



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



**Audit of Victim Assistance
Formula Grants Awarded by the
Office for Victims of Crime to the
State of North Carolina's
Department of Public Safety
Governor's Crime Commission
Raleigh, North Carolina**

**AUDIT OF VICTIM ASSISTANCE FORMULA GRANTS
AWARDED BY THE OFFICE FOR VICTIMS OF CRIME TO
THE STATE OF NORTH CAROLINA'S DEPARTMENT OF PUBLIC
SAFETY GOVERNOR'S CRIME COMMISSION
RALEIGH, NORTH CAROLINA**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) has completed an audit of Victim Assistance Formula grants awarded by the Office for Victims of Crime (OVC), to the State of North Carolina's Department of Public Safety Governor's Crime Commission (GCC) in Raleigh, North Carolina. From fiscal years (FY) 2010 through 2015, the GCC was awarded \$122,512,935 under the Victim Assistance Formula Grant Program to enhance crime victim services in the State. The funding for these grants comes from the Crime Victims Fund's (CVF) Victim Assistance program.

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 grants; and to determine whether the grantee demonstrated adequate progress toward achieving program goals and objectives. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and reporting, grant financial management, drawdowns, expenditures, federal financial reports, and selecting and monitoring of subrecipients.

We examined the GCC's policies and procedures, accounting records, and financial and program performance reports, and found that the GCC did not comply with essential award conditions related to allocating funds, performance statistics, and support for grant expenditures. Specifically, the GCC: (1) did not meet the requirement of subawarding at least 10 percent of the total grant awards to programs providing services to victims of the required four priority areas; (2) did not have an adequate system in place to ensure that the number of victims served by GCC subrecipients and subsequently contained in state performance reports was accurate; (3) was unable to provide supporting documentation for \$92,175 in administrative payroll expenses, and \$106,536 in subrecipient expenditures; and (4) did not comply with requirements for subrecipient monitoring.

Our report contains eight recommendations to OJP, which are detailed later in this report, and include that it remedy the \$198,711 in questioned costs, and also put to better use \$196,942 in grant funds that GCC did not use. The OJP and the GCC agreed with all of the recommendations, and OJP deobligated the funds to better use. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. In addition, we requested a response to our draft audit report from the GCC and OJP, and their responses are appended to this report as Appendix 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.

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TABLE OF CONTENTS

Background	1
OIG Audit Approach	2
VOCA State Victim Assistance Award Plan	3
Grant Funds Not Used	4
Subaward Selection Process	5
Program Requirements and Performance Reporting	5
Priority Areas Funding Requirement.....	5
Annual Performance Reports	7
Compliance with Special Conditions	8
Grant Financial Management	9
Financial Management System.....	9
Single Audit	9
Drawdowns.....	10
Grant Expenditures.....	11
Financial Reporting	13
Monitoring of Subrecipients	14
GCC Monitoring Plan	14
Site Visits Performed by the OIG.....	16
Conclusion.....	16
Recommendations	17
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY	19

APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS	21
APPENDIX 3: NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY RESPONSE TO THE DRAFT AUDIT REPORT.....	22
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT	24
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	29

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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of six *Victims of Crime Act* (VOCA) Victims Assistance Formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC), to the State of North Carolina’s Department of Public Safety Governor’s Crime Commission (GCC). The OVC awards victim assistance formula grants to state administering agencies under VOCA according to a population-based formula.¹ The OVC Victims Assistance grants are awarded to state administering agencies designated by the governor from each state. In the state of North Carolina, the GCC serves as the state administering agency for the Victim Assistance program grants. During the period from fiscal years (FY) 2010 through 2015, the GCC was awarded six grants totaling \$122,512,935 as shown in Table 1.²

**Table 1
Grants Awarded to the GCC
from FY 2010 through FY 2015**

Fiscal Year	Grant Number	Project Start Date	Project End Date	Grant Amount
2010	2010-VA-GX-0109	10/1/2009	9/30/2013	\$12,099,871
2011	2011-VA-GX-0035	10/1/2010	9/30/2014	\$12,720,618
2012	2012-VA-GX-0060	10/1/2011	9/30/2015	\$11,283,959
2013	2013-VA-GX-0063	10/1/2012	9/30/2016	\$12,709,416
2014	2014-VA-GX-0021	10/1/2013	9/30/2017	\$13,687,017
2015	2015-VA-GX-0019	10/1/2014	9/30/2018	\$60,012,054
			Total	\$122,512,935

Source: OJP’s Grant Management System

Background

The OVC administers two VOCA formula grant programs that support crime victim compensation and assistance. The VOCA Compensation Formula Grant Program provides funding to supplement state compensation programs that provide financial assistance and reimbursement to victims for crime-related out-of-pocket

¹ 42 U.S.C. § 112.10603 (2016)

² In FY 2016, the GCC was awarded a victim assistance grant of \$68,178,534. Although outside the scope of our audit work, we refer to the FY 2016 award amount to demonstrate recent grant funding.

expenses. The VOCA Assistance Formula Grant Program supports thousands of victim assistance programs throughout the United States.

The OVC annually distributes to states and territories proceeds from the Crime Victims Fund (CVF), which holds the fines, penalties, and bond forfeitures of convicted federal offenders. Each year, Congress places a cap on the funds available from the CVF for distribution. Once the cap is established, the OVC distributes the funds to each authorized program area in accordance with the statutory distribution authorized by VOCA. In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than tripled the available funding from \$745 million to \$2.36 billion. About 93 percent of the funding increase was allocated to the state Victim Assistance Program. Consequently, states experienced significant increases in funding for the Victim Assistance Program. As a result, the OVC increased its VOCA assistance formula grant to the GCC from \$13.7 million in FY 2014 to \$60 million in FY 2015. In FY 2016, Congress raised the cap again, increasing the available funding to \$3 billion.

VOCA formula grants for crime victim assistance are awarded to every state, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. The states provide subgrants to local community-based organizations and public agencies that provide services directly to victims. Direct assistance to crime victims includes crisis counseling, telephone and onsite information and referrals, criminal justice support and advocacy, shelter, therapy, and additional assistance. Funds may also be used to develop new programs that address emerging needs, gaps in services, and training of victim service advocates.

In its role as the designated administering agency for the Victim Assistance grants, the GCC is a pass-through agency for about \$100 million in federal block grants each year, and is responsible for: (1) setting program priorities, (2) reviewing subgrantee applications, (3) making recommendations for funding, and (4) ensuring subgrantees use the funds according to federal and state governmental regulations.

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 grants; and to determine whether the grantee demonstrated adequate progress toward achieving program goals and objectives. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and reporting, grant financial management, expenditures, drawdowns, federal financial reports, and selecting and monitoring of subrecipients.

We tested compliance with what we consider to be 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 (program guidelines), and the OJP and DOJ Financial Guides as our primary criteria.³ We also reviewed relevant GCC policy and procedures and interviewed GCC personnel to determine how they distributed and administered the Victim Assistance funds. We further obtained and reviewed GCC and subrecipient records reflecting grant activity.

To determine whether the Victim Assistance Grant Program goals and objectives were implemented, we reviewed grant solicitations and grant documentation along with supporting documentation, and we interviewed GCC officials. We also reviewed the GCC's compliance with the special conditions identified in the award documentation.⁴

VOCA State Victim Assistance Award Plan

VOCA victim assistance awards should enhance crime victim services in the State. Typically, VOCA victim assistance funds are competitively awarded by the State to local community-based organizations that provide direct services to crime victims. Primary recipients of these grants at the state or territory level must distribute the majority of the funding to local organizations that provide direct services to victims. The program guidelines define eligible services as those 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. Based on the authorizing legislation and program guidelines, state administering agencies must give priority to victims of sexual assault, domestic abuse, and child abuse, and must make funding available for previously underserved populations of violent crime victims. The OVC distributes VOCA victim assistance grants to the state administering agencies, which have the discretion to select subrecipients from eligible organizations that provide direct services to crime victims. Program guidelines encourage grant recipients to develop a program funding strategy that considers the unmet needs, the demographic profile, and the availability of services to crime victims to the extent that other funds are available.⁵

³ The OJP Financial Guide governs the FY 2010 through FY 2014 grants in our scope, while the revised 2015 DOJ Financial Guide applies to the FY 2015 award. The revised DOJ guide reflects updates to comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. part 200.

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

⁵ So long as the state administering agency allocates at least 10 percent of available funding to victim populations in each of those four categories, the state administering agency has the sole discretion in determining the amount of funds each subrecipient receives.

Grant Funds Not Used

The GCC did not use all the available funding under grant numbers 2010-VA-GX-0109, 2011-VA-GX-0035, 2012-VA-GX-0060, or 2013-VA-GX-0063 before the grants expired, resulting in a total of \$650,416 in missed victim assistance funding opportunities. A GCC official was unable to provide us with an explanation for why the funds were not used because, this was prior to the arrival of the current leadership of the GCC and the official was not able to comment specifically on this time period. That GCC official told us that the policy prior to 2015 required the Crime Victims Services Section of the GCC staff (VOCA and VAWA) to hold a certain percentage of each award to accommodate any special state needs that might arise. That policy changed in 2015, and the GCC subsequently had a goal to distribute or obligate 100 percent of federal monies within the first year of each grant. The new policy was not in place over sufficient time for us to confirm the policy will ensure full usage of all the available funds. With the significant increases in funding under the Crime Victims Fund in FYs 2015 and 2016, we are concerned that the GCC may continue to miss victim assistance funding opportunities.

As shown in Table 2 below, \$650,416 in grant funds were not used prior to the expiration of the grants. OJP deobligated \$453,474 from grant numbers 2010-VA-GX-0109 and 2011-VA-GX-0035, and those funds were no longer available to the GCC. As of February 17, 2017, grant numbers 2012-VA-GX-0060 and 2013-VA-GX-0063 were closed but unused funds totaling \$196,942 from those grants had not been deobligated because of a hold pending the completion of our audit.⁶

Table 2
Grant Funds Not Used from
Grants for FY 2010 through FY 2013

Grant Number	Grant Amount	Amount Drawn Down as of 1/30/2017	Grant Funds Not Used	Amount Deobligated as of 1/30/2017	To be Deobligated
2010-VA-GX-0109	\$12,099,871.00	\$12,070,222.50	\$29,648.50	\$29,648.50	\$0.00
2011-VA-GX-0035	\$12,720,618.00	\$12,296,792.51	\$423,825.49	\$423,825.49	\$0.00
2012-VA-GX-0060	\$11,283,959.00	\$11,254,141.81	\$29,817.19	\$0.00	\$29,817.19
2013-VA-GX-0063	\$12,709,416.00	\$12,542,291.59	\$167,124.41	\$0.00	\$167,124.41
Total Not Used			\$650,415.59	\$453,473.99	\$196,941.60

Source: OJP's Grant Management System

⁶ As reflected in Appendix 4, in response to a draft of this report, OJP reported that these remaining funds were de-obligated on August 9, 2017.

Consequently, we recommend that OJP ensure that the GCC reviews its current policies and practices for distributing grant funds and ensure that those policies and practices are sufficient to maximize the use of grant funds. We also recommend that the unused funds from the FY 2012 and FY 2013 grants totaling \$196,942 be deobligated.

Subaward Selection Process

In September of each year, members of the GCC meet to approve funding priorities for the subsequent state fiscal year.⁷ Once approved, the list of approved funding priorities is posted on the GCC website. This posting serves as the GCC's solicitation to prospective applicants for grants. Applicants then submit applications through the GCC website, and the applications are then reviewed for completeness by GCC staff. Applications are then sent to the Crime Victims' Services committee of the GCC for scoring. The committee scores the applications based on the logic and clarity of the proposal, data and related evidence of a problem, potential impact, implementation schedule or timeline of activities, program goals and objectives, community collaboration, and evaluation of how the project plans to collect and analyze data to determine success of goals and objectives. After scoring, committee members select applications to be presented to the full Commission for approval. The full Commission votes to approve applications, and the approved subrecipients are notified of any modifications needed to ensure compliance with the solicitation. The GCC staff confirms the stipulated modifications have been completed and the grant awards are made.

Program Requirements and Performance Reporting

To determine whether the GCC distributed VOCA assistance program funds to local community-based organizations to serve crime victims or enhance crime victim services, we reviewed GCC's distribution of grant funding via subawards among local direct service providers. We also reviewed grant documentation files and interviewed officials to obtain an understanding of the level of services provided to crime victims. We further examined OVC solicitations and award documents and verified GCC compliance with special conditions governing recipient award activity.

Priority Areas Funding Requirement

VOCA program guidelines require that primary recipients award at least 10 percent of total grant funding to programs providing services to victims in each of four priority categories of crime: sexual assault, domestic abuse, child abuse, and previously underserved victims of violent crimes. According to GCC officials, the GCC determines funding allocations based on program priorities and a needs assessment and distributes federal grant funds across the congressional and geographical regions of the state. In 2013, a study was conducted by the North

⁷ The Governor's Crime Commission consists of thirty-seven voting members and five nonvoting members.

Carolina Department of Public Safety’s Criminal Justice Analysis Center, at the request of the former GCC crime victims services lead planner, to assess funding priorities. According to GCC officials, the Criminal Justice Analysis Center was disbanded on October 31, 2013, because of budget cuts. We were told that because the Center was disbanded, the GCC no longer has the ability to conduct research or needs assessments. Officials also told us that the GCC is considering reinstating the analysis center, but until that time, it may be difficult for it to conduct a needs assessment, because they believe that VOCA funding may not be used for such research purposes. However, the VOCA Assistance Program Final Rule identifies needs assessments as being allowable costs under the VOCA victim assistance grants. We believe the GCC should resume the beneficial practice of conducting needs assessments as a part of establishing funding priorities.

We reviewed the funding provided to subrecipients and found, as shown in Table 3, that the GCC did not meet the 10 percent requirement for funding programs for “previously underserved victims of violent crimes” in years 2010, 2012, and 2013. Consequently, funds intended for underserved victims were not appropriately allocated to this category and these victims were not provided the level of services they were entitled to. We asked GCC officials to explain why the GCC was unable to meet this requirement. An explanation could not be provided. GCC managers told us that this occurred before they began work at the GCC, and the person previously responsible for compliance is no longer with the organization.

We recommend that OJP ensure that the GCC implements procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.

Table 3
Amount Awarded by the GCC to Subrecipients
by Category of Crime Victim and Fiscal Year

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total CVF Grant Award Amount	\$12,099,871	\$12,720,618	\$11,283,959	\$12,709,416	\$13,687,017	\$60,012,054
10 percent Required	\$1,209,987	\$1,272,062	\$1,128,396	\$1,270,942	\$1,368,702	\$6,001,205
Allocation and Percentage of Award Allocated to Each Category of Crime Victim						
Sexual Assault	\$2,768,266 (22.9%)	\$2,634,229 (20.7%)	\$4,327,656 (38.4%)	\$4,542,040 (35.7%)	\$2,950,827 (21.6%)	\$17,330,025 (28.9%)
Domestic Abuse	\$4,959,015 (41%)	\$3,594,620 (28.3%)	\$4,397,193 (39%)	\$4,542,040 (35.7%)	\$3,925,080 (28.7%)	\$18,864,289 (31.4%)
Child Abuse	\$3,176,482 (26.3%)	\$3,941,889 (31%)	\$1,225,730 (10.9%)	\$1,798,287 (14.1%)	\$2,789,515 (20.4%)	\$8,606,566 (14.3%)
Previously Underserved	\$565,631 (4.7%)	\$1,494,982 (11.8%)	\$724,678 (6.4%)	\$1,018,975 (8.0%)	\$3,216,192 (23.5%)	\$11,639,207 (19.4%)

Source: North Carolina Department of Public Safety GCC

Annual Performance Reports

Program guidelines require states to submit to the OVC an annual VOCA Victim Assistance Grant Program State Performance Report (SPR) with information on the effect the program funds had on services for crime victims in the state. The states are required to provide statistical data on the number of victims who received services, the category of crime victims, and the number of victims who received each type of service. Each victim should be counted only once. In addition to the statistical information, the report has space for states to provide answers to specific questions related to the program.

We reviewed the annual SPRs submitted by the GCC for FY 2010 through FY 2015 to determine if the required reports were accurate. North Carolina subrecipients submit reports electronically via the GCC's Grant Enterprise Management System. The information provided in subrecipient reports is used by GCC staff to complete the annual state performance report.

Prior to January 1, 2016, the GCC required subrecipients to submit both 30-day and quarterly SPRs to document project activities. However, the GCC has since changed their policy to align with the OVC, requiring subrecipients to submit program activity reports only on a quarterly basis.

We reviewed the state reports, which are based on the subrecipient reports, from FY 2010 through FY 2015 to obtain an understanding of the level of services provided to crime victims during those years. We also reviewed grant documentation files, interviewed officials, and performed site visits at four service providers. Table 4 summarizes the information reported by the GCC.

Table 4
VOCA Victim Assistance Program Grants
State Performance Reports
FY 2010 through FY 2015

Fiscal Year Reporting	Number of Agencies Funded	Number of VOCA Subawards	Number of Victims Served	Number of Services Provided
2010	82	90	60,733	665,811
2011	116	103	297,292	599,970
2012	129	248	34,591	334,952
2013	111	111	7,892	85,177
2014	140	270	4,423	24,652
2015	19	304	109,765	584,692

Source: OJP's Grant Management System

According to the reports submitted for the years we reviewed, between 19 and 140 subrecipients reportedly provided services to as few as 4,423 and as many as 297,292 victims. Subrecipients received awards under multiple grants, resulting

in partial duplication in the lists of subrecipients and the identification of 168 separate subrecipients. The GCC did not have a process to verify the accuracy of data provided by subrecipients, and we could not verify the data at the aggregate level. Consequently, neither the GCC nor we can be assured that the data is correct. We do note the large difference over time between the number of subrecipients and the number of victims served. For example, for FY 2014 the GCC reported that 140 subrecipients served 4,423 victims while for FY 2015 it reported that 19 subrecipients served 109,765 victims. In addition, we found that the GCC did not verify subrecipients' reports to determine if those reports were accurate. According to GCC managers, verification of the activities reported by subrecipients on their performance reports occurs during site visits; however, we did not find evidence of such validations taking place.

We discussed this condition with GCC managers, and they agreed that there was no assurance the reported number of victims served was accurate. We believe that accurate reporting of the number of victims served could be improved and any over-reporting could be minimized by implementing controls that would require verification of the accuracy of subrecipient data submitted to the GCC. We recommend that OJP ensure the GCC develop procedures to account accurately for the number of victims served and to provide accurate annual state performance reports.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific grant recipient requirements. In FY 2015, Congress increased Victim Assistance funding significantly and added two additional special conditions. All nonprofit subrecipients must certify their non-profit status and make their financial statements publicly available online. In addition, each subrecipient must obtain and maintain a DUNS Number.⁸ Included in the special condition related to non-profit status, the OVC considers subrecipient organizations that have federal non-profit tax status to comply with the requirement for publicly available financial statements if the organization files an IRS Form 990 or similar tax document.⁹ We evaluated the additional special conditions included in the FY 2015 grant. We asked GCC officials if they required their nonprofit subrecipients to comply with the additional special conditions. We were told that all GCC subrecipient applicants must have a DUNS number and nonprofit subrecipients are required to verify their non-profit status.

⁸ The Data Universal Numbering System (DUNS) number is a unique nine-character number used to identify an organization. The federal government uses the DUNS number to track how federal money is allocated. Dun & Bradstreet provides a DUNS Number assignment free of charge for all organizations required to register with the federal government for contracts or grants.

⁹ The IRS Form 990 is an annual information return required to be filed with the IRS by most organizations that are exempt from income tax. The form requires reporting on the organization's exempt and other activities, finances, governance, compliance with certain federal tax filings and requirements, and compensation paid to certain persons. The entire completed form 990, except for certain contributor information, is required to be made available to the public by the IRS and the filing organization.

The GCC's solicitation for proposals requires that non-profit organizations verify their non-profit status at the time of submitting their application. The solicitation suggests attaching to the proposal a current non-profit certification, a valid federal tax identification number, and the most recent IRS Form 990 submitted.

During our visits to GCC subrecipients we assessed compliance with the certification and online publishing requirements. Three of the four subrecipients provided documentation of their non-profit status and IRS filings to meet the online publishing requirements. The fourth subrecipient was a state government entity not subject to the nonprofit subrecipient requirements.

Grant Financial Management

The OJP and DOJ Financial Guides require award recipients and subrecipients to establish and maintain adequate accounting systems and financial records and to account accurately for awarded funds. An adequate accounting system must be able to provide the capability for tracking each grant's accounting activity separately to avoid commingling federal funds.

To identify possible internal control weaknesses and non-compliance issues related to federal awards received, we interviewed personnel at the GCC and reviewed local policies and procedures.

Financial Management System

While our audit did not assess the GCC's overall system of internal controls, we reviewed the internal controls specific to the management of DOJ grant funds during the grant periods under review. The GCC uses unique identifiers to separate expenses into administrative expenses and VOCA subrecipient payments. The GCC internal operating procedures establish controls for separation of duties, system security, and multiple levels of approval for payments. Also, the GCC is a division of the North Carolina Department of Public Safety (NCDPS). The NCDPS requires that financial resources and funds be received, disbursed, recorded and accounted for in accordance with all applicable state and federal laws and regulations, Generally Accepted Accounting Principles, and NCDPS policy and procedures.

Single Audit

According to the Office of Management and Budget (OMB) circular A-133 and the 2016 OMB A-133 compliance supplement, Audits of States, Local Government, and Non-Profit Organizations, non-federal entities that expended \$500,000 or more in federal funds within the agency's fiscal year are required to have a single organization-wide audit performed annually.¹⁰ The GCC had expenditures of federal funds exceeding \$500,000 in each fiscal year during our audit scope.

¹⁰ As of December 26, 2014, any non-federal entity that expends more than \$750,000 in federal funds within the agency's fiscal year is required to have a Single Audit.

We reviewed the Single Audits for the State of North Carolina for FYs 2010 through 2015, and identified findings related to the GCC's internal controls and its ability to manage federally funded programs. Although the findings we found were not specifically related to any VOCA victim assistance grants, some findings reflected deficiencies similar to those we found in our review.

- **Single Audit Finding 10-SA-13.** The GCC did not ensure the accuracy of quarterly time and activity reports used for allocating salary charges to federal programs.

In response, the GCC updated the data in the electronic timekeeping system to reflect all funding sources from which employees of the GCC are paid, and required a review and reconciliation of the information by executive management.

- **Single Audit Finding 10-SA-15.** The GCC did not have adequate controls in place to ensure effective site visit monitoring for each subrecipient. Also, the GCC's site visit checklist and desktop review checklist did not address all compliance requirements.

In response, the GCC amended the checklist to include additional compliance requirements, and reviewed its policies and procedures related to monitoring to ensure timely monitoring given the staff and priority of other duties.

- **Single Audit Finding 11-SA-18.** The GCC did not adequately monitor subrecipients of the Justice Assistance Grants for compliance with all applicable federal requirements. This resulted in noncompliance with certain federal requirements and increased the risk that noncompliance with other federal requirements could occur at the subrecipient level and not be detected.

In response, the GCC revised its Grants Monitoring Plan during FY 2012 to improve subrecipient monitoring.

- **Single Audit Finding 11-SA-19.** The GCC did not have adequate controls over access to its Grant Enterprise Management System to prevent improper alteration, unauthorized use, or loss of data.

In response, the GCC began utilizing the Access Control Audit application to review active application user accounts to ensure appropriate access.

Drawdowns

According to the OJP and DOJ Financial Guides, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant period, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. The OJP and DOJ Financial Guides require that recipients time their

drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days. Grant recipients have 90 days after the end of the grant award period to draw down grant funds for costs obligated during the grant award period. An obligation occurs when funds are encumbered, such as with a valid purchase order or requisition to cover the cost of purchasing an item up to the last day of the grant award period. Any funds not obligated within the grant award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated.

The GCC is a division within the NCDPS. The NCDPS handles financial responsibilities, including drawdowns, for the GCC. We reviewed the NCDPS Comptroller's Office policy and procedures for requesting drawdowns. The Comptroller's Office staff receives a notification from the appropriate grant staff that funds need to be requested and processes the drawdown request. To assess whether the GCC properly drew down Victim Assistance funds, we compared the drawdowns for the awards made in FYs 2010 through 2015, to the total expenses recorded for each award in the GCC's general ledger. This comparison confirmed that the GCC properly received the victim assistance funding on a reimbursement basis.

Grant Expenditures

According to the OJP and DOJ Financial Guides, allowable costs are those identified in OMB circulars and the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants.

The OJP and DOJ Financial Guides require that grantee and subrecipient accounting records be supported by source documentation, such as cancelled checks, paid bills, payroll records, time and attendance records, and contract and subrecipient award documents. In addition, the Guides state that all financial records, supporting documents, statistical records, and other records pertaining to the award must be retained for at least 3 years after closure of the grant. Record retention is required for purposes of federal examination and audit.

We reviewed grant expenditures to determine if costs charged to the grants were accurate, allowable, supported, and properly allocated in accordance with grant requirements. We tested a sample of transactions from: (1) administrative costs, and (2) reimbursements to subrecipients. We reviewed supporting documentation for the transactions selected for testing. The following sections describe the results of that testing.

Administrative Expenditures

In accordance with program regulations, the state administering agency can retain up to 5 percent of the grant award for administrative and training purposes. These expenditures may include payroll, training, supplies, equipment, and other

operating expenses. We tested administrative expenditures to determine if the GCC charged more than 5 percent of the award amounts for administrative purposes. We reviewed the total administrative expenditures that were charged to the six grants from FYs 2010 through 2015 and determined that the GCC did not charge any of these grants more than 5 percent of the grant award amount. During FYs 2010 through 2015, the GCC purchased one item valued at more than the \$5,000 threshold for identifying accountable property, as outlined in the OJP and DOJ Financial Guides. We tested this item of accountable property valued at \$16,338.00, and determined that the item was accounted for and was being used for the correct purpose.

To test the administrative expenditures, we judgmentally selected four pay periods, one pay period from each grant between 2010 and 2013, and reviewed the supporting documents for the payroll costs claimed by the GCC for personnel working on those VOCA grants. The GCC had not yet charged payroll expenses to the FY 2014 and FY 2015 awards at the time of our review. The total personnel expenditures claimed for the four grants we tested were \$2,019,890. Our sample totaled \$142,890. After we made multiple requests for supporting documentation, the GCC provided supporting documentation for \$50,715 of the payroll expenses tested. For the remaining \$92,175 in payroll expenses, the GCC did not have or did not provide supporting documentation. We inquired about the missing documents, and we were told that the GCC did not retain or currently does not have access to those documents for the specific periods that were not previously provided. We question the \$92,175 in payroll and fringe expenses paid by the GCC as unsupported and recommend that OJP remedy the \$92,175 related to administrative payroll expenditures.

Table 5
The Governor’s Crime Commission Payroll Data
FY 2010 through FY 2013

Fiscal Year	Payroll Amount	Sample Amount	Supported	Unsupported
2010	\$512,615.24	\$48,646.17	\$8,173.72	\$40,472.45
2011	\$595,931.71	\$44,075.50	\$9,014.40	\$35,061.10
2012	\$536,964.73	\$24,255.09	\$13,869.51	\$10,385.58
2013	\$374,378.10	\$25,913.22	\$19,657.72	\$6,255.50
Total	\$2,019,889.78	\$142,889.98	\$50,715.35	\$92,174.63

Source: The North Carolina Governor’s Crime Commission and OIG Analysis

Subrecipient Expenditures

The GCC policy provides for disbursements of funds to subrecipients on a reimbursement basis. To receive reimbursement, subrecipients are required to submit through the GCC’s online Grant Enterprise Management System a detailed reimbursement request along with copies of the supporting documentation for the request. The original documents are to be held on file by the subrecipient. The GCC community development specialists monitor subrecipients through site visits

during which they review the supporting documentation to verify amounts and that the documents are maintained by the subrecipients. However, we found that the GCC made disbursements to subrecipients without adequate support.

We judgmentally selected a sample of 4 subrecipients from the 168 subrecipients identified earlier. One of the four subrecipients had subawards under two of the grants included in our review. Therefore, our subrecipient expenditure sample included five subrecipient awards. To test the expenses at the subrecipient level, we judgmentally selected 25 expenses for each of the 5 subawards for a total of 125 transactions. We reviewed the supporting documentation for each expense and found a total of \$106,536 in unsupported costs. The results of our testing are shown in Table 6.

Table 6
Summary of Audit Testing of Subrecipient Grant Expenditures
FY 2010 through FY 2015

Subaward	Grant Number	Amount Audited	Number of Transactions Questioned	Questioned Costs	
				Unallowable	Unsupported
Subaward A	2011-VA-GX-0035	\$619,579.57	9	\$0.00	\$4,712.23
Subaward B	2012-VA-GX-0060	\$344,553.17	25	\$0.00	\$98,805.81
Subaward C	2012-VA-GX-0060	\$24,242.33	0	\$0.00	\$0.00
Subaward D	2013-VA-GX-0063	\$26,973.72	0	\$0.00	\$0.00
Subaward E	2014-VA-GX-0021	\$9,122.97	5	\$0.00	\$3,018.00
Total		\$1,024,471.76	39	\$0.00	\$106,536.04

Source: The North Carolina Governor's Crime Commission and OIG analysis

We reviewed supporting documentation provided to the GCC by the subrecipients. Because of salary miscalculations and insufficient documentation provided by the subrecipients, we found that the documentation did not support \$98,806 in payroll payments made under Grant Number 2012-VA-GX-0060; \$3,124 in payroll payments made under Grant Number 2011-VA-GX-0035; and \$78 in training expenses under Grant Number 2014-VA-GX-0021. The GCC's online Grant Enterprise Management System did not always have supporting documentation for the subrecipients' reimbursement request. Consequently, the GCC did not provide supporting documentation for \$1,500 for equipment purchases or \$89 for services provided under Grant Number 2011-VA-GX-0035; and did not provide supporting documentation for \$2,900 for services provided and \$40 for supply purchases under Grant Number 2014-VA-GX-0021. As a result, we question the total costs of \$106,536 in unsupported subrecipient expenditures. We recommend that OJP remedy these costs and ensure that the GCC requires complete and accurate documentation from its subrecipients.

Financial Reporting

The OJP and DOJ Financial Guides require recipients to report actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the GCC

submitted accurate Federal Financial Reports, we reviewed the accuracy of the four financial reports that were most recent for the 2010 through 2015 grants at the time of our audit work. The Federal Financial Reports did not identify program income for any of the grants. For each of these reports, we compared the federal share of expenditures reported to OJP to the federal expenditures recorded in the GCC's accounting records. We also reviewed the timeliness of the reports submitted to OJP. We did not find any significant errors with the accuracy or the timeliness of the Federal Financial Reports.

Monitoring of Subrecipients

The OJP and DOJ Financial Guides state that the purpose of subrecipient monitoring is to ensure that grant funds are spent in accordance with the federal program and grant requirements, laws, and regulations. The GCC, as the primary recipient, should develop systems, policies, and procedures to ensure that subrecipients conduct all fiscal and programmatic activities in accordance with these requirements. Additionally, the GCC should ensure that subrecipients obtain Single Audits, if required, and it should verify that findings identified in subrecipients audit reports are timely and effectively resolved and corrected.

GCC Monitoring Plan

In the FY 2015 Victim Assistance Formula Program solicitation, the OVC requested that state administering agencies include a plan to monitor subrecipients. The GCC complied with this request by developing a subrecipient Monitoring Plan that specified responsibilities of the Grant Managers to meet subrecipient monitoring requirements. The monitoring plan requires the Grant Managers to:

- conduct site visits of a minimum of 20 percent of assigned subrecipients;
- provide ongoing oversight and monitoring of federal and state grants;
- develop a subrecipient monitoring program that will meet the specifics of OMB Circular A-133 and North Carolina General Statute 143C-6-23 and document compliance with program requirements;¹¹
- assure the achievement of the intended purposes of the various grants for which the GCC is responsible;
- identify and track grant results;
- identify technical assistance needs of staff and subgrantees;

¹¹ G.S. 143C-6-23 is a general statute issued by the state of North Carolina providing guidance on policies and procedures for disbursements of state grants and for state agency oversight, monitoring, and evaluation of grantees and subgrantees.

- ensure timely expenditure of grant funds;
- prevent fraud and abuse; and
- identify innovative tools and techniques for the achievement of grant objectives.

The monitoring plan was implemented by staff of the GCC's Crime Victims' Services (CVS) Section. As of February 2017, that section was staffed by seven Grant Managers who were responsible for the monitoring of subrecipients.

According to GCC officials, Grant Managers conducted on-site monitoring of subrecipients through announced and unannounced site visits. GCC Grant Managers are required to visit annually a minimum of 20 percent of assigned subrecipients. According to GCC officials, the monitoring requirement went into effect in January or February of 2016. Prior to this, Grant Managers were required to conduct site visits for a minimum of 25 percent of their caseloads. Under the new requirement, Grant Managers select subrecipients to be visited based on a risk analysis considering whether the subrecipient is experiencing fiscal, programmatic, or technical issues. During the site visit, the Grant Manager spends approximately 2 to 4 hours at the subrecipient's facility. While on site, the Grant Manager reviews financial records, internal financial controls, expenditure tracking and posting, supporting documentation for expenditures, and programmatic reports for program activities. The Grant Manager also completes a pre-populated grant monitoring site visit form that is later uploaded into the subrecipient's file in the GCC's Grant Enterprise Management System along with any additional information acquired. A site visit report along with any additional information gathered is then submitted to the supervisor for review and approval.

We asked GCC officials to provide a list of subrecipients, awarded funds between FYs 2010 through 2015, assigned to each Grant Manager along with the date on which a site visit was completed. We reviewed the list and determined that the GCC did not meet the subrecipient monitoring requirement of conducting site visits based on a minimum percentage of each Grant Manager's caseload. Table 7 shows the number of site visits required and completed according to GCC officials. The GCC Assistant Director told us he could not explain why the requirement was not met prior to 2015 because he joined the GCC during 2015 and could not account for practices prior to that time. He cited increased workloads, vacant staff positions, and increased compliance requirements as the cause for unmet site visit requirements in 2015. On August 8, 2016, the VOCA Victim Assistance Program Final Rule was issued, instructing state administering agencies to conduct on-site monitoring of all subrecipients at least once every 2 years during the award period. GCC officials told us that the GCC's site visit procedures and requirements would be changing to align with new VOCA mandates. However, GCC managers expressed to us concerns that implementation of the new mandates would be unrealistic for the GCC because of limited staffing. We asked GCC officials how they intend to

maintain compliance with the new mandate. Those officials told us that the GCC would be hiring additional staff and expanding the CVS/VOCA sections to allow for more site visits.

Table 7
GCC Required Site Visits By Grant Number
From FY 2010 Through FY 2015

Grant Number	Total Reviews Required	Reviews Completed
2010-VA-GX-0109	30	1
2011-VA-GX-0035	90	3
2012-VA-GX-0060	124	47
2013-VA-GX-0063	84	44
2014-VA-GX-0021	116	39
2015-VA-GX-0019	173	18

Source: North Carolina Department of Public Safety Governor’s Crime Commission

Given the views expressed to us by GCC managers and the fact that compliance with new subrecipient monitoring requirements will apparently require significant additional staffing, we are concerned that the GCC may not be able to meet subrecipient monitoring requirements. To ensure that the GCC promptly develops this capability, we recommend that OJP ensure that the GCC develops subrecipient monitoring procedures that conform to the VOCA requirements for subrecipient monitoring.

Site Visits Performed by the OIG

We selected and visited four GCC subrecipients to gain a better understanding of the GCC’s subrecipient monitoring efforts, as well as the GCC’s partnerships with each subrecipient. The subrecipients we visited appeared to have sufficient systems in place to ensure adequate segregation of accounts. We asked each subrecipient how often they were visited by the GCC. Subrecipient officials provided a variety of answers, from annual onsite visits, to sporadic onsite visits, to no onsite visits with regular communication through phone or e-mail. We believe the GCC’s procedures need to provide for adequate and consistent monitoring of all subrecipients to meet the new VOCA mandates.

Conclusion

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 grants; and to determine whether the grantee demonstrated adequate progress toward achieving program goals and objectives. We examined the GCC’s accounting records, financial and

program performance reports, and financial management procedures. We found the GCC did not use \$650,416 of the grant funds it was awarded before the grants expired, resulting in missed victim assistance funding opportunities.¹² The GCC did not allocate grant funds in accordance with the requirement to award at least 10 percent of the total grant funding to programs providing services to victims in four priority categories of crime. Specifically, the GCC did not comply with the 10-percent requirement for the “previously underserved” category in years 2010, 2012, and 2013. The GCC also did not have an adequate system in place to ensure an accurate count of the number of victims served by GCC subrecipients and consequently the number of victims served within annual state performance reports could not be verified. In addition, the GCC was unable to provide supporting documentation for \$92,175 in administrative payroll expenses, and \$106,536 in subrecipient expenses. Further, GCC Grant Managers did not comply with the GCC subrecipient monitoring policy. We made eight recommendations to improve the GCC’s management of awards.

Recommendations

We recommend that OJP:

1. Ensure that the GCC reviews its current policies and practices for distributing grant funds and ensure that those policies and practices are sufficient to maximize the use of grant funds.
2. Put to better use the \$196,942 in grant funds not used.
 - a. Put to better use \$29,817 in grant funds not used from Grant Number 2012-VA-GX-0060.
 - b. Put to better use \$167,124 in grant funds not used from Grant Number 2013-VA-GX-0063.
3. Ensure the GCC implements procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.
4. Ensure the GCC implements procedures to account accurately for the number of victims served and to provide accurate annual state performance reports.
5. Remedy \$92,175 in unsupported administrative payroll expenditures.
6. Remedy \$106,536 in unsupported subrecipient expenditures.

¹² These grants were awarded in FYs 2010 through 2013 and expired during FYs 2013 through 2016. OJP deobligated \$453,474 from grant numbers 2010-VA-GX-0109 and 2011-VA-GX-0035, and those funds were no longer available to the GCC. As of February 17, 2017, grant numbers 2012-VA-GX-0060 and 2013-VA-GX-0063 were closed but unused funds totaling \$196,942 from those grants had not been deobligated because of a hold pending the completion of our audit.

7. Ensure that the GCC requires that documentation submitted by subrecipients for payment requests is complete and accurate in accordance with requirements that the GCC imposes on its subrecipients pursuant to federal requirements that the GCC establish and enforce its own subrecipient monitoring policies.
8. Ensure the GCC develops subrecipient monitoring procedures that conform to the VOCA requirements for subrecipient monitoring.

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 grants; and to determine whether the grantee demonstrated adequate progress toward achieving program goals and objectives. To accomplish this objective, we assessed performance in the following areas of grant management: state program implementation, program performance and reporting, grant financial management, expenditures, drawdowns, federal financial reports, and selecting and monitoring of subrecipients.

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 the Office of Justice Programs (OJP), Office for Victims of Crime, grants awarded to the State of North Carolina's Department of Public Safety Governor's Crime Commission (GCC) under the Victim Assistance Formula Grant Program, noted in Table 8 below.

Table 8
Grants Awarded to GCC

Grant Number	Grant Amount
2010-VA-GX-0109	\$12,099,871
2011-VA-GX-0035	\$12,720,618
2012-VA-GX-0060	\$11,283,959
2013-VA-GX-0063	\$12,709,416
2014-VA-GX-0021	\$13,687,017
2015-VA-GX-0019	\$60,012,054
Total:	\$122,512,935

Source: The Office of Justice Programs' Grant Management System

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the GCC'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 program 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 audited against are contained in the OJP and DOJ Financial Guides, VOCA program guidelines, and the award documents. In addition, we evaluated GCC's (1) grant financial management, including grant-related procedures in place for subrecipient selection and monitoring, financial reports, and program performance reports; (2) drawdowns; and (3) program performance.

During our audit, we obtained information from OJP's Grants Management System as well as GCC'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:¹³		
Unsupported Costs		
Unsupported Costs – Administrative Payroll	\$92,175	12
Unsupported Costs – Subrecipient Expenditures	<u>\$106,536</u>	13
Total Questioned Costs	<u>\$198,711</u>	
Funds Put to Better Use:¹⁴		
Grant Funds Not Used	\$196,942	4
Total Funds to Better Use	<u>\$196,942</u>	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$395,653</u>	

¹³ **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.

¹⁴ **Funds Put to Better Use** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

**NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY
RESPONSE TO THE DRAFT AUDIT REPORT**



Roy Cooper, Governor
Erik A. Hooks, Secretary

Robert Evans, Chairman
Caroline Valand, Executive Director

July 28, 2017

Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
75 Ted Turner Drive SW, Suite 1130
Atlanta, GA 30323
Ferris.B.Polk@usdoj.gov

Dear Mr. Polk:

The Governor's Crime Commission (GCC) has completed review of the draft audit report submitted by your office. Thank you for the cooperation, evaluation, and support offered by your staff during the audit. GCC concurs with the eight recommendations and is pleased to inform that 7 of the 8 recommendations were implemented before the draft audit report began or concluded. We will seek further guidance from the Department of Justice and Office of Victim Services as to how best remedy the final recommendation. Namely, what will constitute an acceptable accounting of victims served in lieu of mandated OVC VOCA performance measurements.

Our response to each recommendation is as follows:

1. Concur: In 2015 GCC adopted the practice of not withholding a designated percentage of individual federal grant monies and now strives to allocate 100% of a federal award in the recipient year.
2. Concur: Since 2015 GCC strives to allocate 100% of a federal award in the recipient year.
3. Concur: Since 2014 GCC has awarded at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas.
4. Concur: GCC is currently in the process of developing an acceptable accounting of victims served since the OVC PMT reporting was determined insufficient by OIG.
5. Concur: Remedy \$92,175 in unsupported administrative payroll expenditures.
6. Concur: Remedy \$106,536 in unsupported subrecipient expenditures.
7. Concur: GCC is currently updating the grant manager manual and investing in additional training for grant managers.
8. Concur: GCC is currently updating subrecipient monitoring procedures that conform to the new VOCA requirements for subrecipient monitoring with specific attention to site visits.

MAILING ADDRESS:
4234 Mail Service Center
Raleigh, NC 27699-4234
www.ncgccd.org
www.ncdps.gov



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Fax: (919) 733-4625

 **North Carolina Department of Public Safety**
Governor's Crime Commission

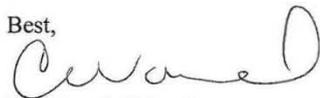
Roy Cooper, Governor
Erik A. Hooks, Secretary

Robert Evans, Chairman
Caroline Valand, Executive Director

As requested our response is submitted directly to you by August 2, 2017 via the email provided for Ferris.B.Polk@usdoj.gov. A copy of GCC's response has also been forwarded to Linda Taylor via email at Linda.Taylor2@usdoj.gov.

Please do not hesitate to contact us if you have questions or concerns.

Best,



Caroline C. Valand
Executive Director
North Carolina Department of Public Safety
Governor's Crime Commission

MAILING ADDRESS:
4234 Mail Service Center
Raleigh, NC 27699-4234
www.ncgccd.org
www.ncdps.gov



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OFFICE LOCATION:
1201 Front St.
Raleigh, NC 27609
Telephone: (919) 733-4564
Fax: (919) 733-4625

OFFICE OF JUSTICE PROGRAMS RESPONSE
TO THE DRAFT AUDIT REPORT¹⁵



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

AUG 10 2017

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of Victim Assistance
Formula Grants Awarded by the Office for Victims of Crime to the
State of North Carolina's Department of Public Safety, Governor's
Crime Commission, Raleigh, North Carolina*

This memorandum is in reference to your correspondence, dated July 12, 2017, transmitting the above-referenced draft audit report for the State of North Carolina's Department of Public Safety, Governor's Crime Commission (GCC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains eight recommendations, \$198,711 in questioned costs, and \$196,942 in funds to better use. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

- 1. We recommend that OJP ensure that the GCC reviews its current policies and practices for distributing grant funds and ensure that those policies and practices are sufficient to maximize the use of grant funds.**

OJP agrees with this recommendation. We will coordinate with the GCC to obtain a copy of revised policies and procedures for distributing grant funds, to ensure its practices are sufficient to maximize the use of Federal grant funds.

¹⁵ Attachments to this response were not included in this final report.

2. **We recommend that OJP put to better use the \$196,942 in grant funds not used.**
 - a. **Put to better use \$29,817 in grant funds not used from Grant Number 2012-VA-GX-0060.**
 - b. **Put to better use \$167,124 in grant funds not used from Grant Number 2013-VA-GX-0063.**

OJP agrees with the recommendation. On August 9, 2017, OJP's Office of the Chief Financial Officer de-obligated the remaining funds for Grant Numbers 2012-VA-GX-0060 (\$29,817) and 2013-VA-GX-0063 (\$167,124) (see Attachment). The Office of Justice Programs requests closure of this recommendation.

3. **We recommend that OJP ensure GCC implements procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.**

OJP agrees with this recommendation. We will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that at least 10 percent of the total grant is awarded to programs providing services to victims in each of the four priority areas; and determine an appropriate methodology for making future allocations to meet other needs.

4. **We recommend that OJP ensure GCC implements procedures to account accurately for the number of victims served and to provide accurate annual state performance reports.**

OJP agrees with this recommendation. We will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that the number of victims served are accurately accounted for and reported on the annual state performance reports provided, are accurate.

5. **We recommend that OJP remedy \$92,175 in unsupported administrative payroll expenditures.**

OJP agrees with the recommendation. We will coordinate with the GCC to review the \$92,175 in unsupported administrative payroll costs charged to Grant Numbers 2010-VA-GX-0109 (\$40,472), 2011-VA-GX-0035 (\$35,061), 2012-VA-GX-0060 (\$10,386), and 2013-VA-GX-0063, (\$6,256), and to remedy, as appropriate, any such costs determined to be unsupported.

6. We recommend that OJP remedy \$106,536 in unsupported subrecipient expenditures.

OJP agrees with the recommendation. We will coordinate with the GCC to remedy the \$106,536 in unsupported subrecipient costs, charged to Grant Numbers 2011-VA-GX-0035 (\$4,712), 2012-VA-GX-0060 (\$98,806), and 2014-VA-GX-0021 (\$3,018).

7. We recommend that OJP ensure that GCC requires that documentation submitted by subrecipients for payment requests is complete and accurate in accordance with requirements that GCC imposes on its subrecipients pursuant to Federal requirements that GCC establish and enforce its own subrecipient monitoring policies.

OJP agrees with this recommendation. We will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that documentation submitted by subrecipients for payment requests is complete and accurate; and that GCC establishes and enforces its own subrecipient monitoring policies.

8. We recommend that OJP ensure GCC develops subrecipient monitoring procedures that conform to the VOCA requirements for subrecipient monitoring.

OJP agrees with this recommendation. We will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient monitoring procedures conform to the VOCA requirements for subrecipient monitoring.

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

Lara Allen
Senior Policy Advisor
Office of the Assistant Attorney General

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

cc: Marilyn Roberts
Acting Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Kristina Rose
Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Toni Thomas
Associate Director, State Compensation and Assistance Division
Office for Victims of Crime

DeLano Foster
Team Lead, State Compensation and Assistance Division
Office for Victims of Crime

Jalila Sebbata
Grant Program 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

cc: 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

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 IT20170712141053

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the State of North Carolina's Department of Public Safety Governor's Crime Commission (GCC). The GCC's response is incorporated as Appendix 3, and OJP's response is incorporated as Appendix 4 of this final report. OJP agreed with our recommendations; therefore, the status of the audit report is resolved. The GCC also agreed with our recommendations. As part of its response, OJP provided documentation that we did not include in this report. 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 GCC reviews its current policies and practices for distributing grant funds and ensure that those policies and practices are sufficient to maximize the use of grant funds.**

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it would coordinate with the GCC to ensure its practices are sufficient to maximize the use of Federal grant funds and obtain a copy of any revised policies and procedures for distributing grant funds.

This recommendation can be closed when we receive documentation demonstrating that the GCC has completed its review and made any necessary revisions to its policies and procedures for distributing grant funds sufficient to maximize the use of Federal grant funds.

- 2. Put to better use the \$196,942 in grant funds not used.**
 - a. Put to better use \$29,817 in grant funds not used from Grant Number 2012-VA-GX-0060.**
 - b. Put to better use \$167,124 in grant funds not used from Grant Number 2013-VA-GX-0063.**

Closed. This recommendation is closed. Both OJP and the GCC concurred with the recommendation. OJP provided documentation demonstrating that the funds had been deobligated.

This recommendation is closed based on our review of the documentation provided.

3. Ensure the GCC implements procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to obtain written policies and procedures, developed and implemented, to ensure that at least 10 percent of the total grant is awarded to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.

This recommendation can be closed when we receive documentation demonstrating that the GCC has implemented written policies and procedures to ensure that it makes appropriate awards to victims in each of the four priority areas and has implemented an appropriate methodology for making future allocations to meet other needs.

4. Ensure the GCC implements procedures to account accurately for the number of victims served and to provide accurate annual state performance reports.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that the number of victims served are accurately reported on the annual state performance reports.

This recommendation can be closed when we receive documentation demonstrating that the GCC has implemented policies and procedures to ensure that the number of victims served are accurately reported on the annual state performance reports.

5. Remedy \$92,175 in unsupported administrative payroll expenditures.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to review the unsupported administrative payroll expenditures and to remedy, as appropriate, any such costs determined to be unsupported.

This recommendation can be closed when we receive documentation demonstrating that \$92,175 in unsupported administrative payroll expenditures has been remedied.

6. Remedy \$106,536 in unsupported subrecipient expenditures.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to remedy the \$106,536 in unsupported subrecipient costs.

This recommendation can be closed when we receive documentation demonstrating that \$106,536 in unsupported subrecipient costs has been remedied.

7. Ensure that the GCC requires that documentation submitted by subrecipients for payment requests is complete and accurate in accordance with requirements that the GCC imposes on its subrecipients pursuant to federal requirements that the GCC establish and enforce its own subrecipient monitoring policies.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that documentation submitted by subrecipients for payment requests is complete and accurate. OJP will also coordinate with the GCC to ensure that the GCC establish and enforce subrecipient monitoring policies.

This recommendation can be closed when we receive documentation demonstrating that the GCC has established and implemented subrecipient monitoring policies that ensure the accuracy of documentation submitted by subrecipients for payment.

8. Ensure the GCC develops subrecipient monitoring procedures that conform to the VOCA requirements for subrecipient monitoring.

Resolved. Both OJP and the GCC concurred with the recommendation. OJP stated that it will coordinate with the GCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient monitoring procedures conform to the VOCA requirements for subrecipient monitoring.

This recommendation can be closed when we receive documentation demonstrating that the GCC has implemented subrecipient monitoring procedures that conform to the VOCA requirements for subrecipient monitoring.

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