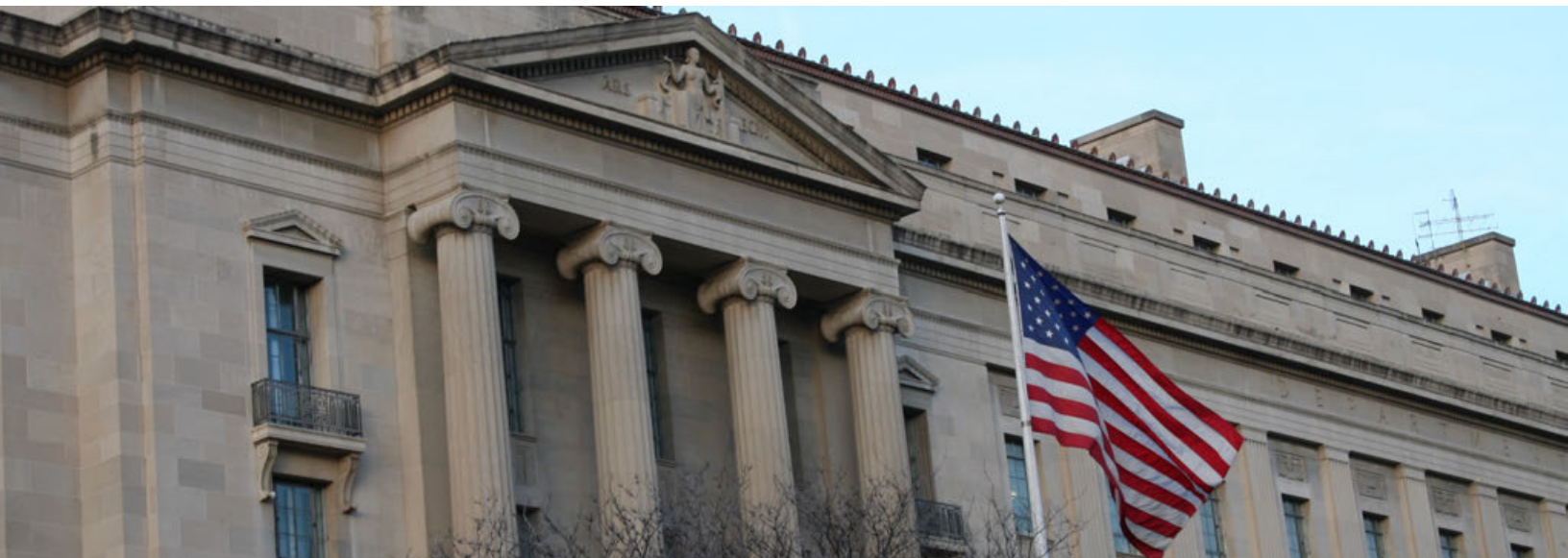




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs
Victim Assistance Grants
Awarded to the State of Hawaii
Department of the Attorney General,
Honolulu, Hawaii



Executive Summary

Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the State of Hawaii Department of the Attorney General, Honolulu, Hawaii

Objective

The objective of the audit was to evaluate how the state of Hawaii Department of the Attorney General (HDAG) designed and implemented its crime victim assistance 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, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

As a result of our audit, we concluded that the HDAG used its grant funds to enhance services for crime victims in Hawaii. We found the HDAG took appropriate steps to announce and distribute its funding to subrecipients to meet victim service needs. Also, the HDAG generally complied with grant criteria, guidelines, and award conditions with respect to subrecipients' adherence to special conditions, match obligations, and administrative expense thresholds. However, the HDAG did not properly track its distribution of funding by priority areas, as required. Also, although the HDAG established adequate controls over its financial activities, it filed inaccurate performance and financial reports, did not maintain adequate support for subrecipient expenditures, overdrew grant funds on occasion, and did not properly monitor subrecipients. In addition, we found an indication that the HDAG supplanted state funds with federal grant dollars. As a result, we questioned \$114,689 in spent grant funds. Further, we found that, given its current pace of program implementation, the HDAG will need additional guidance to appropriately and responsibly plan and spend significant amounts of remaining funds for victim services within the allowable grant periods.

Recommendations

Our report contains nine recommendations to assist the HDAG in improving its grant management and administration and to remedy the \$114,689 in questioned costs. We requested from the HDAG and OJP their responses to the recommendations, 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 five VOCA victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the HDAG in Honolulu, Hawaii. OVC awarded these formula grants, totaling \$32,217,072 from Fiscal Years (FYs) 2013 to 2017, from the Crime Victims Fund (CVF) to enhance crime victim services throughout the state of Hawaii. As of February 4, 2019, the HDAG drew down a cumulative amount of \$15,897,321 for all of the grants we reviewed.

Grant Program Planning and Execution – The HDAG announced and distributed its funding to subrecipients, identified and planned activities to meet victim service needs in accordance with program goals, and adequately communicated VOCA requirements to its subrecipients. However, given the significant increase in funding and the pace at which the HDAG is implementing its grant program, we identified that the approaching end date of the awards could put undue pressure on the subrecipients and create risks related to appropriate management of the increase in funds.

Program Requirements and Performance Reporting – We found the HDAG's subrecipients complied with a judgmental sample of grant special conditions we tested for each award. However, the HDAG did not properly track spending by priority funding area and as a result we were unable to determine if they complied with this VOCA requirement. We also found inaccuracies with its reported program performance statistics.

Grant Financial Management – The HDAG generally implemented sufficient policies, processes, and systems to adequately account for its expenditure of grant funds. The HDAG complied with the 5 percent administrative costs threshold established in VOCA guidelines. However, we identified several instances where the HDAG overdrew grant funds related to actual expenditures incurred, filed inaccurate Federal Financial Reports, and its subrecipients could not adequately support \$112,309 in a judgmental sample of grant expenditures we tested. Also, the HDAG could not



Executive Summary

Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the State of Hawaii Department of the Attorney General, Honolulu, Hawaii

adequately support \$2,380 in fees allocated to one of the five grants we audited.

Furthermore, we found an indication that the HDAG supplanted state funding for 15 county prosecutor office positions with federal grant dollars. According to the DOJ and OJP Financial Guides, “federal funds must be used to supplement existing state and local funds for program activities and must not supplant [i.e., replace] those funds that have been appropriated for the same purpose.” Four Hawaii county prosecutor offices were provided state appropriations to hire 15 personnel in those offices. After the state appropriation ended and the state appropriators rejected continuing full funding for these positions, the HDAG used \$1,299,964 in VOCA funds to sustain these positions for up to 3 years. We believe this created a situation where federal dollars appeared to supplant state funding.

We were also concerned with the pace at which the HDAG and its subrecipients were implementing the victim assistance grant program. As of December 2018, the HDAG had only spent approximately \$17.2 million of the \$32.2 million VOCA funds awarded to the HDAG between FY 2013 and FY 2017, leaving approximately \$15 million (over 53 percent) unexpended. Subsequently, \$755,885 of unexpended FY 2015 VOCA award funds were deobligated in January 2019. As the HDAG is awarded additional CVF funds every year and those grants cannot be granted time extensions, the HDAG will need to plan to appropriately and responsibly use the funds to implement victim service programs within the grant periods. OJP will also need to reiterate that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii’s subrecipients can responsibly handle.

Monitoring of Subrecipients – We found that the HDAG established a risk-based approach to its monitoring of the subrecipients. However, in its desk reviews and subrecipient site visits, we found that the monitors do not verify reported expenditure or programmatic data. In our own testing of this information, we found some inaccuracies in both the financial and programmatic information.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE GRANTS
AWARDED TO THE STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL,
HONOLULU, HAWAII**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE GRANTS
AWARDED TO THE STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
HONOLULU, HAWAII**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of five victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the state of Hawaii Department of the Attorney General (HDAG) in Honolulu, Hawaii. OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from Fiscal Years (FY) 2013 to 2017, these OVC grants totaled \$32,217,072.

Table 1

**VOCA Victim Assistance Program Grants Awarded to the HDAG
Fiscal Years 2013 – 2017**

Grant Number	Award Date	Project Start Date	Project End Date	Amount Awarded
2013-VA-GX-0071	09/06/13	10/01/12	09/30/16	\$2,243,150
2014-VA-GX-0049	08/12/14	10/01/13	09/30/17	2,380,094
2015-VA-GX-0035	08/25/15	10/01/14	09/30/18	8,995,706
2016-VA-GX-0063	08/22/16	10/01/15	09/30/19	10,147,586
2017-VA-GX-0008	09/28/17	10/01/16	09/30/20	8,450,536
TOTAL				\$32,217,072

Source: OJP

Established by the *Victims of Crime Act (VOCA)* of 1984, the CVF is used to support crime victims through DOJ programs, and state and local victim service providers.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

In FY 2015, Congress significantly raised the previous year’s cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FYs 2016 and 2017, Congress authorized a cap of available funding for victim assistance at \$2.22 billion and \$1.85 billion, respectively. OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states’ population. As such, the annual VOCA victim assistance grant funds

¹ The VOCA victim assistance formula program is funded under 42 U.S.C. § 10603 (a).

available to the HDAG increased from \$2.2 million in FY 2013 to \$8.5 million in FY 2017.

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. OVC distributes these assistance grants to states and territories, which in turn fund subawards to public and private non-profit organizations that directly provide services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

The Grantee

As Hawaii's state administering agency, the HDAG is responsible for administering the VOCA victim assistance program. The Attorney General is the chief legal officer and chief law enforcement officer of the State of Hawaii. In addition to enforcing the laws of the state of Hawaii, the HDAG utilizes federal and state funds and non-financial resources to address crime problems and criminal justice system issues. Some examples of these efforts include the HDAG (1) administering state laws to obtain child support payments for Hawaii's children, and conducting administrative proceedings to establish paternity and adjust support obligations; (2) planning and implementing crime prevention programs and activities; (3) securing and disseminating financial and other resources to support law enforcement and the criminal and juvenile justice systems; (4) gathering information, records, and statistics, and maintaining information and communications systems to support law enforcement and the criminal and juvenile justice systems; (5) administering the state's sex offender registration system; and (6) commissioning notaries public.

OIG Audit Approach

The objective of the audit was to evaluate how the HDAG designed and implemented its crime victim assistance 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, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines and Final Rule (VOCA Guidelines), and the OJP and DOJ Financial Guides (Financial

Guides) as our primary criteria.² We also reviewed relevant HDAG policy and procedures and interviewed HDAG personnel and reviewed HDAG records to determine how they administered the VOCA funds. Finally, we selected a judgmental sample of five subrecipients and conducted site visits, interviewed subrecipient personnel, and reviewed subrecipient records reflecting grant activity.³

The results of our analysis is discussed in detail later in this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

² The OJP Financial Guide governs the FYs 2013 and 2014 grants in our scope, while the revised 2015 DOJ Financial Guide applies to the FYs 2015, 2016, and 2017 awards. The revised DOJ guide reflects updates to comply with the Uniform Guidance, 2 C.F.R. part 200.

³ 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 assistance grants is to enhance crime victim services. The HDAG, which is the primary recipient of victim assistance grants at the state level in Hawaii, distributes the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. As the state administering agency, the HDAG has the discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require state administering agencies give priority to victims of sexual assault, domestic abuse, and child abuse. State administering agencies must also make funding available for previously underserved populations of violent crime victims.⁴ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has the discretion in determining the amount of funds each subrecipient receives.

As part of our audit, we assessed the HDAG's overall plan to allocate and award the victim assistance funding. We reviewed how the HDAG planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we noted that the HDAG identified and planned to meet additional victim service needs with its increased FY 2015 funding. However, as we discuss later in the *Timely Implementation of VOCA Program* section of this report, we identified some risks to HDAG's pace in spending increased funding to support the program within a limited period of time. We did not identify any issues with its process to select subrecipients and found that the HDAG adequately communicated applicable VOCA requirements to its subrecipients.

Subaward Allocation Plan

Between FY 2013 and the significant increase in VOCA funding in FY 2015, the HDAG awarded most of the funds to fund victim assistance programs administered by the state's four county prosecutor offices.⁵ In response to the

⁴ The VOCA Guidelines state these underserved victims may include, but are not limited to, victims of federal crimes; survivors of homicide victims; or victims of assault, robbery, gang violence, hate and bias crimes, intoxicated drivers, bank robbery, economic exploitation and fraud, and elder abuse. The Guidelines also indicate that in defining underserved victim populations, states should also identify gaps in available services by victims' demographic characteristics. Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

⁵ The state of Hawaii has five counties: Hawaii County, Honolulu County, Kalawao County, Kauai County, and Maui County. The County of Kalawao, which is the smallest of the five counties in terms of population, does not have a county government as its total population is under 100. The County of Maui Prosecutor's Office provides services to the residents of the County of Kalawao.

significant increase in CVF available funding, OVC's FY 2015 VOCA Victim Assistance Formula Solicitation requested that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available VOCA funding. In developing the spending plan, the HDAG included the results of an online survey that was distributed to stakeholders, as well as feedback from a VOCA advisory group, which included key stakeholders from the victim services community.

The HDAG's spending plan was to continue to provide funding as previously provided to the four county prosecutor offices. In its spending plan, the HDAG stated that the four county prosecutor offices have:

experience in providing VOCA services on a county level and their participation in local victim coalition and task forces, give them the ability to assess the victim services needs and coordinate VOCA-funded services in their jurisdictions. It is important to sustain funding for these projects so that critical victim services can continue to be provided statewide.

The HDAG also chose CVF funds to increase funding to the county prosecutor offices to sustain 15 county positions in those offices that had been previously funded by the state. Additionally, the HDAG used CVF funding to expand services to meet previously unmet needs, including reaching underserved victims, through direct funding to non-profit service providers.

Subaward Selection Process

To assess how the HDAG managed its subawards, we identified the steps that the HDAG took to inform, evaluate, and select subrecipients for VOCA funding. Between FY 2013 and FY 2017, the HDAG used one of two methods to award funds to victim service providing entities: (1) the "conduit" method where the HDAG awarded funds to the four county prosecutor offices and those offices determined the use of the funds or further subawarded funds to victim services providers and (2) a Request for Proposal (RFP) process where the HDAG awarded funds competitively and directly to victim service providers.

Conduit Method

In the conduit method, the HDAG awarded most of the FY 2013 and FY 2014 VOCA funds to the four county prosecutor offices: County of Hawaii Office of the Prosecuting Attorney, City and County of Honolulu Department of the Prosecuting Attorney, County of Kauai Office of the Prosecuting Attorney, and County of Maui

In FY 2013, the HDAG awarded \$219,056 to the Hawaii Department of Human Services (DHS) to maintain prior services provided by them for elder abuse victims. After FY 2013, the DHS changed its priorities and ended the VOCA-funded Elder Abuse Project. Thus, the HDAG awarded funds for elder abuse victims to the four county prosecutor offices and other non-profit entities that provide services to underserved victims including elderly individuals.

Department of the Prosecuting Attorney. The funds awarded were based on funding levels provided to the counties in FY 1996 with an added adjustment for population size, and an adjustment for rural or geographically challenged counties.⁶ Any VOCA funds remaining after the FY 1996 allocation are slightly increased if the county is rural or geographically challenged and then the rest of the funds are allocated based on the county's percentage of the state's population. Table 2 shows the VOCA funding awarded to each county prosecutor office between FY 2013 and FY 2015.⁷

Table 2
HDAG Subawards to County Prosecutor Offices
As of December 2017

County	FY 2013	FY 2014	FY 2015
Hawaii	\$ 340,128	\$ 340,956	\$ 1,630,029
Honolulu	1,052,236	1,050,468	1,551,813
Kauai	209,836	209,716	469,796
Maui	309,740	310,800	659,621
Total	\$ 1,911,940	\$ 1,911,940	\$ 4,311,259

Source: OIG Analysis of HDAG Subawards

After the significant increase in VOCA funding in FY 2015, the HDAG distributed to the counties subawards based on the same FY 1996 funding levels, but with added adjustments for: population size, rural or geographically challenged counties, and a \$2,323,205 overall increase over a 3-year period to sustain 15 positions previously funded by the state. See the *Supplanting* section of this report for more information on the funding for these 15 positions. As of mid-January 2018, we found that the HDAG had made first tier subawards in this conduit method to the four county prosecutor offices with 2013, 2014, and 2015 award funds. Those county prosecutor offices subsequently made second tier subawards of a portion of those funds to 7 organizations with 2013 award funds, 7 organizations with 2014 award funds, and 7 organizations with 2015 award funds.

RFP Method

With the significant increase in funding in FY 2015 the HDAG added a competitive awarding process through a RFP process. After the conduit-awarded amounts were determined, the HDAG awarded the remaining funds competitively. It issued an annual RFP to announce the new VOCA funding available to victim service providers. Victim service providers submitted applications to the HDAG. To award funds competitively and avoid any duplication in the funding of projects, the

⁶ In 1997, the county prosecutor offices identified a minimum amount of funding that they would need to continue providing core victim services, which was based on their 1996 total VOCA expenditures. HDAG officials stated that it was decided that future funding would be based on the FY 1996 funding level to ensure stable funding for services could be maintained in those prosecutor offices.

⁷ As of December 2017, the state of Hawaii had not awarded any of the FY 2016 or FY 2017 VOCA funds to the four county prosecutor offices.

HDAG verified that a victim service provider's application was not for a similar project already funded to that provider by one of the county prosecutor offices and used a selection committee to score each application. Some of the victim service providers were both a first tier subrecipient of the HDAG through the RFP process and a second tier subrecipient having been awarded funds by one of the county prosecutor offices through the conduit method. In such cases, the victim service provider would have two different funded projects. For example, in FY 2015, Child and Family Services of Maui was awarded \$250,000 directly by the HDAG under the RFP process and \$104,222 by the County of Maui Office of the Prosecuting Attorney. Each of these subawards were for different purposes. In addition, to ensure that projects were not funded twice, the selection committee gave extra rating points to applications that provided services to underserved populations of violent crime victims. Ultimately, this resulted in applications that were non-duplicative, received 60 points or more, and were provided to the state of Hawaii's Attorney General for review and approval. As of mid-January 2018, we found that the HDAG had made first tier subawards through its RFP process to: 4 organizations with FY 2014 funds, 15 organizations with FY 2015 funds, 4 organizations with a portion of the FY 2016 VOCA award, and had yet to award funds from most of the FY 2016 award funds, and all of the FY 2017 VOCA funds. Three organizations received second tier subawards with FY 2014 funds and FY 2015 funds.

Subaward Requirements

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the HDAG's subaward solicitations and award packages to determine how the HDAG communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements. We found that subawards were provided through a contract from the HDAG to the subrecipients. To receive a subaward, officials with each entity had to certify that they agreed to review and comply with the VOCA Guidelines. Specifically, applicants had to sign an Acceptance of VOCA Special Conditions form that they understood the VOCA program details, organization eligibility requirements, and descriptions of other allowable and non-allowable costs and services. The HDAG would not release subaward funds unless the subrecipients completed and returned the acceptance form. We did not identify any issues with the HDAG's process to select subrecipients and found that the HDAG adequately communicated the applicable VOCA requirements to its subrecipients.

Program Requirements and Performance Reporting

To determine whether the HDAG distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed the HDAG's distribution of grant funding by way of subawards among local direct service providers. We also reviewed the HDAG's performance measures and performance documents that the HDAG used to track goals and objectives. We further examined OVC solicitations

and award documents and verified the HDAG's compliance with special conditions governing recipient award activity.

Based on our assessment in the areas of program requirements and performance reporting, we believe that the HDAG complied with award special conditions that we tested. However, we could not determine if the HDAG fulfilled the distribution requirements to priority victim groups and found it did not implement adequate procedures to compile accurate performance reports.

Priority Areas Funding Requirement

The VOCA Guidelines require that the HDAG award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims.

We examined how the HDAG allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. We found that the HDAG worked with the subrecipients to calculate the anticipated costs allocated to the four categories mentioned above for their initial Subgrant Award Report (SAR) and the actual costs for their final quarterly report. The amounts calculated for each priority area are based on the subrecipients providing the HDAG quarterly reports with statistics for the priority areas. The HDAG then used those percentages multiplied by the amounts recorded by the subrecipients on their quarterly spending reports to calculate a prorated amount for each priority area. We also observed how the HDAG recorded the quarterly state spending data into its summary spreadsheet.

Each state administering agency has great wide discretion in defining its underserved populations. Yet, once those populations are defined, then the state administering agency is required to track expenditures by each category to show that it has met the minimum spending requirement for the "underserved" priority area (10 percent of the grant award). In our review, we found the HDAG's tracking spreadsheet for the priority spending area included some population categories that did not align with those that the HDAG had defined as underserved. Specifically, the HDAG was tracking spending in the following categories: survivors of homicide victims, victims of intoxicated drivers, assault, violent crime, and robbery; elder abuse victims; and adults molested as children. However, as shown in Table 3, the HDAG had defined different categories at different times as their underserved populations.

Table 3
The HDAG's Defined Underserved Populations
Between 2012 and 2016

Count	October 2002 VOCA Planning Meeting	2016 VOCA Advisory Committee Meeting (January 2016)	2015 Solicitation (issued March 2016)
1	Survivors of Homicide and Negligent Homicide	Survivors of Homicide and Negligent Homicide	Survivors of Homicide and Negligent Homicide
2	Victims of Tourist Crime	Victims of Tourist Crime	Victims of Tourist Crime
3	Victims of Property Crimes	Victims of Property Crime	Victims of Property Crime
4	Victims of Identity Theft		
5	Victims of Financial Exploitation		
6	Survivors of Elder Abuse	Survivors of Elder Abuse	Survivors of Elder Abuse
7	Victims with limited English proficiency	Victims with limited English proficiency	Victims with limited English proficiency
8	Victims that do not interface well with the criminal justice system at the state and local level		
9		Victims with Disabilities	Victims with Disabilities
10		Lesbian, gay, bisexual, transsexual, queer, and questioning victims	Lesbian, gay, bisexual, transsexual, queer, and questioning victims
11		Victims of Sex Trafficking	Victims of Sex Trafficking
12		Victims Residing in Rural or Geographically Isolated Areas	Victims Residing in Rural or Geographically Isolated Areas

Source: The HDAG

The HDAG's defined underserved populations have changed over the life of the grants. At the October 2002 VOCA planning meeting, the underserved population was determined to be survivors of homicide and negligent homicide as the statewide underserved population. The meeting also identified victim service needs and gaps, which lacked consistent funding: victims of tourist crime, property crime, identity theft, financial exploitation, and elder abuse; oral interpretation and written translation for victims with limited English proficiency; and victims who do not interface well with the criminal justice system at the county and state level.

On January 19, 2016, the HDAG's VOCA Advisory Committee consisting of representatives from federal, state, county, and coalition agencies identified the underserved populations as: visitor victims; immigrants or persons with limited

English proficiency; persons with disabilities; elderly victims; and survivors of homicide and negligent homicide. It also agreed that the following populations be added to the current definition of “underserved” as lesbian, gay, bisexual, transsexual, queer, and questioning (LGBTQQ) victims; victims of property crimes; victims residing in rural or geographically isolated areas; and victims of sex trafficking.

Further, the HDAG’s FY 2015 Solicitation for subaward applicants, issued on March 4, 2016, included the following categories:

designated underserved populations for the purpose of this RFP as: victims with disabilities; elderly victims; victims of sex trafficking; immigrant victims and victims with limited English proficiency; LGBTQQ victims; victims of property crimes; victims residing in rural or geographically isolated areas; survivors of homicide and negligent homicide victims; and tourist/visitor victims.

Given that the HDAG tracked spending for discrepant categories at different times, we were unable to determine full compliance with the priority spending requirement. To ensure full compliance in this area, we recommend OJP ensure that the HDAG establishes a process that tracks the HDAG’s complete set of defined underserved populations.

Annual Performance Reports

Each state administering agency must annually report to OVC on activity funded by any VOCA awards that were active during the federal fiscal year. OVC requires states to upload reports annually to its Grant Management System. As of FY 2016, OVC also began requiring states to submit performance data through the web-based Performance Measurement Tool (PMT). With this new system, states may provide subrecipients direct access to report quarterly data for state review, although OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve the data.

For victim assistance grants, states must report the number of agencies that have been funded, VOCA subawards, victims served, and the victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, states must collect, maintain, and provide to OVC with data that measures the performance and effectiveness of activities funded by the award. The HDAG submitted annual performance reports to OVC from FYs 2013 through 2017. We obtained from HDAG officials their description on how they compiled performance report data from their subrecipients. Specifically, the HDAG delegated to its subrecipients the requirement for submitting data through its quarterly Performance Measures Reports directly to OVC via PMT. The HDAG compiled the statistical information from these quarterly reports to create the annual VOCA performance reports.

To determine whether the annual performance reports submitted by the HDAG as a summary of statewide activity accurately reflected the performance

reported by the subrecipients, we reviewed the Annual Performance Report submitted in January 2018 covering FY 2017. In this document, the HDAG reported that it had served a total of 27,670 victims. However, as discussed in the Monitoring of Subrecipients section below, three of the five subrecipients that we tested had over-reported their data, while a fourth could not produce support for any of its reported data, leaving only one subrecipient in our sample that we found reported accurate performance statistics.

These results led us to question the reliability of the performance reports compiled to reflect VOCA activity in the state of Hawaii. We found that the HDAG did not test the accuracy of performance metrics of its subrecipients' quarterly reports submitted to the HDAG. Without review, the HDAG was unable to ensure that the performance statistics were valid. Further, since these quarterly reports were the basis for the annual reports provided to OVC, the HDAG lacked assurance that its statewide performance reporting were accurate. The HDAG's failure to review the PMT data that its subrecipients submitted was contrary to OVC's directions. OVC's guidance on PMT clearly indicates that state administering agencies should review subrecipient data before approving it. OVC officials have also confirmed to us that they expect the states to review subrecipient-submitted data. We recommend that OJP ensure that the HDAG establishes procedures that require the testing of performance figure data to ensure the accuracy of the information filed in its annual performance reports.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, the HDAG certified it would comply with these special conditions. We reviewed the special conditions for FYs 2013, 2014, and 2015 VOCA victim assistance program grants and identified a judgmental sample of four special conditions that we deemed significant to grant performance which are not otherwise addressed in another section of this report.

One of the special conditions that we selected for reviewed required states to submit to OVC a SAR with basic information on each subrecipient that receives victim assistance funds. States and territories are required to submit this information through an automated system. We obtained from OVC a list of 46 SARs submitted by the HDAG's subrecipients for the FYs 2014, 2015, and 2016 VOCA awards as of January 2018. We were able to reconcile all 46 SARs with subrecipient project lists provided by the HDAG.

We further tested compliance with an additional two judgmentally selected special conditions: that the states ensure that all non-profit sub-recipients of VOCA assistance funding make their financial statements available online, and

require them to certify their non-profit status.⁸ We judgmentally selected three subrecipients to verify if they met these standards. According to information from the IRS website, the three subrecipients were confirmed to be public charities and tax exempt organizations eligible to receive tax-deductible contributions. In addition, the three subrecipients' IRS Form 990s (Return of Organization Exempt From Income Tax) were searchable within online databases. Therefore, we found the HDAG's subrecipients we selected were in compliance with this VOCA requirement.

The fourth special condition we selected and tested applied to all of the VOCA victim assistance grant agreements and it related to conducting business with the federal government and certifying that the grantee is not presently suspended or debarred. In its grant application documents, the HDAG certified it would comply with these special conditions. We tested a judgmental sample of five subrecipients, and we determined that none of the five subrecipients were suspended or debarred.

Grant Financial Management

Award recipients must establish and maintain an adequate accounting system and financial records that accurately account for awarded funds. To assess the adequacy of the HDAG's financial management of the VOCA grants, we reviewed the process for the HDAG to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the HDAG's financial management of the VOCA grants, we also reviewed the Single Audit Reports for FYs 2013 through 2016. The FYs 2013 and 2014 Single Audits Reports identified that the HDAG did not have a documented risk assessment when determining subrecipient site visits. The HDAG concurred with this finding and stated that for all new contracts executed after January 31, 2014, it would use a Risk Assessment Monitoring tool to determine how a subrecipient would be monitored for compliance. The FYs 2015 and 2016 Single Audits did not identify any material weaknesses or significant deficiencies. As we discuss in the *Monitoring of Subrecipients* section of this report, we found that the HDAG is using a risk assessment approach to determine subrecipient site visits.

We also reviewed the March 2016 OJP Office of the Chief Financial Officer's (OCFO) site visit. The OCFO had found that the HDAG did not have its fulltime employees fill out a periodic certification confirming that their time was solely devoted to a single federal award. In our testing discussed in the *Administrative Expenditures* section of this report, we did not find an issue with the support for the HDAG fulltime employee salaries that were charged solely to the VOCA grants. The OCFO also found that the HDAG's Federal Financial Reports (FFRs) did not reconcile to its accounting records. In our testing discussed

⁸ These two special conditions were only required in the FY 2015 grant award and were applicable to three of the five subrecipients we judgmentally selected for testing, which represented non-profit organizations; the two special conditions were not applicable to two of the five subrecipients in our judgmental sample, as these subrecipients were county governments.

in the Financial Reporting section of this report, we likewise found the FFRs did not reconcile to the HDAG's accounting records. Additionally, the OCFO found that the HDAG's risk assessment process for subrecipient monitoring was conducted only at the start of the grant and should be performed throughout the award period. Subsequently, in our testing discussed in the *Monitoring of Subrecipients* section of this report, we found that in an effort to address this issue, the HDAG began performing risk assessments at the beginning of the VOCA awards and throughout the life-cycle of the VOCA awards.

We also interviewed HDAG personnel who were responsible for financial aspects of the grants, reviewed the HDAG's written policies and procedures, inspected award documents, and reviewed financial records. Our overall assessment of the HDAG's grant financial management noted that the HDAG implemented adequate controls over its financial activities such as purchasing, payroll, and general operation, and it segregated the duties related to handling of grant award funding. We also found that the HDAG implemented policies, processes, and systems to attempt to adequately account for grant funds and minimize the risk of grant financial mismanagement at the subrecipient level. However, we identified weaknesses in the HDAG's process to ensure subrecipient expenditures are supported, and to ensure the accuracy of federal financial reporting and drawdown processes. We also found an indication that state funds were supplanted by federal funds. Lastly, we are concerned with the amount of VOCA funds that have not yet been awarded and spent, which we believe can increase the risk of funds being inefficiently used.

Grant Expenditures

State administering agency victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients, 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.

Subaward Expenditures

Subrecipients may request payment from the HDAG via a state form entitled Request for Funds and Cash Balance Report. Each subrecipient uses this form to request funds on a reimbursement basis. Besides an invoice detailing the overall charges, the HDAG does not require subrecipients to submit any supporting documentation for the expenditures listed on the form. Typically the form is submitted once per month by each subrecipient. Subrecipients are required to maintain supporting documentation and provide the support to the HDAG upon its request. According to HDAG officials, its monitoring staff review the supporting documentation during site visits to the subrecipients. We found that the review conducted during site visits to the subrecipients was of summary documentation and did not include source documents. As of December 2017, we found that the

HDAG paid to its subrecipients a total of \$7,194,816 in VOCA victim assistance program funds that were within the scope of our audit.

In general, the VOCA Guidelines require that subrecipients maintain appropriate programmatic and financial records that fully disclose the amount and disposition of VOCA funds received. VOCA Guidelines also state that payroll expenses should be supported by time and attendance records that specify the time each individual devoted to allowable VOCA victim services each day.

To evaluate the HDAG's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were adequately supported, accurate, allowable, and in accordance with the VOCA Guidelines. We judgmentally selected 13 batch transactions that represented various subrecipient expenditures for salaries, fringe benefits, and other direct and non-direct operating costs totaling \$205,873.

Table 4
HDAG Subrecipient Expenses Tested and Dollars Questioned

Award Number	Subrecipient Expenditures Selected	Inadequately Supported Transactions Questioned Costs	Unsupported Transactions Questioned Costs
2013-VA-GX-0071	\$ 79,398	\$ 0	\$ 3,364
2014-VA-GX-0049	77,670	2,793	1,590
2015-VA-GX-0035	41,187	8,942	3,087
2016-VA-GX-0063	7,618	0	0
TOTAL	\$ 205,873	\$ 11,735	\$ 8,042

Source: OIG Analysis of HDAG Accounting Records

Note: Any differences are due to rounding.

In our review of the detailed support, we found adequate supporting documentation for \$186,096 of our sampled subrecipient expenditures. For the remaining sampled transactions, we found that \$11,735 of subrecipient expenditures were inadequately supported because either the payroll timesheets did not delineate the amount of time worked on each grant or costs were allocated to the grant based on an unknown and unsupported methodology. We also found \$8,042 costs that were completely unsupported. Therefore, we questioned \$19,777 in unsupported and inadequately supported subrecipient expenditures from this sample.

During our five subrecipient site visits, we conducted additional limited testing of VOCA-related expenditures. We judgmentally selected and reviewed a sample of 15 transactions, totaling \$117,781 out of \$4,668,323, from grants 2013-VA-GX-0071, 2014-VA-GX-0049, 2015-VA-GX-0035, and 2016-VA-GX-0063. Specifically, we reviewed expenditures that included: professional services, supplies, utilities, telephone, and payroll. As a result, we questioned \$92,532 in

unsupported, or inadequately supported expenditures. In our review of the support, we identified numerous inadequacies to include that subrecipients:

- were allocating costs to the grants, but did not have a methodology that was supportable and logical;
- did not maintain adequate support (e.g., invoices, timesheets, purchase orders, etc.) for expenditures;
- had employee timesheets that were missing employee and supervisory signatures; and
- did not differentiate on employee timesheets VOCA-related efforts from other types of work.

Overall, we questioned \$112,309 (\$19,777 + \$92,532) in subrecipient expenditures and recommend that OJP remedy the \$112,309 in inadequately supported and unsupported subrecipient expenditures.

Supplanting

In our evaluation of the HDAG's subrecipient subaward process, we found an indication that it supplanted state funding by using FY 2015 VOCA funding to sustain 15 victim advocate and associated support positions in the county prosecutor offices that had been previously funded by a direct state appropriation to those counties. According to the Financial Guides, "federal funds must be used to supplement existing state and local funds for program activities and must not supplant [i.e., replace] those funds that have been appropriated for the same purpose." The county prosecutor offices received a direct appropriation from the Hawaii State Legislature of \$873,859 in the state's 2013 supplemental budget.⁹ In the justification for this budget request it states:

This legislation is the foundation of the Justice Reinvestment approach and seeks to develop a policy framework to increase efficiency, reduce recidivism, increase public safety, and hold individuals accountable for their restitution obligations. As part of the Justice Reinvestment Initiative [(JRI)], funds were provided to the county victim assistance units, located in the county prosecutors' offices, to strengthen their victim services.

As a result, the County of Hawaii Office of the Prosecuting Attorney received \$303,177 for six positions, the County of Honolulu Department of the Prosecuting Attorney received \$365,250 for six positions, the County of Kauai Office of the Prosecuting Attorney received \$70,920 for one position, and the County of Maui Department of the Prosecuting Attorney received \$134,512 for two positions. Although the county prosecutor offices requested \$1,234,959 to continue to fund these 15 positions in the state's 2014-2015 biennial budget, the state legislature

⁹ The state of Hawaii budgets on a biennium basis with the Executive biennium budget submitted to the Legislature for action on odd number years and the Executive supplemental budget being submitted on even number years. The Executive supplemental budget is used to amend the general appropriations passed in the Executive biennium budget.

ultimately appropriated only \$200,000 in 2014 due to other priorities set by the state appropriators. The County of Kauai had enough funding remaining from the original appropriation to continue to fund their one position. The rest of the county prosecutor offices needed funding to sustain their allotted positions. Thus, the \$200,000 was split equally amongst those counties but it was not enough to sustain their positions throughout the year. Therefore, the counties requested additional funding from the HDAG to be able to sustain these positions. HDAG officials explained that in the HDAG's FY 2015 VOCA funding plan it chose to utilize a portion (\$2,323,205) of the significant increase in FY 2015 VOCA funding to:

"sustain 15 victim advocate and support positions that were created in 2013 as a result of the recommendation by the Council of State Governments (CSG), Justice Center, Justice Reinvestment Initiative (JRI). The JRI county positions strengthened core services provided by the [victim witness] programs. [The positions allowed for improvements to include] increasing restitution collection, integrating safety assessment planning at every phase of offender custody evaluations, and addressing property crime victims, which is an underserved population. . . . Local resources that were diverted to create and fund the JRI positions and state funding to help sustain the positions have all been exhausted. The increase in VOCA . . . funds will allow for these positions to continue to 2018, or until state or local funds are appropriated.

Ultimately, the HDAG awarded \$2,323,205 out of the FY 2015 funding to the county prosecutor offices for the 15 positions to sustain them for up to 3 years. At the end of this award period, the county prosecutor offices had spent \$1,299,964 and returned the remaining \$1,023,241 of this funding. Given that the state's and the HDAG's revenue and budget remained relatively stable, we believe the use of this federal funding to sustain positions that were previously funded by the state is an indication of supplanting. Thus, we recommend that OJP determine whether supplanting actually occurred and if so, remedy any applicable funds.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. Such costs must derive from efforts to expand, enhance, or improve how the agency administers the state crime victim assistance program and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state. While grant-funded subrecipient administrative costs generally must relate to a specific program (i.e., VOCA assistance awards), the VOCA Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.¹⁰ At the time of our audit, the HDAG had only charged administrative expenses against the 2013, 2014, and 2015 VOCA victim assistance grant awards, and none for the 2016 or 2017 awards.

¹⁰ OVC officials have indicated that this may include both VOCA and non-VOCA activities supported by the state administering agency, as long as they relate to victim assistance.

For the victim assistance grant program, we tested the HDAG’s compliance with the 5 percent limit on the administrative category of expenses. As shown in Table 5, we compared the total award amounts to the total administrative expenditures recorded in the general ledgers and determined that the state complied with the established limits.

Table 5
Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2013-VA-GX-0071	\$ 2,243,150	\$ 107,617	4.80 %
2014-VA-GX-0049	2,380,094	114,504	4.81 %
2015-VA-GX-0035	8,995,706	340,355	3.78 %

Source: OIG Analysis of HDAG and OJP records

In addition to testing the HDAG’s compliance with the 5 percent administrative allowance, we also tested a sample of these administrative transactions. We judgmentally selected a sample of nine payroll transactions and other direct and indirect administrative costs representing travel, office supplies, and audit fees for a total sample of \$29,684. We tested these costs to determine if they were allowable, authorized, and adequately supported. We found all the costs were properly authorized, accurately recorded, computed correctly, supported, and properly allocated to the grants, except for the allocation of the audit fees. The audit fees were related to the performance of HDAG’s Single Audit. For the expenditure allocation of the Single Audit cost charged to the HDAG, the allocation methodology was not logical or supportable. Therefore, we questioned \$2,380, the amount of the audit fees allocated to the HDAG and subsequently charged to the VOCA grant, as inadequately supported audit fees and recommend OJP remedy this \$2,380 in unsupported costs.

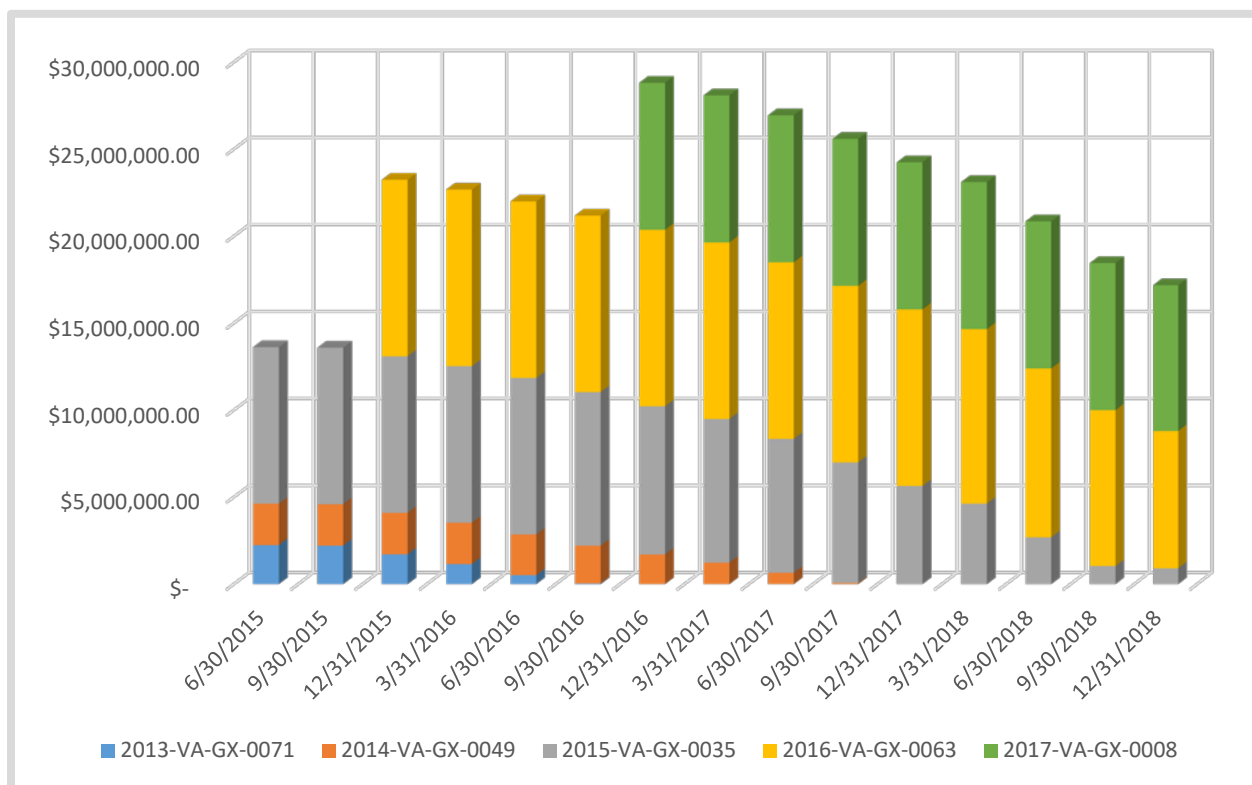
Timely Implementation of VOCA Program

The VOCA Guidelines do not allow for grant extensions to the award period. Based on our fieldwork as of December 2017, we were concerned that the HDAG awarded to its subrecipients only \$13,822,805 (or 43 percent) of the \$32,217,072 in VOCA funds. Based on the award dates and award periods for the VOCA grants in our audit, we had expected the HDAG to have awarded more of the total amount that it had received. By January 2019, HDAG officials stated it had awarded all of its FYs 2016 and 2017 VOCA funds. However, based on the HDAG’s general ledgers dated September 2018, the HDAG and its subrecipients had spent only \$13,914,480 (or 43 percent) of the \$32,217,072 in VOCA funding that was set to expire by September 30, 2020. Plus, the HDAG was expected to receive more VOCA funding each year.¹¹

¹¹ FYs 2016 and 2017 VOCA awards expire on September 30, 2019, and September 30, 2020, respectively. Whereas FYs 2013, 2014, and 2015 VOCA awards expired on September 30, 2016, September 30, 2017, and September 30, 2018, respectively.

As shown in Figure 1, the HDAG had approximately \$13.6 million in VOCA funds left to spend on September 30, 2015, approximately \$21.2 million on September 30, 2016, approximately \$25.6 million on September 30, 2017, and approximately \$18.3 million on September 30, 2018. Furthermore, \$755,885 of unexpended FY 2015 VOCA award funds were deobligated in January 2019. We believe the large amounts of unspent funds increased the risk that funds might be used inefficiently or inappropriately in an effort to expend them before the grant end dates.

Figure 1
The HDAG’s Unspent VOCA Funds
June 30, 2015 to December 31, 2018



Source: OIG Analysis of HDAG VOCA Funds

We discussed with HDAG officials whether it was going to be able to appropriately use all of the VOCA-awarded funds to implement victim programs by the end dates of each grant. HDAG officials expressed concern that they will not be able to award the funds and have subrecipients use the funds for program implementation before each grant ends. HDAG officials explained that the state of Hawaii has a limited number of subrecipients. Each of them needs to increase staff in order to spend the funds and provide additional victim services in the state. It takes time for subrecipients to find and hire staff in a remote location such as the state of Hawaii. Additionally, subrecipients have been reluctant to hire more staff in case the VOCA funds awarded to the state were to drop significantly. Given that Hawaii’s VOCA funds are being received at a rate faster than it has been able to

expend them, we recommend that OJP work with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining CVF funds, and also provide guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii's subrecipients can responsibly handle.

Drawdowns

According to the Financial Guides, grant recipients should request funds based upon immediate disbursement or reimbursement needs. Specifically, recipients should time their drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. Additionally, VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the HDAG managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the HDAG's accounting system and accompanying financial records.

HDAG officials stated that grant funds were drawn down on a reimbursement basis and that they calculated drawdown amounts based on subrecipient expenditures submitted for reimbursement during that month, as well as the amount of administrative expenditures during the same period. As of February 2019, the HDAG had drawn down a total of \$15,897,321 for the five grants reviewed. We analyzed all drawdowns from the start of our scope through December 7, 2017, by comparing the amounts and dates of the drawdowns to the HDAG's accounting records with the additional 10-day grace period. Table 6 shows the total amount drawn down by grant based on expenditures through December 7, 2017.¹²

Table 6
Amount Drawn Down for Each Grant as of December 7, 2017

Award Number	Total Award	Amount Drawn Down	Amount Remaining
2013-VA-GX-0071	\$ 2,243,150	\$ 2,243,150	\$ 0
2014-VA-GX-0049	2,380,094	2,380,094	0
2015-VA-GX-0035	8,995,706	2,993,702	6,002,004
2016-VA-GX-0063	10,147,586	0	10,147,586
2017-VA-GX-0008	8,450,536	0	8,450,536
Total	\$32,217,072	\$7,616,946	\$24,600,126

Source: OIG Analysis of HDAG Accounting Records and OJP Drawdown Reports

¹² As December 2017, the HDAG had not drawn down any funds from the FY 2016 or 2017 grants.

We found that in 27 instances, the HDAG drew down more in funds than it had in expenditures. Specifically, the HDAG's drawdowns from the:

- FY 2013 grant exceeded expenditures on 6 occasions by \$417, to \$41,562 (average of \$22,411) and were not fully expended for 11 to 21 days (average of 14 days),
- FY 2014 grant exceeded expenditures on 11 occasions by \$940 to \$61,844 (average of \$14,071) and were not fully expended for 11 to 39 days (average of 20 days),
- FY 2015 grant exceeded expenditures on 10 occasions by \$975 to \$220,041 (average of \$84,433) and were not fully expended for 12 to 26 days (average of 17 days).

We asked HDAG officials about the excessive drawdowns and we determined that the HDAG drawdown requests for payroll were on a reimbursement basis. However, some drawdowns for subrecipient expenditures (non-payroll expenditures) were received by the HDAG prior to payment to those subrecipients. This receipt of federal funds before payment for these expenditures caused the excess drawdowns. In addition to these drawdown advances, we also identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules as described in the Grant Expenditures sections of this report. In January 2019, we received the results of the FY 2017 Single Audit. The Single Audit also found excess drawdowns and OJP recommended that the HDAG implement procedures to ensure that drawdowns of federal grant funds be based on actual expenditures incurred, or are the minimum amounts need for disbursements to be made immediately or within 10 days of the drawdown; and the amounts requested for reimbursement are reconciled to adequate supporting documentation. To address this finding, the HDAG developed and provided new drawdown procedures. Upon reviewing its new procedures, we believe that the new procedures should prevent future excess drawdowns and ensure that drawdowns are properly supported.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of each subaward. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Although subrecipients must derive required matching contributions from non-federal, non-VOCA sources, subrecipients can provide either cash or an in-kind match to meet matching requirements.¹³ VOCA Guidelines state that any deviation from this policy requires OVC approval. The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

¹³ In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, work space, or the value of time contributed by those providing integral services to the funded project.

The HDAG RFP solicitation required that matching contributions must be allowable under the VOCA program and be subject to the same requirements and conditions as the federal VOCA funds. The HDAG also requires each subrecipient to sign a form, Acceptance of VOCA Special Conditions, in which the HDAG explicitly cites the amount of match the subrecipient is agreeing to provide. In the agreement, the HDAG states the subrecipient “shall maintain records which clearly and accurately show the source, amount and timing of match contributions.” Each subrecipient is required to report their match to the HDAG in its monthly request for funds documents. During the HDAG’s subrecipient monitoring visits, the HDAG’s site monitoring visit requirements include requesting support for a sample of match transactions and making a determination as to whether the subrecipient is or will be expending the match on schedule.

To review the provision of matching funds, we selected and reviewed a judgmental sample of 11 match transactions at the 5 subrecipients we visited. Our review focused on match transactions related to salaries, audit fees, and an instance of in-kind match. We reviewed the available support, which included invoices, payroll registers, and timesheets. We did not identify any issues with items the subrecipients submitted to the HDAG to support their match contributions.

Financial Reporting

According to the Financial Guides, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. We also reviewed each FFR to determine whether they contained accurate financial information related to actual expenditures for the award. To determine whether the HDAG submitted accurate FFRs, we compared the four most recent reports to the HDAG’s accounting records for the FYs 2013, 2014, 2015, and 2016 grants.¹⁴

¹⁴ The HDAG had not recorded any funds received or expenditures for the FY 2017 grant at the start of our fieldwork in January 2018.

Table 7
Accuracy of the HDAG'S Federal Financial Reports

Report No.	Reporting Period	Expenditures Reported on FFR	Grant-Related Expenditures	Difference Between FFRs and Accounting Records
2013-VA-GX-0071				
13	10/01/15 - 12/31/15	\$ 328,524	\$ 496,145	\$ 167,621
14	01/01/16 - 03/31/16	532,072	566,038	33,966
15	04/01/16 - 06/30/16	639,645	639,645	0
16	07/01/16 - 09/30/16	512,039	479,278	(32,761)
2014-VA-GX-0049				
13	10/01/16 - 12/31/16	\$ 473,344	\$ 473,344	\$ 0
14	01/01/17 - 03/31/17	468,909	468,909	0
15	04/01/17 - 06/30/17	583,717	583,717	0
16	07/01/17 - 09/30/17	654,143	586,998	(67,145)
2015-VA-GX-0035				
10	01/01/17 - 03/31/17	\$ 258,455	\$ 255,421	(\$ 3,034)
11	04/01/17 - 06/30/17	557,385	560,419	3,034
12	07/01/17 - 09/30/17	808,365	768,445	(39,920)
13	10/01/17 - 12/31/17	1,242,964	1,282,884	39,920
2016-VA-GX-0063				
6	01/01/17 - 03/31/17	\$ 0	\$ 0	\$ 0
7	04/01/17 - 06/30/17	0	0	0
8	07/01/17 - 09/30/17	0	0	0
9	10/01/17 - 12/31/17	7,618	0	(7,618)

Source: OIG analysis of OVC data and HDAG's accounting records

As shown in Table 7, we determined that quarterly and cumulative expenditures for the FFRs did not match the HDAG's accounting records for FYs 2013, 2014, 2015, and 2016 grants. After discussing these discrepancies with state of Hawaii Fiscal Department officials, we determined that the HDAG was not using complete accounting records for the time period include in its FFRs. After HDAG officials filed the FFRs based on incomplete accounting records, the state's Department of Accounting and General Services continued to book expenditures to the prior month prior to closing the books for that month. We recommend OJP

ensure that the HDAG establishes and implements procedures to make sure that its FFRs are accurate and in accordance with its accounting records.

Monitoring of Subrecipients

While the HDAG had a robust subrecipient risk assessment and monitoring plan we found overt issues with a judgmental sample of subrecipients' supporting documentation for both the financial transactions and programmatic statistics. According to the Financial Guides, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, the HDAG must develop policies and procedures to monitor subrecipients. To assess how the HDAG's monitored its VOCA subrecipients, we interviewed HDAG personnel and identified the HDAG's monitoring procedures. We also conducted site visits at a judgmental sample of five subrecipients, which included interviewing personnel and reviewing the subrecipients' accounting and performance records.

The HDAG's subrecipient monitoring program included both financial and programmatic monitoring. The HDAG performed both annual on-site reviews and additional desk reviews of each subrecipient. The HDAG had written policies and procedures regarding subrecipient monitoring. To address a prior Single Audit report finding, the HDAG developed a risk assessment process. Part of the HDAG's routine monitoring process was to perform an initial risk assessment and ongoing continuous assessments of risk of each subrecipient. If a subrecipient was considered high-risk, then the HDAG would perform an on-site visit at least once during the subaward project period, which may include follow-up visits or contacts until issues have been resolved. If a subrecipient was considered moderate risk, then either an on-site visit or enhanced desk review would be performed. If a subrecipient was considered low risk then an on-site visit would be performed as time permits.

We found that the HDAG monitoring procedures were designed to provide sufficient assurance that subrecipients were appropriately using VOCA funds. In doing so, the HDAG used a checklist to evaluate the subrecipients' processes, procedures, and financial supporting documentation. The HDAG also provided training sessions for subrecipients, which included information about the financial and programmatic reviews. We spoke with subrecipient officials about the support received from the HDAG and these officials indicated that the level of support from the HDAG was appropriate. However, our review of the HDAG's subrecipient monitoring practices revealed that the financial supporting documentation was not adequate and performance data was not accurate. Our results are detailed in the following sections.

Financial Monitoring

The HDAG requires its subrecipients to submit a budget with their grant applications. The HDAG tracks each subrecipient to make sure it abides by the total amounts in the budget categories or requests a budget amendment. Subrecipients

submit requests for reimbursement of expenditures on a monthly basis without supporting documentation. During site monitoring visits, HDAG officials complete a checklist, which has steps for ensuring the completeness of subrecipient grant files, verifying adherence to the approved budget, and determining whether financial reports were filed timely. Additionally, part of the risk assessment process is for HDAG officials to verify a Single Audit has been performed if required and evaluate any Single Audit findings.

We found the checklist used by the HDAG is focused on payroll, direct expenditures, equipment purchases, and applicable match transactions. However, the checklist did not require the HDAG to review the general ledger to ensure separate accounting for expenditures and transactions were maintained for each federal funding source. Additionally, the checklist did not require the HDAG to test transactions from the grant's general ledger. HDAG officials stated that the site monitors test a judgmental sample of transactions. Based on our review of subrecipients, we found that one of the five subrecipients we visited and tested in our judgmental sample had commingled the grants in one general ledger, which was contrary to the Financial Guides that require a separate accounting for each grant's transactions. In our case, the subrecipient had used the same account funding code for two separate VOCA awards. We believe that this type of discrepancy could have been discovered if the HDAG's financial monitoring checklist included a provision for testing CVF grant transactions and determining whether the transactions were recorded correctly in separated general ledgers. Further, although the HDAG utilized checklists during its on-site reviews, we discovered overt issues during our review of subrecipient expenditures as described in detail in the subaward expenditures section of the report and during subrecipient site visits. Specifically, during our site visits, we found a number of discrepancies including the lack of supporting documentation, unsupported allocations of indirect costs, and a commingled general ledger. Therefore, we found the HDAG's system for financial monitoring of subrecipients to be less than adequate and in need of improvement.

Performance Monitoring

While reviewing how the HDAG compiled data from its subrecipients to prepare reports related to grant performance, as discussed in the Annual Performance Reports section above, we sought support for select subrecipient-reported figures. We selected for testing a judgmental sample of five subrecipients that reported between January and March 2018 performance data on the number of victims served with VOCA funding. We used this sample to assess whether the subrecipients' case files adequately supported the performance figures they reported, as shown in Table 8 below.

Table 8
Summary of Subrecipient Performance Figure Testing
FY 2018 Quarter 3

Subrecipient	Number of Sample Items	Supported Victims Reported as Served	Unsupported Victims Reported as Served
Subrecipient #1	Could Not Test	Could Not Test	Could Not Test
Subrecipient #2	5	1	4
Subrecipient #3	4	4	0
Subrecipient #4	3	3	0
Subrecipient #5	3	3	0

Note: The scope of our sample was from the first quarter of 2018 except for Subrecipient #2, which was from January 2018 only.

Source: OIG Analysis of Subrecipient Records

For three subrecipients (11 data points), we found all of the sample items were supported with case files that showed services being provided to victims. However, for two subrecipients, we found most or all of the reported data sampled from could not be supported. Subrecipient #1 used a legacy system that could not generate supporting documentation for cases that it had reported on the quarterly performance report. For each reporting quarter, this subrecipient's staff manually calculated the number of victims served but was unable to tie it back to case files to support the reported number. We informed HDAG officials about these discrepancies in the subrecipients' reporting. The subrecipient informed us that it planned to soon install a new system that was expect to eliminate its manual calculation process and produce a report showing the population of victims served. Subrecipient #2 had inadvertently counted administrative actions to close the cases in its case file system as victim services.

More significantly, as a result of our testing, subrecipients #2, #4, and #5 determined that they had over-reported the total numbers of victims served; all three subrecipients have submitted revised performance reports to fix previously submitted inaccurate information. This, combined with our above observation that Subrecipient #1 could not provide case files to support its reported number, led us to conclude that only one subrecipient, Subrecipient #3, reported accurate performance statistics in our testing.

As a result, we concluded that there are significant shortcomings in HDAG's monitoring of performance under these awards. We found that the HDAG does not have procedures to verify the contents in the State Annual Reports and therefore, it did not look at original data in case files during its subrecipient monitoring visits to verify data provided by the subrecipients and determine whether the data was accurate. Therefore, we recommend that OJP work with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of performance figure data. In our overall assessment of the HDAG's subrecipient monitoring, we found that the state's monitoring process was insufficient to ensure that the state filed accurate financial and performance reports. Given these issues, we find the state's overall monitoring process

insufficient to ensure VOCA expenditures were allowable and supportable or that performance under the awards was reported accurately. We made several recommendations throughout this report that addresses our concerns with the HDAG's monitoring process. In addition, we recommend that OJP ensure that the HDAG improve its checklist and train personnel responsible for conducting site monitoring reviews to ensure financial and programmatic compliance with federal regulations.

CONCLUSION AND RECOMMENDATIONS

We found the HDAG used its grant funds to enhance services for crime victims. It also met the federal requirements for matching funds and compliance with the special conditions for the awards. However, our audit identified certain deficiencies in several key areas. Although we found that the HDAG planned for the increase in VOCA funding and that it was tracking the priority funding areas, we noticed that the categories being tracked by the HDAG for the underserved populations were not the same categories that the HDAG had identified as the underserved populations. We found the HDAG has a large amount of unspent VOCA funds, and we believe the unspent funds increase the risk that funds might be used inefficiently or inappropriately in an effort to expend them before the grant end dates. The HDAG also used \$1,299,964 in grant funds to maintain 15 county victim assistance positions previously funded by a direct state appropriation. We believe this is an indication of federal funds being used to supplant state funding. In addition, we found \$2,380 in audit fees allocated to the grant based on an unsupported methodology. We identified a total of \$112,309 subrecipient transactions that were inadequately supported or unsupported. Finally, we found that the HDAG's financial and programmatic monitoring was insufficient to ensure the accurate filing of financial and programmatic reports. In total, we found \$114,689 in inadequately supported or unsupported expenditures related to subrecipient reimbursements and an indication of supplanted funds. We provide 9 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that the HDAG establishes a process that tracks the HDAG's complete set of defined underserved populations.
2. Ensure that the HDAG establishes procedures that require the testing of performance figure data to ensure the accuracy of the information filed in annual performance reports.
3. Remedy \$112,309 in VOCA-related subrecipient expenditures that was inadequately supported or unsupported.
4. Determine whether supplanting actually occurred and remedy any applicable funds.
5. Remedy \$2,380 in inadequately supported audit fees allocated to the grants based on an unsupported methodology.
6. Work with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining CVF funds, and also provide guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii's subrecipients can responsibly handle.

7. Ensure that the HDAG establishes and implements procedures to make sure that its Federal Financial Reports (FFR) are accurate and in accordance with its accounting records.
8. Work with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of performance figure data.
9. Ensure that the HDAG improve its checklist and train personnel responsible for conducting site monitoring reviews to ensure financial and programmatic compliance with federal regulations.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how the HDAG designed and implemented its crime victim assistance 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, (3) grant financial management, and (4) monitoring of subrecipients.

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 assistance formula grants 2013-VA-GX-0071, 2014-VA-GX-0049, 2015-VA-GX-0035, 2016-VA-GX-0063, and 2017-VA-GX-0008 from the Crime Victims Fund (CVF) awarded to the HDAG. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$32,217,072 to the HDAG, which serves as the state administering agency for the state of Hawaii. Our audit concentrated on, but was not limited to, the period of September 6, 2013, the award date for VOCA assistance grant number 2013-VA-GX-0071, through June 2018. As of February 2019, the HDAG had drawn down a total of \$15,897,321 from the five audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the HDAG's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the OJP and DOJ Financial Guides, 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 Measurement Tool, as well as the HDAG 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 the HDAG's overall system of internal controls, we did review the internal controls of the HDAG's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the HDAG adequately managed the VOCA funds we audited, we conducted interviews with state of Hawaii financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of the HDAG'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:		
Inadequately Supported Subrecipient Expenditures	\$112,309	15
Inadequately Supported Audit Fees	<u>2,380</u>	17
Total Unsupported Costs	\$114,689	
Total Questioned Costs¹⁵	<u>\$114,689</u>	

¹⁵ **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.

THE STATE OF HAWAII DEPARTMENT OF THE ATTORNEY
GENERAL'S RESPONSE TO THE DRAFT AUDIT REPORT

DAVID Y. IGE
GOVERNOR



CLARE E. CONNORS
ATTORNEY GENERAL

DANA O. VIOLA
FIRST DEPUTY ATTORNEY GENERAL

STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
425 QUEEN STREET
HONOLULU, HAWAII 96813
(808) 586-1500

March 1, 2019

Mr. David J. Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
90 7th Street, Suite 3-100
San Francisco, CA 94103

Dear Mr. Gaschke:

The Hawaii Department of the Attorney General (HDAG) is thankful for the opportunity to provide a written response to the Draft Audit Report of the OJP, Victim Assistance Grants, awarded to the HDAG. This letter serves as our official response to the audit recommendations made by the Office of Inspector General to the Office of Justice Programs (OJP), dated February 15, 2019, which are listed on pages 28-29 of the audit report.

As for the report, on page 9, Table 3, the HDAG's Defined Underserved Populations between 2012 and 2016 is missing a population. There should be a #12, 'Victims residing in rural or geographically isolated areas' under 2016 VOCA Advisory Committee, and under 2015 Solicitation. This would make the table consistent with page 10, the 1st and 2nd paragraphs. We also note that on page 5, the footnote identified the Hawaii Department of Health and Human Services (HHHS). This should be reflected as the Hawaii Department of Human Services (DHS).

Recommendation 1: Ensure that the HDAG establishes a process that tracks the HDAG's complete set of defined underserved populations.

Response: HDAG concurs with this recommendation and will work with OJP to institute a process for tracking its defined underserved populations. HDAG's definition of underserved populations has expanded since 2002, and HDAG will review it for consistency and appropriateness within 45 days.

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Mr. David J. Gaschke
March 1, 2019
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Recommendation 2: Ensure that the HDAG establishes procedures that require the testing of performance figure data to ensure the accuracy of the information filed in the annual performance reports.

Response: HDAG concurs with this recommendation and is in the process of developing procedures for testing performance data to ensure accuracy of annual performance reports and anticipates a draft of the procedures within 60 days. HDAG will be implementing procedures to sample performance data during monitoring. HDAG will work with OJP for further technical assistance to ensure accuracy of information in the annual report.

Recommendation 3: Remedy \$112,309 in VOCA-related subrecipient expenditures that was inadequately supported or unsupported.

Response: HDAG does not have sufficient information to concur or not concur with this recommendation. HDAG is in the process of reviewing the subrecipient expenditures that the OIG audited. Since the Draft Audit Report does not provide the specifics of the questioned expenditures, HDAG is not able to address each expenditure at this time. HDAG will work with OJP to resolve this issue as additional information is provided to HDAG.

Recommendation 4: Determine whether supplanting actually occurred and remedy any applicable funds

Response: HDAG does not concur with this recommendation. Grant funds were used to supplement existing State and local funds, in this case, the four county prosecutor offices, for program activities. The VOCA funds did not supplant (replace) any state or local funds.

Recommendation 5: Remedy \$2,380 in inadequately supported audit fees allocated to the grants based on an unsupported methodology.

Response: HDAG concurs with this recommendation and will work with OJP to remedy this \$2,380 in unsupported costs. HDAG will work with OJP to develop a logical and supportable methodology to allocate single audit costs to the VOCA grant. The methodology may include an allocation of single audit costs based upon the percentage of expenditures charged to the VOCA grant for the audit year.

Recommendation 6: Work with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining CVF, and also provide guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii's subrecipients can responsibly handle.

Response: HDAG partially concurs with this recommendation. Hawaii is a state with very low unemployment and a limited number of victim service providers. Although expanded victim services are needed, it is not an easy task to expend an approximate 400% - 500% increase in VOCA funds in a matter of months. HDAG has worked diligently to fully subaward VOCA

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Mr. David J. Gaschke
March 1, 2019
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funds responsibly, monitor program spend down of the funds within the contract periods, and will continue to do so. Guidance from OJP is appreciated on when it is necessary and appropriate to return funds to the CVF.

Recommendation 7: Ensure that the HDAG establishes and implements procedures to make sure that its Federal Financial Reports (FFFR) are accurate and in accordance with its accounting records

Response: HDAG partially concurs with this recommendation. Of the nine instances where there were discrepancies between expenditures reported on the FSR and grant-related expenditures:

- In one instance, for the quarter ending 12/31/15, HDAG was reporting subgrantee expenditures instead of HDAG expenditures. This procedure was revised after the OCFO visit in March 2016. Beginning with the FSR for the quarter ending 3/31/2016, the HDAG began reporting HDAG expenditures on the FSR.
- In five instances, expenditures reported on the FSR were accurate. The discrepancy between the expenditures reported on the FSR and the grant-related expenditures was due to not including the Fiscal Month (FM) in which the expenditure was recorded in the State accounting system on the HDAG accounting ledger.
- In three instances, expenditures reported on the FSR were not accurate.

To prevent future discrepancies, the HDAG accounting ledger will include a FM column to clearly identify when the expenditure was recorded in the State accounting system. Prior to submitting the FSR, HDAG will verify that all expenditures reported on the FSR have been booked by the State accounting system for the prior month.

Recommendation 8: Work with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of the performance report data.

Response: HDAG concurs with this recommendation and is in the process of revising its procedures to ensure the accuracy of information provided in its performance reports. As noted in the Response to Recommendation #2 above, HDAG anticipates a draft of the procedures within 60 days. One procedure that will be implemented is to sample performance data during monitoring. HDAG will work with OJP for development and implementation of additional procedures, if necessary.

Recommendation 9: Ensure that the HDAG improve its checklist and train personnel responsible for conducting site monitoring reviews to ensure financial and programmatic compliance with federal regulations.

Response: HDAG partially concurs with this recommendation. On November 2016, the U.S. Department of Justice, Office of Chief Financial Officer reviewed and approved improvements to HDAG subrecipient monitoring procedures, which have since been implemented. In light of the Draft Audit Report, HDAG again has revised its monitoring procedures and monitoring

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Mr. David J. Gaschke
March 1, 2019
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checklist. HDAG understands that it is responsible for monitoring, not auditing, its subrecipients, and will work with OJP on further improvements to the checklist for financial and programmatic compliance, as needed. HDAG has planned additional training for its personnel to occur within the next 90 days.

HDAG appreciates the opportunity to respond to the Draft Audit Report, as well as the opportunity to improve its services to fund and administer projects serving crime victims in Hawaii.

Very truly yours,



Clare E. Connors
Attorney General

CEC/cjc

c: Ms. Linda Taylor, CPA
Lead Auditor, Audit and Review Division
U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management
Audit and Review Division
810 Seventh Street, NW
Washington, DC 20531

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OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT AUDIT REPORT¹⁶



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 11 2019

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
San Francisco 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 Assistance Grants Awarded to the State of Hawaii, Department of the Attorney General, Honolulu, Hawaii*

This memorandum is in reference to your correspondence, dated February 15, 2019, transmitting the above-referenced draft audit report for the State of Hawaii Department of the Attorney General (HDAG). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **nine** recommendations and **\$114,689** 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 that the HDAG establishes a process that tracks the HDAG's complete set of defined underserved populations.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain a copy of written policies and procedures, developed and implemented, to establish a process that tracks HDAG's complete set of defined underserved populations.

2. **We recommend that OJP ensure that the HDAG establishes procedures that require the testing of performance figure data to ensure the accuracy of the information filed in annual performance reports.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain a copy of written policies and procedures, developed and implemented, for testing performance figure data to ensure the accuracy of the information filed in its annual performance reports.

¹⁶ Attachments provided with this response were not included in this report.

3. **We recommend that OJP remedy \$112,309 in VOCA-related subrecipient expenditures that was inadequately supported or unsupported.**

OJP agrees with this recommendation. We will review the \$112,309 in questioned costs charged to Grant Numbers 2013-VA-GX-0071, 2014-VA-GX-0049, 2015-VA-GX-0035, and 2016-VA-GX-0063, related to subrecipient expenditures that were inadequately supported or unsupported, and will work with HDAG to remedy, as appropriate.

4. **We recommend that OJP determine whether supplanting actually occurred and remedy any applicable funds.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain documentation necessary to determine whether supplanting of Federal funds actually occurred, and will work with HDAG to remedy, as appropriate.

5. **We recommend that OJP remedy \$2,380 in inadequately supported audit fees allocated to the grants based on an unsupported methodology.**

OJP agrees with this recommendation. We will review the \$2,380 in questioned costs charged to Grant Numbers 2013-VA-GX-0071, 2014-VA-GX-0049, and 2015-VA-GX-0035, related to inadequately supported audit fees, and will work with HDAG to remedy, as appropriate.

6. **We recommend that OJP work with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining CVF funds, and also provide guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the State of Hawaii's subrecipients can responsibly handle.**

OJP agrees with this recommendation, and will continue to provide ongoing support to all State Administering Agencies (SAAs), including HDAG, about the appropriate and responsible spending of Crime Victim Fund (CVF) awards. OJP's Office for Victims of Crime (OVC) has provided regular monitoring of all SAAs, including HDAG, to help ensure appropriate and responsible spending of CVF dollars. Further, OVC is funding OVC's Training and Technical Assistance Center (TTAC) to support SAAs, as requested, with innovative uses of funding to help SAAs expand the scope of appropriate and responsible VOCA Victim Assistance funding. Additionally, OVC has facilitated discussions on these issues through various forums, including: the Victims of Crime Act (VOCA) Annual Conferences, VOCA regional meetings, Questions and Answers sessions, and related webinars. Further, OVC Grant Managers are frequently fielding and responding to questions from SAAs about allowable uses of funding, and working with SAAs to help them understand the parameters of appropriate and responsible spending of CVF dollars. Moreover, the OVC VOCA Administrators' web page is another source that provide valuable information to SAAs for innovative programs – <https://www.ovc.gov/VOCA-Administrators.html>.

OVC will continue to inform all SAAs, including HDAG, that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state's subrecipients can responsibly handle. OVC has stressed to SAAs that unspent funds returned are deposited back into the CVF; and therefore, are available in future years to assist victims of crime. OVC does not encourage SAAs, including HDAG, to award funds at a faster rate than subrecipients can responsibly handle. Finally, during the closeout process for all fiscal year (FY) 2015 VOCA formula and the non-formula training and technology grants awarded to the SAAs, OVC required any State with unspent grant funds to provide a statement describing the reasons why the funds were unspent. Although closeout of HDAG's FY 2015 VOCA Victim Assistance Formula award, Grant Number 2015-VA-GX-0035, is pending because of the OIG audit, OJP deobligated the unobligated funds, totaling \$755,885, under this grant. Upon closeout of the grant, HDAG will be required to provide a statement to OVC describing the reasons why these funds were unspent (see Attachment). We believe these actions document OVC's continual dialogue with the SAAs on their VOCA formula grant funds. Accordingly, the Office of Justice Programs respectfully requests closure of this recommendation.

7. **We recommend that OJP ensure that the HDAG establishes and implements procedures to make sure that its Federal Financial Reports (FFR) are accurate and in accordance with its accounting records.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain a copy of written policies and procedures, developed and implemented, for ensuring that its Federal Financial Reports are accurate and in accordance with its accounting records.

8. **We recommend that OJP work with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of performance figure data.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain a copy of written policies and procedures, developed and implemented, for improving the accuracy of the information filed in its performance reports, to include testing of performance figure data, as needed.

9. **We recommend that OJP ensure that the HDAG improve its checklist and train personnel responsible for conducting site monitoring reviews to ensure financial and programmatic compliance with Federal regulations.**

OJP agrees with this recommendation. We will coordinate with HDAG to obtain a copy of written policies and procedures, developed and implemented, for improving site monitoring reviews of subrecipients, to ensure financial and programmatic compliance with Federal regulations. We will request that the revised monitoring procedures include an improved checklist, and adequate training of HDAG personnel responsible for conducting site visits.

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

Attachment

cc: Matt M. Dummermuth
Principal Deputy Assistant Attorney General

Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Darlene L. Hutchinson
Director
Office for Victims of Crime

Tracey Trautman
Principal Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Kathrina S. Peterson
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Katherine Darke-Schmitt
Deputy Director
Office for Victims of Crime

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 Hawaii Department of the Attorney General (HDAG) and Office of Justice Programs (OJP) for review and official comment. The HDAG's response is included in Appendix 3 and OJP's response is included as Appendix 4 of this final report. OJP agreed with each of the nine recommendations contained in this report and discussed the actions it plans to complete in order to address our recommendations. As a result, the audit report is resolved. The HDAG concurred with four, partially concurred with three, and did not concur with one of our recommendations. Additionally, the HDAG stated it did not have sufficient information to concur or not concur with the remaining recommendation. In response to the HDAG's comments, we clarified some areas of the report and certain recommendations, as described below. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure that the HDAG establishes a process that tracks the HDAG's complete set of defined underserved populations.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain a copy of written policies and procedures developed and implemented, to establish a process that tracks the HDAG's complete set of defined underserved populations.

The HDAG concurred with our recommendation and stated that it will work with OJP to institute a process for tracking its defined underserved populations. The HDAG stated its definition of underserved populations has expanded since 2002, and that it will review the definition for consistency and appropriateness.

This recommendation can be closed when we receive evidence that OJP has worked with the HDAG to establish a process that tracks the HDAG's complete set of defined underserved populations.

2. Ensure that the HDAG establishes procedures that require the testing of performance figure data to ensure the accuracy of the information filed in annual performance reports.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain a copy of written policies and procedures, developed and implemented, for testing performance figure data to ensure the accuracy of the information filed in its annual performance reports.

The HDAG concurred with our recommendation and stated in its response that that they are in the process of developing procedures for testing performance data to ensure accuracy of annual performance reports and anticipates a draft of the procedures within 60 days. The HDAG stated it will be implementing procedures to sample performance data during monitoring activities, and that they will work with OJP for further technical assistance to ensure accuracy of information in the annual report.

This recommendation can be closed when we receive evidence that OJP has worked with the HDAG to establish procedures that require the testing of performance figure data to ensure the accuracy of the information filed in the annual performance reports.

3. Remedy \$112,309 in Victims of Crime Act (VOCA)-related subrecipient expenditures that was inadequately supported or unsupported.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$112,309 in questioned costs charged to Grant Numbers 2013-VA-GX-0071, 2014-VA-GX-0049, 2015-VA-GX-0035, and 2016-VA-GX-0063, related to subrecipient expenditures that were inadequately supported or unsupported, and will work with the HDAG to remedy, as appropriate.

The HDAG stated it did not have sufficient information to concur or not concur with our recommendation and stated that it is in the process of reviewing the subrecipient expenditures that the OIG audited. The HDAG stated that since the draft audit report did not provide the specifics of the questioned expenditures, it was not able to address each expenditure, but that it would work with OJP to resolve this issue as additional information is provided to the HDAG. We will provide sufficient information to the HDAG and OJP to understand the specific inadequately supported or unsupported subrecipient expenditures.

This recommendation can be closed when OJP remedies the \$112,309 in inadequately supported or unsupported VOCA-related subrecipient expenditures.

4. Determine whether supplanting actually occurred and remedy any applicable funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain documentation necessary to determine whether supplanting of federal funds actually occurred, and will work with the HDAG to remedy, as appropriate.

The HDAG did not concur with our recommendation and stated in its response that grant funds were used to supplement existing State and local funds – in this case, the four county prosecutor offices – for program activities, and that the VOCA funds did not supplant (replace) any state or local funds.

This recommendation can be closed when we receive documentation that OJP has worked with the HDAG to determine whether supplanting occurred and has remedied applicable funds, as appropriate.

5. Remedy \$2,380 in inadequately supported audit fees allocated to the grants based on an unsupported methodology.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$2,380 in questioned costs charged to Grant Number 2013-VA-GX-0071, related to inadequately supported audit fees, and will work with the HDAG to remedy, as appropriate.

The HDAG concurred with our recommendation and stated that it will work with OJP to remedy this \$2,380 in unsupported costs. The HDAG also stated that it will work with the OJP to develop a logical and supportable methodology to allocate single audit costs to the VOCA grant.

This recommendation can be closed when OJP remedies the \$2,380 in inadequately supported audit fees allocated to the grants based on an unsupported methodology.

6. Work with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining Crime Victims Fund (CVF) funds, and also provide guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii's subrecipients can responsibly handle.

Resolved. OJP agreed with our recommendation and stated in its response that it will continue to provide ongoing support to all State Administrating Agencies (SAAs), including the HDAG, about appropriate and responsible spending of CVF awards. OJP also asserted that its Office for Victims of Crime (OVC) has stressed to SAAs that unspent funds returned are deposited back into the CVF; and therefore, are available in future years to assist victims of crime. Further, OJP indicated that the OVC does not encourage SAAs, including the HDAG, to award funds at a faster rate than subrecipients can responsibly handle. Finally, during the closeout process for all FY 2015

VOCA formula and the non-formula training and technology grants awarded to the SAAs, OJP stated that the OVC required any state with unspent grant funds to provide a statement describing the reasons why the funds were unspent. Although closeout of HDAG's FY 2015 VOCA Victim Assistance Formula award, Grant Number 2015-VA-GX-0035, is pending because of the OIG audit, OJP stated that it had deobligated the unobligated funds, totaling \$755,885, under this grant. Upon closeout of the grant, the HDAG will be required to provide a statement to OVC describing the reasons why these funds were unspent.

OJP believes these actions document OVC's continual dialogue with the SAAs on their VOCA formula grant funds and requested closure of this recommendation. We reviewed the documentation (the close out package, final FFR, final Payment History Report, and other documentation) provided by OJP. Although this documentation shows the return and deobligation of \$755,855 for the HDAG's unspent FY 2015 CVF award, we believe OJP should provide us documentation of the guidance it has provided to the HDAG on its responsibility to timely and appropriately award or return the FY 2016, and subsequent fiscal year, CVF grant funds.

The HDAG partially concurred with our recommendation and stated that Hawaii is a state with very low unemployment and a limited number of victim service providers. Further, the HDAG indicated that although expanded victim services are needed, it was not an easy task to expend an approximate 400 percent to 500 percent increase in VOCA funds in a matter of months. The HDAG asserted that it has worked diligently to fully subaward VOCA funds responsibly, monitor the program's spending down of the funds within the contract periods, and will continue to do so. The HDAG also stated that guidance from OJP was appreciated on when it is necessary and appropriate to return funds to the CVF. We agree that the HDAG has geographical challenges and a limited number of victim service providers, which can increase the risk of irresponsible spending by subrecipient organizations. Thus, we believe guidance in this area from OJP will help mitigate this risk.

This recommendation can be closed when we receive evidence that OJP has worked with the HDAG to provide additional guidance on appropriate and responsible spending of the remaining CVF funds, and also provides guidance to the HDAG that returning funds to the CVF is an acceptable outcome versus awarding funds at a faster rate than the state of Hawaii's subrecipients can responsibly handle.

7. Ensure that the HDAG establishes and implements procedures to make sure that its Federal Financial Reports (FFR) are accurate and in accordance with its accounting records.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain a copy of written policies and procedures, developed and implemented, for ensuring that its FFRs are accurate and in accordance with its accounting records.

The HDAG partially concurred with our recommendation and stated that it will work with OJP to establish and implement procedures to ensure that its FFRs are accurate and in accordance with its accounting records. The HDAG also provided reasoning why some of the expenditures had been recorded inaccurately on the FFRs. To prevent further discrepancies, the HDAG stated that its accounting ledger will clearly identify when the expenditure was recorded in the state's accounting system. Prior to submitting the FFR, the HDAG indicated that it will verify that all expenditures reported on the FFR have been booked by the state accounting system for the prior month.

This recommendation can be closed when we receive documentation that HDAG established and implemented procedures to ensure that its FFRs are accurate and in accordance with its accounting records.

8. Work with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of performance figure data.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain a copy of written policies and procedures, developed and implemented, for improving the accuracy of information filed in its performance reports, to include testing of performance figure data, as needed.

The HDAG concurred with our recommendation and stated that that it is in the process of revising its procedures to ensure the accuracy of information provided in its performance reports. The HDAG also stated it anticipates a draft of the procedures within 60 days, which includes sampling of performance data during monitoring activities. Finally, the HDAG stated that it will also work with OJP for development and implementation of additional procedures, if necessary.

This recommendation can be closed when we receive evidence that OJP has worked with the HDAG to establish procedures to improve the accuracy of the information filed in its performance reports, to include testing of the performance report data.

9. Ensure that the HDAG improve its checklist and train personnel responsible for conducting site monitoring reviews to ensure financial and programmatic compliance with federal regulations.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the HDAG to obtain a copy of written policies and procedures, developed and implemented, for improving site monitoring reviews of subrecipients, to ensure financial and programmatic compliance with federal regulations. OJP further stated that it will also request that the revised monitoring procedures include an improved checklist, and adequate training of HDAG personnel responsible for conducting site visits.

The HDAG partially concurred with our recommendation and stated that on November 2016, OJP's Office of the Chief Financial Officer reviewed and approved improvements to the HDAG subrecipient monitoring procedures, which the HDAG had implemented. The HDAG stated that it has again revised its monitoring procedures and monitoring checklist in light of our findings in this audit. The HDAG asserted that it is responsible for monitoring its subrecipients and that it would work with OJP on further improvements to the checklist for financial and programmatic compliance, as needed. Furthermore, the HDAG indicated that it had planned additional training for its personnel to occur within the next 90 days. We agree the HDAG is responsible for monitoring its subrecipients, which should entail ensuring subrecipients possess adequate financial management systems that are compliant with all financial reporting requirements of the VOCA award and that report accurate performance data.

This recommendation can be closed when we receive evidence that OJP has worked with the HDAG to establish procedures to improve the accuracy of the information filed in its financial and performance reports, to include testing of the financial and performance report data.



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