



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



**Audit of the Office of Justice
Programs
Victims Assistance and Victims
Compensation
Formula Grants Awarded to
the Nebraska Commission on Law
Enforcement and Criminal Justice
Lincoln, Nebraska**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIMS ASSISTANCE AND VICTIMS COMPENSATION
FORMULA GRANTS AWARDED TO
THE NEBRASKA COMMISSION ON LAW ENFORCEMENT AND
CRIMINAL JUSTICE
LINCOLN, NEBRASKA**

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of Victims of Crime Act (VOCA) Victim Assistance Formula and Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP) to the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) in Lincoln, Nebraska. The Crime Commission was awarded \$8,474,916 under Grant Numbers 2012-VA-GX-0052, 2012-VC-GX-0022, 2013-VA-GX-0012, 2013-VC-GX-0029, 2014-VA-GX-0030, and 2014-VC-GX-0048 to support eligible crime victim assistance programs that provide direct services to crime victims, and to provide assistance to states for awards of compensation benefits to crime victims.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OJP Financial Guide and the grant award documents.

As of October 7, 2015, the Crime Commission had drawn down \$7,135,802 of the total grant funds awarded. We examined the Crime Commission's policies and procedures, accounting records, and financial and progress reports, and found that the Crime Commission did not comply with essential award conditions related to expenditures and program performance. Specifically, based on the Crime Commission's accounting records and performance documentation, we found that the Crime Commission charged unallowable and unsupported costs to the awards; five of the six State Performance reports were not accurate; drawdowns were not always timed to ensure that federal cash on hand was the minimum needed for disbursements; and the drawdowns for five of the six awards exceeded the recorded expenditures.

In addition, we found a potential for a conflict of interest in the Crime Commission's awarding of federal assistance subawards. As part of the VOCA

* Redactions were made in Appendix 3, the grantee's response, and are of individuals' names or product identities to protect privacy or proprietary interests.

award process, the Crime Commission and its Grant Review Committee evaluate and vote for awarding VOCA grants funds to specific counties and agencies. We determined that some Crime Commission and Grant Review Committee members did not abstain and voted to award grants funds to an agency or county they were employed by or represented. This practice can possibly have a detrimental effect on the integrity of the Crime Commission's VOCA grant award process and the Crime Commission's VOCA grant programs, overall.

Our report contains eight recommendations to OJP, which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with Crime Commission officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from the Crime Commission and OJP, and their responses are appended to this report as Appendices 3 and 4, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIMS ASSISTANCE AND VICTIMS COMPENSATION
FORMULA GRANTS AWARDED TO
THE NEBRASKA COMMISSION ON LAW ENFORCEMENT AND
CRIMINAL JUSTICE
LINCOLN, NEBRASKA**

TABLE OF CONTENTS

INTRODUCTION	1
Background.....	1
OIG Audit Approach	2
FINDINGS AND RECOMMENDATIONS.....	3
Grant Financial Management	3
Single Audit	3
Grant Expenditures	4
Monitoring of Subrecipients	7
Drawdowns	8
Federal Financial Reports	9
Program Performance and Accomplishments	9
Performance Reports.....	9
Program Goals and Objectives.....	11
Compliance with Special Conditions.....	11
Potential Conflict of Interest.....	12
Conclusion	13
Recommendations.....	14
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY.....	15
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	17
APPENDIX 3: THE CRIME COMMISSION’S RESPONSE TO THE DRAFT AUDIT REPORT	18
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS’ RESPONSE TO THE DRAFT AUDIT REPORT	25
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	30

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIMS ASSISTANCE AND VICTIMS COMPENSATION
FORMULA GRANTS AWARDED TO THE
THE NEBRASKA COMMISSION ON LAW ENFORCEMENT AND
CRIMINAL JUSTICE
LINCOLN, NEBRASKA**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of Victims of Crime Act (VOCA) Victim Assistance Formula and Victim Compensation Formula grants awarded by the Office of Justice Programs (OJP), to the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) in Lincoln, Nebraska. The Crime Commission was awarded six grants totaling \$8,474,916. Table 1 lists the grants awarded to the Crime Commission.

Table 1

Grants Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice

GRANT	AWARD DATE	PROJECT START DATE	PROJECT END DATE	GRANT AMOUNT
Assistance Grants Awarded				
2012-VA-GX-0052	08/08/12	10/01/11	09/30/15	\$ 2,557,802
2013-VA-GX-0012	09/10/13	10/01/12	09/30/16	\$ 2,823,083
2014-VA-GX-0030	08/06/14	10/01/13	09/30/17	\$ 3,002,031
Compensation Grant Awarded				
2012-VC-GX-0022	05/29/12	10/01/11	09/30/15	\$ 8,000
2013-VC-GX-0029	09/10/13	10/01/12	09/30/16	\$ 18,000
2014-VC-GX-0048	09/30/14	10/01/13	09/30/17	\$ 66,000
Total:				\$8,474,916

Source: Office of Justice Programs (OJP) Grant Management System (GMS)

Background

The funds awarded under the Victim Assistance Formula grants are required to be used by the states and territories to support eligible crime victim assistance programs that provide direct services to crime victims. Eligible crime victim assistance programs are those that are operated by a public agency or a non-profit organization and provide services to victims of crime. Services generally include those efforts that; (1) respond to the emotional and physical needs of crime victims; (2) assist primary and secondary victims of crime; (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. All states and most territories receive an annual base amount of \$500,000; any additional funds are distributed based on populations.

The funds awarded under the Victim Compensation Formula grants are required to be used by the states and territories for awards of compensation benefits to crime victims. An eligible crime victim compensation program is operated by a state and offers compensation to victim and survivors of victims of criminal violence, including drunk driving and domestic violence. The compensation is for: (A) medical expenses attributable to physical injury resulting from a compensable crime, including expenses for mental health counseling and care; (B) loss of wage attributable to physical injury resulting from a compensable crime; and (C) funeral expenses attributable to a death resulting from a compensable crime. Each eligible state is awarded an annual grant equal to 60 percent of what the state spent in state funded benefits for the previous 2 years.

The Crime Commission was created in 1967 by an executive order. In 1969 legislation was enacted to establish the Crime Commission as an agency of state government. The Crime Commission was established to develop comprehensive plans that improve the administration of criminal justice activities among state and local agencies. Since its inception, additional statutory responsibilities have been assigned and the Crime Commission now serves as an umbrella agency for many criminal justice programs.

OIG Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance.

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology; and Appendix 2 is our Schedule of Dollar-Related Findings.

FINDINGS AND RECOMMENDATIONS

As further discussed in this report, we found that the Crime Commission charged unallowable and unsupported costs to the Assistance awards and did not comply with essential award conditions related to the required annual State Performance reports. Specifically, based on the Crime Commission's accounting records and performance documentation, we found the Crime Commission charged \$87,647 in unallowable personnel costs, \$5,263 in unallowable payments, and \$173,407 in unsupported payments from the assistance awards to subrecipients.¹ Five of the six State Performance Reports were not accurate; drawdowns were not always timed to ensure that federal cash on hand was the minimum needed for disbursements; and the drawdowns for five of the six awards exceeded the recorded expenditures by \$1,158. Finally, we identified a potential for a conflict of interest in the Crime Commission's awarding of federal assistance subawards; not all of the Review Committee members, or the Crime Commission members abstained from voting when an award was made to an agency or county they are employed by or represent.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed the State of Nebraska's Single Audit Report for 2014 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with Crime Commission staff, examined policies and procedures, inspected grant documents, and reviewed OJP site visit reports to determine whether the Crime Commission adequately safeguarded grant funds. We identified a deficiency regarding the Crime Commission's accounting for personnel expenditures, which is discussed in the Grant Expenditures section of this report.

Single Audit

The Office of Management and Budget circular A-133 requires that non-federal entities that expend \$500,000 or more per year in federal funding have

¹ In a draft of this report, we initially questioned \$173,407 based on inadequate supporting documentation. However, in its response to our draft report, the Crime Commission provided additional documentation, which we determined adequately supported \$170,573 of the original questioned costs. While we are concerned about the completeness of the information provided by the Crime Commission during our audit, we adjusted the questioned costs to \$2,834. See Appendix 5 for a further explanation.

a Single Audit performed annually.² We reviewed the most recent Single Audit for the State of Nebraska, which covered July 1, 2013 through June 30, 2014. The 2014 Single Audit included two findings relating to the Crime Commission, and they both were specific to the Edward Memorial Justice Assistance Grants (JAG) received by the Crime Commission. Specifically, the Crime Commission did not have (1) adequate documentation to support payments to subrecipients or (2) individual business units set up to separately account for the JAG grants financial activity. Our audit also revealed challenges regarding the Crime Commission's support with payments to subrecipients, as discussed in the next section. The JAG grants were outside the scope of this audit; therefore we did not verify corrective action. The Single Audit report stated that corrective action was taken by the Crime Commission for both findings.³

Grant Expenditures

Grant Numbers 2012-VA-GX-0052, 2013-VA-GX-0012, and 2014-VA-GX-0030 were awarded to enhance services to crime victims through competitive subrecipient awards to local organizations. Grant Numbers 2012-VC-GX-0022, 2013-VC-GX-0029, and 2014-VC-GX-0048 were awarded to enhance victim compensation payments to eligible crime victims. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we reviewed a sample of 53 transactions for testing, totaling \$1,162,658, including subrecipient payments and victim compensation.

For the compensation awards, we selected and reviewed all nine transactions for the three compensation awards. Specifically, as shown in Table 2, we reviewed 3 transactions totaling \$8,000 for Grant Number 2012-VC-GX-0022; 5 transactions totaling \$18,000 for Grant Number 2013-VC-GX-0029; and 1 transactions totaling \$273 for Grant Number 2014-VC-GX-0048. We found the compensation transactions were adequately supported, approved, and allowable per applicable criteria.

For the assistance awards, we reviewed 28 transactions totaling \$675,209 for Grant Number 2012-VA-GX-0052; 8 transactions totaling \$272,349 for Grant Number 2013-VA-GX-0012; and 8 transactions totaling \$188,827 for Grant Number

² On December 26, 2014, OMB Circular A-133 was superseded by 2 C.F.R. 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raises the audit threshold to \$750,000 in federal expenditures. According to OMB, although OMB Circular A-133 has been replaced by the Uniform Guidance, the Circular will have a continuing effect of 2 years or more. Audits performed under the requirements of the new Uniform Guidance are not expected to be submitted until late in calendar year 2016.

³ In August of 2014 the Crime Commission was designated a high risk grantee by the Office of Justice Programs because it had audit report recommendations from its 2013 Single Audit that were open for more than 1 year. OJP removed the high risk designation status in December of 2014, when the Crime Commission provided evidence of corrective actions that addressed the single auditors' recommendations.

2014-VA-GX-0030.⁴ Of the 28 transactions reviewed for Grant Number 2012-VA-GX-0052, 20 were Crime Commission administrative transactions totaling \$436,375 and 8 were subrecipient payments totaling \$238,835. The 8 transactions reviewed for Grant Number 2013-VA-GX-0012 were all subrecipient payments. Of the 8 transactions reviewed for Grant Number 2014-VA-GX-0030, 7 were subrecipient payment transactions totaling \$185,389 and 1 was a Crime Commission administrative transaction totaling \$3,438.

Table 2
Award Transactions Reviewed

COMPENSATION TRANSACTIONS REVIEWED					
GRANT NUMBER	TRANSACTIONS REVIEWED	DOLLAR VALUE			
2012-VC-GX-0022	3	\$ 8,000			
2013-VA-GX-0029	5	\$18,000			
2014-VC-GX-0048	1	\$ 273			
ASSISTANCE TRANSACTIONS REVIEWED					
GRANT NUMBER	TRANSACTIONS REVIEWED	DOLLAR VALUE	ASSISTANCE BREAK OUT		
2012-VA-GX-0052	align="center">28	\$ 675,209	20	Administrative Transactions	\$436,375
			8	Subrecipient Payments	\$238,835
2013-VA-GX-0012	8	\$ 272,349	8	Subrecipient Payments	\$272,349
2014-VA-GX-0030	align="center">8	\$ 188,827	1	Administrative Transactions	\$ 3,438
			7	Subrecipient Payments	\$185,389
Total:	53	\$1,162,658			

Source: OJP GMS and Crime Commission Accounting Records

According to the OJP Financial Guide and OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments, when grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and or effort reports. These reports must reflect an after-the-fact distribution of the actual activity of each employee. For Grant Number 2012-VA-GX-0052 we identified 10 unallowable payroll transactions. The Crime Commission charges payroll based on a percentage allocation, not the actual activity of each employee. As a result, we are questioning \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052. According to Crime Commission officials, the percentage allocation was used on all payroll transactions. As a result the questioned costs included all payroll transactions charged to Grant Number 2012-VA-GX-0052.

⁴ The 2013-VA-GX-0012 and the 2014-VA-GX-0030 grants did not have any personnel transactions included in the pre-field work General Ledgers provided.

According to Crime Commission officials, they are aware of the issue and the accounting system does not allow the Crime Commission to charge actual hours. The Crime Commission is looking into how to fix the problem, but it is on the first year of a biannual budget and does not have the financial resources to put towards fixing the problem. We found the remaining 10 Crime Commission Administrative transactions for Grant Number 2012-VA-GX-0052 were supported and allowable. We recommend OJP work with the Crime Commission to remedy the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052. We also recommend OJP ensures the Crime Commission's financial system, for all VOCA awards made after December 26, 2014 comply with the DOJ Financial Guide.

In addition, as shown in Table 3 for Grant Number 2012-VA-GX-0052, we found two of the eight subrecipient payment transactions were supported. However, we determined that one was unsupported and four were only partially unsupported, resulting in \$69,204 in unsupported subrecipient payments. One transaction was partially unallowable, as the subrecipient charged insurance for nine employees when only five should have been charged, resulting in \$5,263 in unallowable subrecipient payments. For Grant Number 2013-VA-GX-0012 we found six of the eight subrecipient payment transactions reviewed were supported. However, two transactions were unsupported, resulting in \$58,753 in unsupported subrecipient payments.

For Grant Number 2014-VA-GX-0030 we found the one Crime Commission administrative transaction reviewed was supported and allowable. In addition, we found six of the seven subrecipient payment transactions were supported, but one \$45,450 transaction was unsupported. According to Crime Commission officials, for the 2012-VA-GX-0052 and the 2013-VA-GX-0012 grant cycles, the Crime Commission was not paying subrecipients on a reimbursement basis, which may cause payments to not accurately align with the reported expenditures. For this reason, the Crime Commission transitioned to a reimbursement approach in January 2015. This is also why some of the samples were partially unsupported. Since the Crime Commission was not paying subrecipients on a reimbursement basis until January 2015, it had to obtain from the subrecipients supporting documentation for the expenditure testing. In our review of the supporting documentation, we were not always able to reconcile the supporting documentation to the corresponding transaction. As an example, the OIG could not always reconcile timesheets to paystubs to the corresponding reimbursement. We recommend OJP work with the Crime Commission to remedy the remaining \$2,834 of the \$173,407 in unsupported subrecipient payments questioned in the draft audit report and to remedy the \$5,263 in unallowable subrecipient payments.⁵

⁵ In a draft of this report, we initially questioned \$173,407 based on inadequate supporting documentation. However, in its response to our draft report, the Crime Commission provided additional documentation, which we determined adequately supported \$170,573 of the original questioned costs. While we are concerned about the completeness of the information provided by the Crime Commission during our audit, we adjusted the questioned costs to \$2,834. See Appendix 5 for a further explanation.

Table 3
Questioned Subrecipient Payments

GRANT NUMBER	DOLLAR VALUE	AMOUNT QUESTIONED	REASON QUESTIONED
2012-VA-GX-0052	\$20,000	\$ 2,222	Partially Unsupported
	\$ 7,584	\$ 7,584	Unsupported
	\$99,433	\$ 5,263	Partially Unallowable
	\$13,490	\$ 2,320	Partially Unsupported
	\$51,383	\$ 42,084	Partially Unsupported
	\$17,642	\$ 14,994	Partially Unsupported
2013-VA-GX-0012	\$12,133	\$ 12,133	Unsupported
	\$46,620	\$ 46,620	Unsupported
2014-VA-GX-0030	\$45,450	\$ 45,450	Unsupported
Total Questioned Subrecipient Payments:		\$178,670	

Source: Crime Commission Accounting Records

Monitoring of Subrecipients

The OJP Financial Guide states the purpose of subrecipient monitoring is to ensure that federal program funds are being spent in accordance with the federal program and grant requirements, laws, and regulations. The monitoring process needs to include the development of systems, policies, and procedures to ensure that subrecipient activities are conducted in accordance with federal program and grant requirements, laws, and regulations.

According to the Crime Commission's operating instructions, grants awarded to new projects shall be monitored at least once during the first 12 months of funding. Grants awarded to existing projects shall be monitored at least once every 36 months and all subrecipients are subject to a desk review on a yearly basis. If during the monitoring process, it appears that the conditions of the grant award or special conditions are not being fulfilled, the subrecipient shall be notified in writing regarding the results of the monitoring process. In addition, subrecipients shall be required to submit quarterly activity reports and quarterly cash reports to the Crime Commission.

We selected one payment made to each subrecipient in each of the three awards and reviewed the Crime Commission grant files for these subrecipients. Specifically, for the 2012-VA-GX-0052 award we reviewed 38 grant files, for the 2013-VA-GX-012 award we reviewed 36 grant files, and for the 2014-VA-GX-0030 award we reviewed 36 grant files. The grant files included the subrecipients applications; their award documents, which included a signed subrecipient special condition certification; and, if applicable, subrecipient adjustment requests and financial grant monitoring reports. Based on our review of the Crime Commission's operating instructions and subrecipient files, we did not identify significant deficiencies in the Crime Commission's monitoring of subrecipients.

Drawdowns

According to the OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. To assess whether the Crime Commission managed grant receipts in accordance with federal requirements, we compared cumulative drawdowns to cumulative expenditures. Our findings are detailed in table 4.

Table 4
Drawdowns by Grant

AWARD NUMBER	AWARD END DATE	TOTAL DRAWDOWNS	TOTAL GRANT EXPENDITURES	DIFFERENCE
2012-VA-GX-0052	09/30/15	\$2,557,802	\$2,556,644	\$ 1,158
2012-VC-GX-0022	09/30/15	\$ 8,000	\$ 7,600	\$ 400
2013-VA-GX-0012	09/30/16	\$2,632,000	\$2,647,463	\$(15,463)
2013-VC-GX-0029	09/30/16	\$ 18,000	\$ 17,100	\$ 900
2014-VA-GX-0030	09/30/17	\$1,873,000	\$1,865,370	\$ 7,630
2014-VC-GX-0048	09/30/17	\$ 47,000	\$ 273	\$ 46,727

Source: OJP GMS and the Crime Commission Accounting Records

We found that as of the final drawdown date, the Crime Commission had drawn down funds in excess of federal expenditures for the two grants that have reached their end date, Grant Numbers 2012-VA-GX-0052 and 2012-VC-GX-0022. We determined the \$400 difference for Grant Number 2012-VC-GX-0022 was remedied as the Crime Commission charged \$400 in allowable expenses to the grant after the final drawdown date, but before the end of the award. However, the \$1,158 associated with Grant Number 2012-VA-GX-0052 was not supported by the Crime Commission's accounting records. Therefore, we recommend that OJP coordinate with the Crime Commission to remedy the \$1,158 in unsupported drawdowns for Grant Number 2012-VA-GX-0052.

The OJP Financial Guide also requires recipients to time their drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. To determine if the Crime Commission's drawdowns were in compliance with the OJP Financial Guide, we compared individual drawdowns with expenditures for each drawdown period. We determined that the Crime Commission did not always time drawdown requests to ensure that federal cash on hand was the minimum needed for disbursements. For Grant Number 2014-VC-GX-0048, we found that the Crime Commission had drawdown \$47,000 between August and September 2015. Crime Commission officials stated that the excess funds were expended during the 3rd quarter of fiscal year 2015 and the 1st quarter of fiscal year 2016.⁶ However, as shown in Table 4, the Crime Commission's accounting records supported only \$273 in expenditures as of this date, resulting in the difference of \$46,727. In addition,

⁶ The Crime Commissions fiscal year is from July 1st to June 30th.

for Grant Number 2012-VA-GX-0052, the Crime Commission had to return \$63,286 to OJP for excess cash on hand. To ensure that future drawdowns are in compliance with the OJP Financial Guide, we recommend that OJP coordinate with the Crime Commission to ensure that future drawdown requests are based on the minimum federal cash on hand needed for disbursements.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. To determine whether the Federal Financial Reports (FFR) submitted by the Crime Commission were accurate, for the three assistance grants we compared the four most recent reports to the Crime Commission's accounting records and for the three compensation grants we compared the reports submitted to expenditures. Specifically, for the 2012-VC-GX-0022 and the 2013-VC-GX-0029 awards two reports were submitted with expenditures and for the 2014-VC-GX-0048 award one report was submitted with expenditures. Based on the Crime Commission's accounting records, we found that the FFRs submitted by the Crime Commission were accurate.

Program Performance and Accomplishments

We reviewed VOCA Victim Compensation Grant Program State Performance Reports (Compensation Performance reports) and VOCA Victim Assistance Grant Program State Performance Reports (Assistance Performance reports), which are completed by the Crime Commission annually, to determine if the required reports were accurate. We also reviewed the Crime Commission's compliance with special conditions identified in the award documentation.

Performance Reports

According to the OJP Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. To verify the information in the three applicable Crime Commission's Compensation Performance reports and the applicable three Assistance Performance reports, we verified metrics stated in the performance reports to the Crime Commission's supporting documentation.

In our analysis of performance reports submitted by the Crime Commission, we identified discrepancies in the reports submitted for five of the six reports reviewed. The Compensation Performance report for fiscal year October 1, 2011, through September 30, 2012, stated 122 new claims were submitted, while the Crime Commission support showed 121; 52 claims were denied as ineligible or closed, while the support showed 59. The Compensation Performance report for fiscal year October 1, 2012, through September 30, 2013, stated 113 new claims were submitted, while the Crime Commission support showed 99.

The Compensation Performance report for fiscal year October 1, 2013, through September 30, 2014, stated 83 new claims were submitted, while the Crime Commission support showed 85. In addition, for all 3 fiscal years, the amounts paid by crime category were misreported. Crime Commission officials could not provide a reason for the differences. The person currently responsible for compiling and submitting the Compensation Performance reports was not the person responsible for compiling and submitting the three reports we reviewed, and the individual previously responsible for this duty is no longer with the Crime Commission.

The Assistance Performance report for fiscal year October 1, 2011, through September 30, 2012, stated 38 agencies were funded from the award, but the Crime Commission support showed 37. The Assistance Performance report for fiscal year October 1, 2012, through September 30, 2013, stated 38 agencies were funded from the award, while the Crime Commission support showed 36. In addition, as shown below in Table 5 the number of victims who received services, by service category, was inaccurately stated by varying amounts based on our review of the Crime Commission’s supporting documentation.

Table 5
Inaccuracy of Reported Services Received by Service Category
October 1, 2012 through September 30, 2013

Service Category	Number of Victims who Received the Service - Reported	Number of Victims Who Received the Service - Support
Therapy	713	228
Group Treatment / Support	4,707	4,222
Shelter / Safehouse	1,898	1,413
Emergency Legal Advocacy	1,398	913
Assistance in Filing Compensation Claims	8,228	7,743
Other	8,769	1,132

Source: OJP GMS and the Crime Commission Performance Report Data

According to Crime Commission officials, the discrepancies in the October 1, 2012, through September 30, 2013, Assistance Performance report were due to the use of an incorrect spreadsheet tab. Crime Commission officials thought the numbers in the chart spreadsheet were linked to the data spreadsheet, but we verified that they were not. The Crime Commission appeared to correct its error in the following fiscal year, as we found that the victim services figures reported in the Assistance Performance report for fiscal year October 1, 2013, through September 30, 2014, matched the numbers in the Crime Commission’s supporting spreadsheet. Accurate and supportable figures on victims served are critical to assessing the success of grant-funded programs. Therefore, we recommend that OJP ensure the Crime Commission reports accurate information in its performance reports.

Program Goals and Objectives

As OJP indicated in its solicitations, the objective for the 2012, 2013, and 2014 VOCA Assistance awards was to provide direct services to crime victims. We reviewed the Assistance Performance report support provided by the Crime Commission for the three applicable fiscal years to determine whether the objective of providing direct services to crime victims was met. The results of our review are summarized in Table 6 below.

Table 6
Summary of Direct Services Provided Under the Assistance Awards as Supported by Crime Commission Documentation

Direct Services	10/01/2011 – 09/30/2012	10/01/2012 – 09/30/2013	10/01/2013 – 09/30/2014
Number of Subrecipients Funded	37	36	39
Number of Services Provided	441,878	198,142	255,152
Number of Victims Served	72,571	79,239	56,310

Source: OJP GMS and the Crime Commission Performance Report Data

As OJP indicated in its solicitations, the objective for the 2012, 2013, and 2014 VOCA Compensation awards was to provide awards of compensation benefits to crime victims. As discussed previously, we reviewed supporting documentation for the Crime Commission’s Compensation Performance report for the three applicable fiscal years and verified that the Crime Commission provided compensation benefits to victims, as summarized in Table 7.

Table 7
Summary of Compensation Benefits Provided under the Compensation Awards as Supported by Crime Commission Documentation

Type of Claims	10/01/2011 – 09/30/2012	10/01/2012 – 09/30/2013	10/01/2013 – 09/30/2014
New Claims Received	121	99	85
Number of Claims Approved as Eligible	35	56	56
Number of Claims Paid During the Reporting Period	35	56	56

Source: OJP GMS and the Crime Commission Accounting Records and Performance Report Data

Compliance with Special Conditions

Special conditions are the contractual terms and conditions that are included with DOJ grant awards. According to the OJP Financial Guide, special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of Federal funds, consultant rates, changes in key personnel, and proper disposition of program income. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements

that are related to the performance under the grants and are not addressed in another section of this report. As an example, all six awards had a special condition requiring one key grantee official to attend annual VOCA National Training Conference. Based on our analysis, we did not identify noncompliance with the grant special conditions we analyzed.

Potential Conflict of Interest

The OJP Financial Guide states that funding recipient decisions must be free of hidden personal or organizational conflicts of interest, both in advice and appearance. The OJP Financial Guide further states that funding decisions be free of undue influence, and be fair and transparent.

According to Nebraska state law, the Governor appoints the members of the Commission, including the Commission Chairperson and Executive Director. In addition, the chairperson of the Police Standards Advisory Council will serve as a member the Crime Commission. According to the Crime Commission's operating instructions, the Crime Commission Chairperson is the Chief Executive Officer of the Crime Commission and will establish standing committees, as required, and appoint or reappoint members and committee chairpersons to serve 2-year terms. The Grant Review Committee (Committee) is one of the standing committees and consists of at least six appointed members.

According to the Crime Commission's operating instructions, grant applications are first reviewed by staff. Summary comments are prepared outlining the strengths and weaknesses of the grants along with funding recommendations. After the staff review, grant applications are reviewed and funding recommendations are made by the Committee. The Committee considers staff review recommendations, but otherwise acts independently to evaluate grant applications and to make funding recommendations for the federal and state programs. The Committee is to base these recommendations upon the following factors: (1) eligibility of the applicant; (2) adherence to federal and or state requirements and guidelines; (3) completeness, clarity, continuity and consistency of the written application; (4) ability and capacity of the proposed program to make an impact on the identified problem; (5) other resources available to address the problem; (6) cost effectiveness of the proposed project; and (7) funds available.

The recommendations from the Committee, along with the summary comments, are forwarded to the Crime Commission for final review and funding determination at a Crime Commission meeting. The Crime Commission, in making its final determination, will consider the staff review recommendations, Committee recommendations, information contained in the summary comments, and Commission member discussion. Those members' whose agencies directly benefit from a Commission action are asked to participate fully in the discussion process leading to a decision, but to abstain from voting, which should be noted in Commission minutes.

After learning from Crime Commission officials that there are currently 4 grant subrecipients with representatives on the Crime Commission board, we analyzed the 2012 through 2014 meeting minutes from both the Committee meetings and the Crime Commission board meetings in which the Crime Commission board voted to award federal VOCA funding. We also researched the backgrounds and positions of the Committee members. We found several of the members of the Committee are also members of the Crime Commission. Specifically, of the 20 current Crime Commission members, 4 of them are also on the Committee. In addition, not all of the Committee members, or the Crime Commission members, abstained from voting when an award was made to an agency or county they were employed by or represented. Of the three Committee meetings and the Crime Commission meetings we reviewed, there were consistently two members who did not abstain from voting on awarding federal VOCA funds to agencies or counties they are employed by or represented. As a result, between 6 and 7 percent of the total 2012-2014 VOCA assistance award funding went to a county or agency for which a Committee member voted favorably when the Committee member was also employed by or represented the entity.

Finally, one of the overlapping Committee and Crime Commission members that did not abstain from voting on awards made to the county that the member represented, was previously terminated by the county. However, this person has not been removed from either the Committee or the Crime Commission.

There is a potential for a conflict of interest with both the grant review Committee members and the Crime Commission members voting to award federal VOCA dollars to subrecipients to which they have a connection. As a result, we recommend OJP ensures that the Crime Commission appropriately mitigates any potential and actual conflict of interest within the Grant Review Committee, the Crime Commission, and the state's VOCA funding decisions.

Conclusion

To ensure it manages VOCA funding appropriately in accordance with requirements, the Crime Commission needs to improve its personnel accounting for its VOCA funding as well as its performance reporting. Further, the Crime Commission must mitigate any potential and actual conflict of interest to ensure those voting to fund a particular entity with VOCA funding also do not represent or are employed by the same entity. We made eight recommendations to improve the Crime Commission's management of awards.

Recommendations

We recommend that OJP:

1. Remedy the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.
2. Ensure the Crime Commission's financial system, for all VOCA awards made after December 26, 2014, comply with the DOJ Financial Guide.
3. Remedy the \$5,263 in unallowable subrecipient payments.
4. Remedy the remaining \$2,834 of the \$173,407 in unsupported subrecipient payments questioned in the draft audit report.⁷
5. Remedy the \$1,158 in unsupported drawdowns for Grant Number 2012-VA-GX-0052.
6. Ensure future drawdown request are based on the minimum federal cash on hand needed for disbursements.
7. Ensure the Crime Commission reports accurate information in its performance reports.
8. Ensure the Crime Commission appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.

⁷ In a draft of this report, we initially questioned \$173,407 based on inadequate supporting documentation. However, in its response to our draft report, the Crime Commission provided additional documentation, which we determined adequately supported \$170,573 of the original questioned costs. While we are concerned about the completeness of the information provided by the Crime Commission during our audit, we adjusted the questioned costs to \$2,834. See Appendix 5 for a further explanation.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, drawdowns, federal financial reports, and program performance. We determined that budget management and control, accountable property, and indirect costs were not applicable to these grants, and that the Crime Commission was not responsible for providing matching funds.

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 objectives. 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 Office of Justice Programs (OJP) grants awarded to the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) under the Victims of Crime Act (VOCA) Victim Assistance Formula grant program and VOCA Victim Compensation Formula grant program:

- 2012-VA-GX-0052, awarded for \$2,557,802
- 2012-VC-GX-0022, awarded for \$ 8,000
- 2013-VA-GX-0012, awarded for \$2,823,083
- 2013-VC-GX-0029, awarded for \$ 18,000
- 2014-VA-GX-0030, awarded for \$3,002,031
- 2014-VC-GX-0048, awarded for \$ 66,000

As of October 7, 2015, the Crime Commission had drawn down \$7,135,802 of the total grant funds awarded. Our audit concentrated on, but was not limited to, May 29, 2012, the start date for Grant Number 2012-VC-GX-0022, through November 20, 2015, the last day of our fieldwork.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the Crime Commission's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges; subgrants; federal financial reports; and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audit against are contained in the OJP Financial Guide and the award documents. In addition, we evaluated the Crime Commission's (1) grant financial management, including grant-related procedures in place for procurement, contractor monitoring,

financial reports, and progress reports; (2) drawdowns; and (3) program performance.

During our audit, we obtained information from OJP's Grant Management System (GMS) as well as the Crime Commission's 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 documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ⁸		
Unallowable Personnel Transactions	\$ 87,647	5
Unallowable Subrecipient Payments	\$ 5,263	6
Unsupported Subrecipient Payments	\$ 2,834	6
Unsupported Drawdowns	\$ 1,158	8
TOTAL DOLLAR-RELATED FINDINGS	<u>\$96,902</u>	

⁸ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

THE CRIME COMMISSION'S RESPONSE TO THE DRAFT AUDIT REPORT⁹



Pete Ricketts
Governor

STATE OF NEBRASKA
NEBRASKA COMMISSION ON LAW ENFORCEMENT AND CRIMINAL JUSTICE

(Nebraska Crime Commission)

Darrell Fisher, Executive Director

301 Centennial Mall South

P.O. Box 94946

Lincoln, Nebraska 68509-4946

Phone (402) 471-2194

FAX (402) 471-2837

30 September 2016

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

RE: Response to Draft Audit Report, Audit of the Office of Justice Programs, Victims Assistance and Victims Compensation Formula Grants Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice, Lincoln, Nebraska

Dear Mr. Sheeren:

Your letter and draft audit report dated 26 August 2016 has been received and reviewed with interest. We requested via email an extension of the original response date, which you kindly granted to Monday, 03 October 2016.

This response letter will serve as our official response to the audit findings which are enumerated on page 14 of the draft audit report.

Recommendations

We recommend that OJP:

1. Remedy the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.

The Crime Commission partially concurs with this recommendation. The following Commission staff provided staff support to the VOCA grant:

- [REDACTED] (Staff Assistant II) provided staff support for VOCA grants by providing technical assistance to sub-grantees regarding reports, grant process and other requirements. This position also assisted with grant management pertaining to VOCA.
- [REDACTED] (Federal Aid Administrator II) conducted on-site financial monitors of VOCA funded subgrantees. [REDACTED] conducted VOCA financial monitors, reviewed VOCA subgrantee cash reports, invoices and all other relevant documents to ensure information is accurate and complete in accordance with VOCA.

An Equal Opportunity Employer
Printed with soy ink on recycled paper

⁹ Attachments to this response were not included in this final report.

- [REDACTED] (**Staff Assistant I**) provided staff support for VOCA grants by transcribing all VOCA related meeting minutes and entering VOCA statistics and other VOCA related data entry duties.
- [REDACTED] (**Federal Aid Administrator I**) and [REDACTED] (**Federal Aid Administrator I**) pre-audited VOCA subgrantee documentation including invoices, timesheets and all other relevant documents to ensure compliance prior to payment.
- [REDACTED] (**Federal Aid Administrator III**) was the VOCA Program Administrator. [REDACTED] was responsible for preparing and submitting the VOCA application, completing all required VOCA reports, providing technical assistance and training to VOCA funded subgrantees.
- [REDACTED] (**Budget Division Chief**) completes the financial status reports on all the federal grants. He completes the budget request every 2 years which requests a federal appropriation and a personal services limit for each federal program. [REDACTED] approves all the grant payments to subgrantees after checking for the correct coding on the payment document. He requests federal funds via the federal letter of credit system, and he serves as the financial point of contact for all federal grants.
- [REDACTED] (**Personnel Officer, Budget Division – resigned 01 June 2015**). She is our human resources employee and processes our payrolls and benefits. She also processes the subgrantee grant payments and assists [REDACTED] with information needed for the financial status reports.
- [REDACTED] (**Personnel Officer, Budget Division – 01 June 2015 to present**) was hired and replaced [REDACTED]. She processes payrolls and benefits. She also processes the subgrantee grant payments and assists [REDACTED] with information needed for the financial status reports. She would have been paid from June 1 to September 30, 2015 from the 2012 VA funds.
 - To be completely accurate we paid two different people as Personnel Officers during the time the 2012 VA grant was active.
- [REDACTED] (**Business Manager, Budget Division**) pre-audits all the subgrantee grant payments after [REDACTED] initiated the grant payment. She supervised [REDACTED] [REDACTED] makes payments from any grants that we award to ourselves (i.e. the VINE grant), and she initiates the drawdowns from the federal letter of credit system.
- [REDACTED] (**IT Infrastructure Support Analyst Senior**) is the agency's Information Technology staff person. He maintains all the software and hardware needed for the grants division personnel. He maintains the agency's computer [REDACTED] which is used for recording hours worked.

Mr. David M. Sheeren, Regional Audit Manager

30 September 2016

Page 3

The Crime Commission fully acknowledges our temporary inability to record actual hours to the grants. We have struggled to find a suitable system for use by our employees to record and report actual hours to the grants programs. We initially thought we could adapt our current time report system known as the [REDACTED] to allow employees to more accurately report actual hours spent on various grants. However, the [REDACTED] is not able to be imported into the State Accounting System and the man hours involved in reports and journal entries was just not feasible.

As a code agency, the Crime Commission is responsible to the Office of the Chief Information Office (OCIO) to utilize software programs and systems which are approved and purchased by the state to be utilized on the state computer system. The OCIO is aware of our issues and our desire to fully comply with all US DOJ recommendations and accounting practices, and we are continually looking at options available to us. On 25 May 2016, we inquired and received a demonstration on system being utilized in the Department of Environmental Quality called [REDACTED].” In addition to the substantial cost for this program, after the demonstration, it was determined this program would not meet our needs. In June, 2016, we reached-out to the OCIO and the vendor on the software program [REDACTED], however, we have been advised by the OCIO and the vendor that [REDACTED] is not a system for a small agency such as the Crime Commission. Not only is cost for [REDACTED] prohibitive (quarter of a million dollars), but the OCIO currently does not own [REDACTED]. We inquired about the possibility of joining with another state agency which currently has [REDACTED], but have been advised there are problems with this as most of the agencies which have [REDACTED] have modified it for their needs. We have sought approval from the State to release the specification template for the State Accounting System. This specification template would allow some modifications to our [REDACTED], and possibly allow for an overlay to the State Accounting System. Lastly, on Wednesday, 28 September 2016, members of our staff met with representatives of the Department of Administrative Services – State Accounting Division, to discuss options available to agencies our size (small agency; 54 staff). We discussed a possible alternative utilizing an Excel spreadsheet which can be uploaded into the State Accounting System. Both DAS-State Accounting and the Crime Commission have more work and research to do before an informed decision can be made, but currently, this alternative looks promising.

The Commission desperately wants to accomplish this as we realize this has been a recommendation for some time. We will continue to be vigilant and diligent in our search for a solution to the time and recordkeeping recommendation which best meets our needs and operating budget. We appreciate very much the patience shown by the U.S. Department of Justice, and we want you to know that we will either find a solution to this situation, or we will make one.

-
2. *Ensure the Crime Commission’s financial system, for all VOCA awards made after December 26, 2014, comply with the DOJ Financial Guide.*

The Commission is in partial concurrence with this recommendation. **Please refer to Attachment: Recommendation #2, Attachment #1.**

On 07 May 2012 a part-time financial monitor was added to the Crime Commission. The position was previously filled as an independent contractor position and monitors were performed by the independent contractor. Several states and federal audits occurred with the Crime Commission over the course of the ensuing years. Due to this, the Crime Commission responded by increasing the part-time position to a fulltime position in August, 2013. The monitor schedule was changed to include a yearly monitor of all federal subgrantees and a quarterly desk monitor of all subgrantees. In January of 2015, two additional financial monitors were added and all federal grant programs went to a reimbursement only policy with all documentation being requested and reviewed by financial monitors prior to payment. In addition, a third financial monitor was added in March of 2016. The Crime Commission acknowledges there were deficiencies in the monitoring process and has worked diligently to address those concerns. Additional staff have been hired and trained by the Crime Commission in order to minimize any errors in monitoring and pre-audits. Subgrantees are now scheduled to have yearly monitors or desk reviews and all documentation is reviewed for compliance prior to payment.

3. Remedy the \$5,263 in unallowable subrecipient payments.

The Crime Commission is in non-concurrence with this recommendation. **Please refer to Attachment: Recommendation #3 Documentation.** Recommendation #3 Documentation contains:

Questioned Costs \$5,263

Documentation provided 12-VA-0218:

1. Email documentation that was provided from [REDACTED].
2. Documentation of payroll reports regarding employee health care coverage.

4. Remedy the \$173,407 in unsupported subrecipient payments.

The Crime Commission is in non-concurrence with this recommendation. **Please refer to Attachment: Recommendation #4 and the subsequent attachments.**

Recommendation #4 Questioned Costs in the amount of \$173,407

Documentation Provided:

1. 12-VA-0201 (Amount Questioned) \$2,222.00 **Attachment #1**
 - a. Email Communication regarding payroll, ledgers and timesheets.
 - b. Payroll Reports
2. 12-VA-0225 (Amount Questioned) \$7,584.00 **Attachment #2**
 - a. Policies and Procedures submitted by [REDACTED]
 - b. Cash reports
 - c. Timecard Records
3. 12-VA-0214 (Amount Questioned) \$2,320.00 **Attachment #3**
 - a. Email documentation

4. 12-VA-0226 (Amount Questioned) \$42,084.00 **Attachment #4**
 - a. Email documentation
 - b. Time Records
 - c. General Ledgers
5. 12-VA-235 (Amount Questioned) \$14,994.00 **Attachment #5**
 - a. Email documentation
 - b. Cash report and request
 - c. Documentation of disbursement
6. 12-VA-0223 (Amount Questioned) \$12,133.00 **Attachment #6**
 - a. Disbursement records
 - b. Time records
 - c. Email documentation
 - d. Cash report/request
7. 13-VA-0228 (Amount Questioned) \$46,620.00 **Attachment #7**
 - a. Email documentation
 - b. Time records
 - c. General Ledgers
8. 14-VA-0225 (Amount Questioned) \$45,450.00 **Attachment #8**
 - a. Email documentation
 - b. Time records

Payroll records

5. ***Remedy the \$1,158 in unsupported drawdowns for Grant Number 2012-VA-GX-0052.***

The Crime Commission is in non-concurrence with this recommendation because the grant is ended now and any excess cash on June 30, 2015 has now been expended.

A final financial status report was submitted on Grant 2012-VA-GX-0052 on December 29, 2015. We drew down \$2,557,802 (the total amount of the award) and expended \$2,557,801.92, or eight cents less than our drawdown. We had a subgrantee which did not spend the entire amount of their award.

If necessary we can process a check for \$.08 and return these funds to OJP.

6. ***Ensure future drawdown request are based on the minimum federal cash on hand needed for disbursements.***

The Crime Commission concurs with this recommendation and has made improvements to our system. We have improved the spreadsheet we use to calculate drawdowns since the date of this audit report and improved our system for estimating operations expenditures. The bulk of our expenditures each month are payments to subgrantees and we know the exact amount of those expenditures prior to requesting any drawdowns.

We will continue to refine our methods to eliminate the occasions when we have excess cash on hand at the end of a month.

7. *Ensure the Crime Commission reports accurate information in its performance reports.*

The Crime Commission concurs with this recommendation regarding the errors in the Compensation Performance Reports (CPR) and the employee who prepared those reports is no longer here. Likewise, we concur there was an error on previous VOCA reports.

The current employee who completes the CPR's for the Crime Victims Reparations reports has been trained on how to accurately complete those reports and her reports are checked by her supervisor before they are submitted. In fact, representatives from the DOJ were on-site at the Commission within the past year, and reviewed the CPR's being completed by the current employee and no errors were found. Further, all VOCA reports are now being completed and submitted through the PMT.

Again, we acknowledge the errors committed when the CPR's were completed and submitted by the former employee. We further concur that previous VOCA reports contained errors and we now complete and submit the VOCA report through the PMT.

We will strive to minimize any and all future errors.

8. *Ensure the Crime Commission appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.*

We concur with this finding.

When I started at the Commission in January, 2014, I was briefed by our Grants Division Chief of the appearance of conflict of interest on our Grants Review Committee. During the next two and one-half years, we have worked at replacing these individuals as listed below:

Superintendent of the Nebraska State Patrol – voluntarily withdrew in 2015
Chief of the Omaha Police Department – voluntarily withdrew in 2015
Lancaster County Attorney – voluntarily withdrew in 2015
Chief of the Criminal Bureau, NE Attorney General's Office – removed by the Attorney General in 2016
Former Director of Hall County Corrections – voluntarily withdrew in 2016

All, with the exception of last entry (Former Director of Hall County Corrections) whose vacancy was created very recently, have been replaced with other more suitable Crime Commissioners who do not receive direct funding.

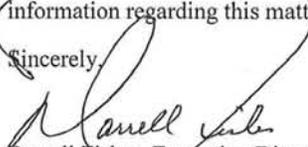
Regarding the Crime Commission Board, we will conduct a briefing prior to any action on any grant in the future to ensure they do not vote on funding for any particular subrecipient they represent or are

Mr. David M. Sheeren, Regional Audit Manager
30 September 2016
Page 5

employed by any subrecipient. Lastly, we are in the process of revising Operating Instruction #10 (Crime Commission policies) to address any future potential conflicts of interest.

The Nebraska Commission on Law Enforcement and Criminal Justice very much appreciates your willingness to allow us to respond to this draft report. We sincerely wish to cooperate and provide any and all information and justification you may need. If you have any questions or require additional information regarding this matter, please contact me at darrell.fisher@nebraska.gov or call 402-471-2195.

Sincerely,



Darrell Fisher, Executive Director
Nebraska Commission on Law Enforcement and Criminal Justice

cc: [REDACTED]
Lead Auditor, Audit Coordination Branch
Audit and Review Division
[REDACTED] Grants Division Chief
[REDACTED] Budget Division Chief

OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

October 12, 2016

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: /s/
Ralph E. Martin
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victims Assistance and Victims Compensation Formula Grants, Awarded to the Nebraska Commission on Law Enforcement and Criminal Justice, Lincoln, Nebraska*

This memorandum is in reference to your correspondence, dated August 24, 2016, transmitting the above-referenced draft audit report for the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains eight recommendations and \$267,475 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 remedy the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to remedy the \$87,647 in questioned costs, related to unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.

- 2. We recommend that OJP ensure the Crime Commission's financial system, for all VOCA awards made after December 26, 2014, comply with the DOJ Financial Guide.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to obtain documentation demonstrating that its financial system complies with the Department of Justice (DOJ) Financial Guide.

- 3. We recommend that OJP remedy the \$5,263 in unallowable subrecipient payments.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to remedy the \$5,263 in questioned costs, related to unallowable subrecipient payments charged to Grant Numbers 2012-VA-GX-0052, 2013-VA-GX-0012, and 2014-VA-GX-0030.

- 4. We recommend that OJP remedy the \$173,407 in unsupported subrecipient payments.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to remedy the \$173,407 in questioned costs, related to unsupported subrecipient payments charged to Grant Numbers 2012-VA-GX-0052, 2013-VA-GX-0012, and 2014-VA-GX-0030.

- 5. We recommend that OJP remedy the \$1,158 in unsupported drawdowns for Grant Number 2012-VA-GX-0052.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to remedy the \$1,158 in questioned costs, related to excess drawdowns under Grant Number 2012-VA-GX-0052.

- 6. We recommend that OJP ensure future drawdown requests are based on the minimum federal cash on hand needed for disbursements.**

OJP agrees with this recommendation. We will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that future drawdowns of Federal grant funds are based on actual expenditures, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of drawdown.

7. We recommend that OJP ensure the Crime Commission reports accurate information in its performance reports.

OJP agrees with this recommendation. We will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that accurate data is reported in its performance reports.

8. We recommend that OJP ensure the Crime Commission appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.

OJP agrees with this recommendation. We will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that it appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.

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

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

Anna Martinez
Senior Policy Advisor
Office of the Assistant Attorney General

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

Joye E. Frost
Director
Office for Victims of Crime

Marilyn Roberts
Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

cc: Kathrina Peterson
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Deserea Jackson
Victim Justice Program Specialist
Office for Victims of Crime

Jalila Sebbata
Grants Management Specialist
Office for Victims of Crime

Charles E. Moses
Deputy General Counsel

Silas V. Darden
Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Alex Rosario
Assistant Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

cc: Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20160908113643

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) and Office of Justice Programs (OJP). The Crime Commission's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendation, as a result, the status of the audit report is resolved.

As a result of our work during the audit, we identified questioned costs based on the Crime Commission not providing us adequate supporting documentation. In its response to our draft report, the Crime Commission provided additional documentation in an effort to support the costs we questioned. Recommendation 4 includes additional detail on the results of our analysis of this newly provided information.

The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

1. Remedy the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to remedy the \$87,647 in unallowable personnel questioned costs charged to Grant Number 2012-VA-GX-0052.

The Crime Commission partially agreed with our recommendation. In its response the Crime Commission detailed the staff and the support they provide for VOCA grants. The Crime Commission explained the steps it has taken to address their inability to charge actual hours to the grant. In addition, the Crime Commission fully acknowledged their temporary inability to record actual hours to the grants. However, in response to the same finding in the State of Nebraska's audit report for fiscal year ending June 30, 2006, the State obtained approval, from the OJP Chief Financial Officer to use their payroll tracking system, contingent on the Crime Commission making a change. The letter stated that in the near future the Crime Commission would import payroll from its electronic time reporting system directly into the payroll system, which would eliminate the pre-set allocations. The pre-set allocations are still being used by the Crime Commission in 2016.

We believe \$87,647 of personnel costs is still unallowable.

This recommendation can be closed when OJP remedies the \$87,647 in unallowable personnel costs charged to Grant Number 2012-VA-GX-0052.

2. Ensure the Crime Commission's financial system, for all VOCA awards made after December 26, 2014, comply with the DOJ Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to obtain documentation demonstrating that its financial system complies with the Department of Justice (DOJ) Financial guide.

The Crime Commission partially agreed with our recommendation. In its response the Crime Commission detailed the timeline on growing the financial monitoring position within the Crime Commission and provided a copy of the Crime Commission's policies regarding the processing of subrecipient reimbursement reports. The OIG recognized the steps taken by the Crime Commission to monitor the subrecipients by transitioning to a reimbursement approach in January 2015 and did not make a recommendation regarding the monitoring. However, Recommendation Number 2 relates to the Crime Commission charging payroll to the grant based on a percentage allocation, not the actual activity of each employee.

This recommendation can be closed when we receive documentation evidencing that the Crime Commission's financial system complies with the DOJ Financial guide, and payroll costs are charged to the grants based on the actual activity of each employee.

3. Remedy the \$5,263 in unallowable subrecipient payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to remedy the \$5,263 in questioned costs, related to unallowable subrecipient payments charged to Grant Numbers 2012-VA-GX-0052, 2013-VA-GX-0012 and 2014-VA-GX-0030.

The Crime Commission did not agree with our recommendation. In its response the Crime Commission provided additional documentation including an email and payroll reports showing nine subrecipient employees' insurance were charged to the grant. The \$5,263 was questioned as unallowable because, as Crime Commission Officials stated the subrecipient charged insurance for nine employees when only five should have been charged. The emails and the payroll reports did not clearly indicate a change in the number of subrecipient employees whose insurance should be covered. As of the issuance of this final report, we have not received documentation that nine subrecipient employees' insurance costs should be charged to the grant.

This recommendation can be closed when the OJP remedies the \$5,263 in unallowable subrecipient payments. One suitable remedy would be that the

Crime Commission provides clear and concise documentation showing the reason for the change in the number of subrecipient employee's whose insurance costs should be charged to the grant for the January to March 2013 time period.

4. Remedy the remaining \$2,834 of the \$173,407 in unsupported subrecipient payments questioned in the draft audit report.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to remedy the \$173,407 in questioned costs, related to unsupported subrecipient payments charged to Grant Numbers 2012-VA-GX-0052, 2013-VA-GX-0012, and 2014-VA-GX-0030.

In its response to our draft report the Crime Commission stated that it did not agree with our recommendation and provided 8 attachments totaling 458 pages, not all of which was provided to the OIG during the course of our audit. While we are concerned about the completeness of the information provided by the Crime Commission during our audit, we analyzed the voluminous information and determined that the Crime Commission could adequately support \$170,573 of the original questioned costs for subrecipient payments.

Therefore, we recommend OJP work with the Crime Commission to remedy the remaining \$2,834 of the original \$173,407 in unsupported subrecipient payments, which is reflected in our Schedule of Dollar-Related Findings in Appendix 2. Specifically, two transactions, one for \$514 and one for \$2,320 from grant number 2012-VA-GX-0052.

This recommendation can be closed when the Crime Commission provides clear and concise documentation supporting the remaining \$2,834 in unsupported subrecipient payments or OJP otherwise adequately remedies the unsupported payments.

5. Remedy the \$1,158 in unsupported drawdowns for Grant Number 2012-VA-GX-0052.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to remedy the \$1,158 in questioned costs, related to excess drawdowns under Grant Number 2012-VA-GX-0052.

The Crime Commission did not agree with our recommendation. In its response it said that the grant is ended now and any excess cash on June 20, 2015, has been expended. In addition, officials stated that they drew down \$2,557,802 (the total amount of the award) and expended \$2,557,801.92, and said they would process a check for \$.08 and return these funds to OJP. As stated in the report, the Crime Commission's accounting records provided

to the OIG during the audit, supported \$2,556,644 in grant expenditures. The Crime Commission has not provided evidence of the additional \$1,158 in expenditures.

The recommendation can be closed when OJP remedies the \$1,158 in excess drawdowns under Grant Number 2012-VA-GX-0052. One suitable remedy would be that the Crime Commission provides documentation evidencing that it incurred an additional \$1,158 in allowable grant program expenditures.

6. Ensure future drawdown request are based on the minimum federal cash on hand needed for disbursements.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure future drawdowns of Federal grant funds are based on actual expenditures, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of drawdown.

The Crime Commission agreed with this recommendation. The Crime Commission stated in its response that it had made improvements to its system. Specifically, it improved the spreadsheet used to calculate drawdowns as well as the system for estimating operations expenditures.

This recommendation can be closed when we receive evidence of the improvements the Crime Commission stated it made to its system to ensure that drawdown requests are based on the minimum federal cash on hand needed for disbursements.

7. Ensure the Crime Commission reports accurate information in its performance reports.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that accurate data is reported in its performance reports.

The Crime Commission agreed with this recommendation. The Crime Commission stated in its response that the current employee who completes the compensation performance reports (CPR) has been trained on how to accurately complete the reports and that the CPRs are checked by a supervisor before being submitted. The Crime Commission also said representatives from the DOJ were on-site at the Crime Commission within the past year and that the DOJ officials reviewed the CPRs and found no errors. The DOJ representatives were not from the OIG. In addition, the Crime Commission stated it concurs that previous VOCA reports (assistance performance reports) contained errors and are now completed and submitted

through the Performance Management Tool (PMT- a system OJP started using in March 2015 for reporting on victim compensation grants).

This recommendation can be closed when we receive and evaluate the written policies and procedures the Crime Commission developed and implemented to ensure accurate data is reported in its performance reports.

8. Ensure the Crime Commission appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Crime Commission to obtain a copy of written policies and procedures, developed and implemented, to ensure that it appropriately mitigates any potential and actual conflicts of interest within the Grant Review Committee, the Crime Commission, and the funding decisions.

The Crime Commission agreed with the recommendation. The Crime Commission stated in its response that in 2015 and 2016 five Grant Review Committee members have withdrawn or were removed. Four of the members have been replaced with more suitable individuals who do not receive direct funding. The fifth withdrawal was recent and has not yet been replaced. The Crime Commission also stated that regarding the Crime Commission Board, it will conduct a briefing prior to any action on any grant in the future to ensure members do not vote on funding for any particular subrecipient they represent or are employed by. Finally, the Crime Commission stated it is in the process of revising Operating Instruction #10 of the Crime Commission polices to address any future potential conflicts of interest.

This recommendation can be closed when we receive and evaluate the Crime Commission's revised Operating Instruction #10 to address any future potential conflicts of interest.

The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at www.justice.gov/oig/hotline or (800) 869-4499.



Office of the Inspector General
U.S. Department of Justice
www.justice.gov/oig