT will develop and implement policies and procedures to ensure compliance with all federal grant award special conditions.

7. *Ensure RIOGT revise its Payment Processing and Grant Management Manual so that grant funds are tracked separately.*

RIOGT concurs with the recommendation and has created a separate expenditure account for the 2018 Grant. All future grant awards will have separate accounts and the Payment Processing and Grant Management Manual will be updated to reflect the separate tracking for grant funds.

8. *Remedy \$3,717 in unallowable grant expenditures.*

RIOGT concurs with the recommendation and will work with OJP to remedy \$3,717 in expenditures.

9. *Remedy \$12,218 in unsupported grant expenditures.*

RIOGT concurs with the recommendation and will work with OJP to remedy \$12,218 in grant expenditures.

10. *Ensure RIOGT revise its financial reporting policies and procedures so that it reports all quarterly expenditures accurately on its FFRs going forward.*

RIOGT concurs with the recommendation and will revise its financial reporting policies and procedures so that it reports all quarterly expenditures accurately going forward.

Thomas O. Puerzer, Regional Audit Manager
July 18, 2019
Page 3 of 3

Thank you for the opportunity to respond to your report and please advise if RIOGT can be of further assistance.

Sincerely,



David Zuller
Program Administrator
Crime Victim Compensation Program

cc: Linda Taylor, Lead Auditor, Audit and Review Division at: Linda.Taylor2@usdoj.gov

OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT
AUDIT REPORT



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUL 25 2019

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia 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, Office for Victims of Crime, Victim Compensation Grants, Awarded to the Rhode Island Office of the General Treasurer, Providence, Rhode Island*

This memorandum is in reference to your correspondence, dated June 27, 2019, transmitting the above-referenced draft audit report for the Rhode Island Office of the General Treasurer (RIOGT). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **10** recommendations and **\$15,935** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure RIOGT updates its regulations and written policies and procedures accordingly should RIOGT continue to authorize funding for medically necessary home modifications.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that it updates its regulations, if RIOGT intends to continue authorizing funding for medically necessary home modifications under its Victim Compensation grants.

- 2. We recommend that OJP ensure RIOGT revises its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of revised written policies and procedures, developed and implemented, to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.

- 3. We recommend that OJP work with RIOGT to determine if its state certifications for FY 2013-2017 were overstated, resulting in funds awarded in error, and, if so, to take the necessary steps to recover those funds.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain documentation to ensure that state certifications for FY 2013-2017 were not overstated, resulting in the possibility of funds awarded in error; and, if so, take the necessary steps to recover those funds.

- 4. We recommend that OJP ensure RIOGT implements and adheres to comprehensive, written policies and procedures for preparing annual certifications so that certifications are prepared accurately and supporting documentation is maintained to facilitate the review and audit of funds awarded.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual Crime Victim Compensation State Certification forms are prepared accurately, and that supporting documentation is maintained for future auditing purposes.

- 5. We recommend that OJP ensure RIOGT maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that support for performance data reported to OJP's Office for Victims of Crime, is maintained for reconciliation of reported data to its internal records.

- 6. We recommend that OJP ensure RIOGT develops and implements policies and procedures so that it complies with all Federal grant award special conditions.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that it complies with all Federal grant award special conditions.

7. **We recommend that OJP ensure RIOGT revises its Payment Processing and Grant Management Manual so that grant funds are tracked separately.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of its revised Payment Processing and Grant Management Manual, requiring grant funds to be tracked separately.

8. **We recommend that OJP remedy \$3,717 in unallowable grant expenditures.**

OJP agrees with the recommendation. We will review the \$3,717 in questioned costs, related to unallowable grant expenditures that were charged to Grant Numbers 2015-VC-GX-0036, 2016-VC-GX-0071, and 2017-VC-GX-0078, and will work with RIOGT to remedy, as appropriate.

9. **We recommend that OJP remedy \$12,218 in unsupported grant expenditures.**

OJP agrees with the recommendation. We will review the \$12,218 in questioned costs, related to unsupported grant expenditures that were charged to Grant Numbers 2015-VC-GX-0036, 2016-VC-GX-0071, and 2017-VC-GX-0078, and will work with RIOGT to remedy, as appropriate.

10. **We recommend that OJP ensure RIOGT revises its financial reporting policies and procedures so that it reports all quarterly expenditures accurately on its FFRs going forward.**

OJP agrees with the recommendation. We will coordinate with RIOGT to obtain a copy of revised financial reporting policies and procedures, developed and implemented, to ensure that all quarterly expenditures are accurately reported on its 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.

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Principal Deputy Assistant Attorney General

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for Operations and Management

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Senior Advisor
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Justice Management Division

OJP Executive Secretariat
Control Number: IT20190628111801

**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 Rhode Island Office of the General Treasurer (RIOGT). RIOGT's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. OJP agreed with all of our recommendations and discussed the actions they plan to complete in order to address 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. Ensure RIOGT update its regulations and written policies and procedures accordingly should RIOGT continue to authorize funding for medically necessary home modifications.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that it updates its regulations, if RIOGT intends to continue authorizing funding for medically necessary home modifications under its Victim Compensation grants.

RIOGT concurred with our recommendation and stated in its response that it has not authorized any additional funding for medically necessary home modifications since November 2016. Additionally, RIOGT stated that it will update its regulations and written policies and procedures to address medically necessary home modifications.

This recommendation can be closed when we receive documentation demonstrating RIOGT updated its regulations and implemented written policies and procedures to address medically necessary home modifications.

- 2. Ensure RIOGT revise its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of revised written policies and procedures, developed and implemented, to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.

RIOGT concurred with our recommendation. In its response, RIOGT stated that revisions to its regulations clarifying the methodology for awarding lost

wages for seasonal, non-salaried, and intermittent work are warranted and that it will revise its regulations.

This recommendation can be closed when we receive documentation demonstrating RIOGT revised its regulations to clarify the basis for awarding lost wages for seasonal, non-salaried, and intermittent work.

3. Work with RIOGT to determine if its state certifications for FY 2013-2017 were overstated, resulting in funds awarded in error, and, if so, to take the necessary steps to recover those funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain documentation to ensure that state certifications for FY 2013-2017 were not overstated, resulting in the possibility of funds awarded in error; and, if so, take the necessary steps to recover those funds.

RIOGT stated it will work with OJP to determine if any certifications were overstated and take the necessary steps to remit any funds received in error.

This recommendation can be closed when we receive documentation demonstrating OJP has worked with RIOGT to determine if its state certification forms included amounts that were overstated, and if so, OJP took the necessary steps to recover those funds.

4. Ensure RIOGT implement and adhere to comprehensive, written policies and procedures for preparing annual certifications so that certifications are prepared accurately and supporting documentation is maintained to facilitate the review and audit of funds awarded.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual Crime Victim Compensation State Certification forms are prepared accurately, and that supporting documentation is maintained for future auditing purposes.

RIOGT concurred with our recommendation and stated it will work with OJP to implement comprehensive written policies and procedures for preparing annual certifications and maintain supporting documentation.

This recommendation can be closed when we receive documentation demonstrating RIOGT implemented comprehensive, written policies and procedures for preparing accurate annual certifications and supporting documentation is maintained to facilitate the review and audit of funds awarded.

5. Ensure RIOGT maintains support for the performance data at the time of reporting to the OVC to enable reconciliation of reported data with its internal records.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of written policies and procedures to ensure that support for performance data reported to OJP's Office for Victims of Crime (OVC) is maintained for reconciliation of reported data to internal records.

RIOGT concurred with our recommendation and stated it has already begun to maintain support for performance data at the time of reporting and will continue to do so going forward.

This recommendation can be closed when we receive documentation demonstrating RIOGT maintains support for the performance data at the time of reporting to OVC, enabling the reconciliation of reported data with its internal records.

6. Ensure RIOGT to develop and implement policies and procedures so that it complies with all federal grant award special conditions.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of written policies and procedures, developed and implemented, to ensure that it complies with all Federal grant award special conditions.

RIOGT concurred with our recommendation and stated it has already updated its claim application to track race, sex, national origin, and gender on a voluntary basis. Additionally, RIOGT stated that its financial point-of-contact completed the DOJ Grants Financial Management Online training on July 12, 2019. Finally, RIOGT said that it will develop and implement policies and procedures to ensure compliance with all federal grant award special conditions.

This recommendation can be closed when we receive documentation demonstrating RIOGT developed and implemented policies and procedures so that it complies with all federal grant award special conditions.

7. Ensure RIOGT revise its *Payment Processing and Grant Management Manual* so that grant funds are tracked separately.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of its revised *Payment Processing and Grant Management Manual*, requiring grant funds to be tracked separately.

RIOGT concurred with our recommendation and stated it created a separate expenditure account for its 2018 grant. RIOGT also stated all future grant awards will have separate accounts and its *Payment Processing and Grant*

Management Manual will be updated to reflect the separate tracking for grant funds.

This recommendation can be closed when we receive documentation demonstrating RIOGT revised its *Payment Processing and Grant Management Manual* so that grant funds are tracked separately.

8. Remedy \$3,717 in unallowable grant expenditures.

Resolved. OJP agreed with our recommendation. OJP stated it will review the \$3,717 in questioned costs related to unallowable grant expenditures that were charged to Grant Numbers 2015-VC-GX-0036, 2016-VC-GX-0071, and 2017-VC-GX-0078, and work with RIOGT to remedy, as appropriate.

RIOGT concurred with our recommendation and stated it will work with OJP to remedy \$3,717 in grant expenditures.

This recommendation can be closed when we receive documentation demonstrating OJP remedied \$3,717 in unallowable grant expenditures.

9. Remedy \$12,218 in unsupported grant expenditures.

Resolved. OJP agreed with our recommendation. OJP stated it will review the \$12,218 in questioned costs related to unsupported grant expenditures that were charged to Grant Numbers 2015-VC-GX-0036, 2016-VC-GX-0071, and 2017-VC-GX-0078, and work with RIOGT to remedy, as appropriate.

RIOGT concurred with our recommendation and stated it will work with OJP to remedy \$12,218 in grant expenditures.

This recommendation can be closed when we receive documentation demonstrating OJP remedied \$12,218 in unsupported grant expenditures.

10. Ensure RIOGT revise its financial reporting policies and procedures so that it reports all quarterly expenditures accurately on its FFRs going forward.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RIOGT to obtain a copy of revised financial reporting policies and procedures, developed and implemented, to ensure that all quarterly expenditures are accurately reported on its Federal Financial Reports.

RIOGT concurred with our recommendation and stated it will revise its financial reporting policies and procedures so that it reports all quarterly expenditures accurately going forward.

This recommendation can be closed when we receive documentation demonstrating RIOGT revised its financial reporting policies and procedures so that it reports all quarterly expenditures accurately on its Federal Financial Reports going forward.



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