



Audit of the Office of Justice Programs Victim
Assistance Grants Awarded to the Virginia
Department of Criminal Justice Services,
Richmond, Virginia



AUDIT DIVISION

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Executive Summary

Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Virginia Department of Criminal Justice Services, Richmond, Virginia

Objective

The objective of the audit was to evaluate how the Virginia Department of Criminal Justice Services (DCJS) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

Annual Victims of Crime Act (VOCA) victim assistance grant funds awarded to the DCJS increased over 86 percent from fiscal year (FY) 2014 to 2018. While the DCJS took meaningful steps to announce and distribute this funding, it needs to improve how it tracks its distribution of funds, its overall internal control environment governing reporting, and subrecipient monitoring. DCJS's grants management system weaknesses resulted in overdrawn grant funds, inaccurate performance and financial reports, lack of controls over payments to subrecipients, and unsupported matching funds. We further found the DCJS did not track the administrative costs of funds it passed through to another Virginia agency. In addition, the DCJS needs to enhance its policies to ensure that it assesses risk and properly monitors these subrecipients. As a result, we identified \$46,261 in total questioned costs and made 22 recommendations to the Office of Justice Programs (OJP) to improve the administration of the victim assistance grants provided to Virginia.

Recommendations

Our report contains 22 recommendations to the OJP to improve DCJS grant management and administration and to remedy questioned costs. DCJS and OJP responses to our draft audit report can be found in Appendix 3 and 4, respectively. Our analysis of these responses is in Appendix 5.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three VOCA victim assistance formula grants awarded by the OJP, Office for Victims of Crime (OVC) to the DCJS in Richmond, Virginia. The OVC awarded these formula grants, totaling over \$154 million for FYs 2015 through 2017, from the Crime Victims Fund (CVF) to enhance crime victim services throughout Virginia. As of March 31, 2020, the DCJS drew down a cumulative amount of \$146.6 million for all grants reviewed.

Program Planning and Execution – The DCJS adequately planned the distribution of CVF funds and enhanced its crime victim services. We did not identify issues with DCJS's process to select subrecipients, although we recommend it develops a written policy. We found that the DCJS has made improvements in communicating VOCA requirements to its subrecipients and achieved compliance with the special conditions we tested. However, the DCJS lacked procedures to ensure it complied with the distribution requirements for allocation of funds to priority victim groups and procedures to ensure annual performance reports were complete and accurate.

Grant Financial Management – We identified a general weakness over the DCJS's control environment that affected the adequacy of grant financial reports. The lack of controls resulted in questioned costs, unsupported match, excess cash on hand, and returned funds to OJP. In addition, we found the DCJS charged unsupported administrative costs and lacked procedures to track pass-through administration expenditures. We found the DCJS needs to improve its financial management policies and procedures.

Monitoring of Subrecipients – The DCJS did not follow its own monitoring policy, conduct a formal risk assessment, or conduct periodic site visits of its subrecipients. The lack of controls over the grants management system resulted in several financial monitoring discrepancies. The DCJS monitoring of subrecipient performance did not identify inaccuracies and non-VOCA services in their performance reports, resulting in over-reported victims served.

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VICTIM ASSISTANCE GRANTS AWARDED TO
THE VIRGINIA DEPARTMENT OF CRIMINAL JUSTICE SERVICES,
RICHMOND, VIRGINIA**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Commonwealth of Virginia’s Department of Criminal Justice Services (DCJS) in Richmond, Virginia. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, the three grants from fiscal years (FY) 2015 through 2017 totaled over \$154 million.

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

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VA-GX-0043	7/21/2015	10/1/2014	9/30/2018	\$ 50,330,687
2016-VA-GX-0039	8/16/2016	10/1/2015	9/30/2019	56,993,066
2017-VA-GX-0018	9/28/2017	10/1/2016	9/30/2020	47,315,341
Total				\$ 154,639,094

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

Source: OJP Grants Management System

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

Beginning in FY 2015, Congress significantly raised the cap on CVF disbursements, quadrupling the available funding for victim assistance grants from \$455.8 million to \$1.96 billion for that year. In the following 2 years, Congress maintained the caps at well over previous funding levels, with the funding available for victim assistance totaling \$2.22 billion in FY 2016, and \$1.8 billion in FY 2017. The OVC allocates the annual victim assistance awards based on the annual amount available for victim assistance and the states’ populations. As such, the annual

¹ The VOCA victim assistance formula program is funded under 34 U.S.C. § 20103 (October 1984).

VOCA victim assistance grant funds available to Virginia increased from \$11.5 million in FY 2014 to over \$85 million in FY 2018.

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

The Grantee

As Virginia's state administering agency, the DCJS is responsible for administering the VOCA victim assistance program. The mission of the DCJS is to provide leadership to improve the criminal justice system in Virginia's communities through effective training, partnerships, research, regulation, and support. The DCJS is also responsible for distributing federal and state funding in the areas of law enforcement, prosecution, crime and delinquency prevention, juvenile justice, victim services, corrections, and information systems.

The DCJS has historically "passed-through" a significant amount of its victim assistance award funding to the Virginia Department of Social Services (VDSS). As a pass-through agency, the VDSS administered some state-wide programs supported with victim assistance funding, such as child advocacy centers (CACs), child treatment centers, and the Court Appointed Special Advocates (CASA) program. For much of our audit scope, the VDSS facilitated and monitored a number of secondary subawards to support these initiatives.²

OIG Audit Approach

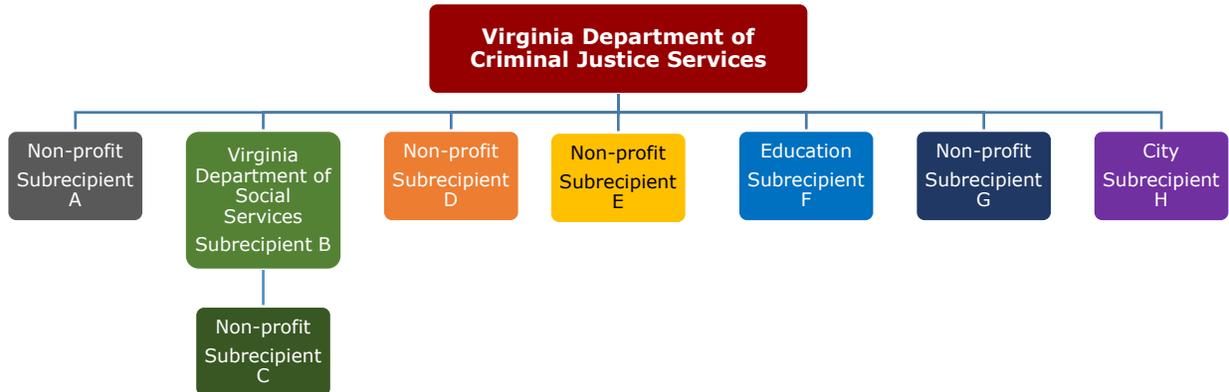
The objective of the audit was to evaluate how the DCJS designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines (VOCA Guidelines) and Final Rule, and the DOJ Grants Financial Guide (Financial Guide) as our primary criteria. We reviewed relevant DCJS policy and procedures, interviewed DCJS personnel to determine how they administered the VOCA funds,

² The DCJS began directly funding and monitoring Virginia's CASA program in July 2016 and the child treatment program in July 2019, leaving the VDSS to administer the CAC program.

and also obtained and reviewed DCJS and subrecipient records reflecting grant activity.³ We also visited eight Virginia service providers supported by DCJS victim assistance funding. Seven of these providers received direct awards from DCJS, while one received its DCJS-originated victim assistance funding through the VDSS.

Figure 1
DCJS Victim Assistance Subrecipients Sampled for Enhanced OIG Review



Source: OIG analysis

³ Appendix 1 contains additional information on the audit’s objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

AUDIT RESULTS

In general, we identified both specific and cross-cutting weaknesses in the DCJS's programmatic and financial management of the VOCA victim assistance awards. Namely, we found that the DCJS lacked adequate policies and procedures governing many aspects of award management. We identified a history of a general lack of grant management controls, including financial management controls, robust written procedures, and defined segregated grant management responsibilities. We also identified lack of monitoring and overreliance of the data in the grants management system led to excess drawdowns, unsupported match, and inaccurate financial reports. Although the DCJS had recently made changes to its policies, leadership, and staff to assist in grants management, it needs to address a number of grant management shortcomings to ensure it complies with grant requirements. This report provides recommendations relating to programmatic and financial areas that still need attention from the DCJS.

Grant Program Planning and Execution

As the state-level recipient of victim assistance grants for Virginia, the DCJS has the discretion to fund subrecipients from among eligible organizations that provide direct services to victims, such as child abuse programs, domestic violence shelters, sexual assault crisis centers, and other community-based victim support organizations. While VOCA Guidelines require that state administering agencies prioritize supporting victims of sexual assault, domestic abuse, and child abuse, state administering agencies must also make funding available for previously underserved populations of violent crime victims.⁴ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has discretion in determining the amount of funds each subrecipient receives.

Our assessment of the DCJS's overall plan to allocate and award the victim assistance funding included reviewing how the DCJS distributed available victim assistance grant funding, made subaward decisions, and informed its subrecipients of relevant VOCA requirements. With the increased CVF funding, the DCJS identified and met additional victim service needs and appropriately selected subrecipients. However, the fact that the DCJS distributed VOCA funds through several different programs, each with discrete award timelines and performance periods, as well as through the VDSS, resulted in a very complicated victim assistance award environment. Moreover, we found that the DCJS did not consistently communicate applicable VOCA requirements to subrecipients in the state.

⁴ The VOCA Guidelines state these underserved victims may include, but are not limited to, victims of federal crimes; survivors of homicide victims; or victims of assault, robbery, gang violence, hate and bias crimes, intoxicated drivers, bank robbery, economic exploitation and fraud, and elder abuse. The Guidelines also indicate that in defining underserved victim populations, states should also identify gaps in available services by victims' demographic characteristics.

Subaward Allocation Plan

The DCJS used a variety of funding mechanisms to distribute VOCA funding to victim service providers throughout the state. Traditionally, the DCJS directly funded four types of victim services programs with VOCA funds: (1) victim witness, (2) domestic violence shelters, (3) sexual assault crisis centers, and (4) child abuse assistance programs.⁵ The DCJS also provided funds to another state agency, the VDSS, which in turn selected and funded secondary victim-related programs subawards, including: the Court Appointed Special Advocates (CASA) program, which advocates for children who have experienced abuse or neglect; child treatment centers that provide services including mental health counseling, crisis hotline support, emergency shelter, and therapy; and child advocacy centers (CACs), which provide specialized treatment programs and services for child abuse victims—including forensic interviews, advocacy services, victim support, medical evaluation, and mental health services. As the provider of pass-through funding, the VDSS also oversaw these awards by reviewing their financial and performance reports, conducting site visits, and providing technical assistance.

However, the DCJS explained that over the past several years, it has gradually resumed direct administration and monitoring roles from VDSS to simplify the grant solicitation and monitoring process, which subrecipients described as “confusing and burdensome.” Consequently, as of this report, while the VDSS still manages the CAC, it ceased to administer both the CASA program in June 2016 and Virginia’s child treatment program in June 2019. The DCJS currently manages both of those programs.

As part of its FY 2015 VOCA victim assistance solicitation, OVC required that states submit a subrecipient funding plan detailing efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available VOCA funding. Before FY 2015’s significant CVF funding increase, the DCJS gave victim assistance grant preferences to organizations with long-standing, proven track records in their communities. With the additional funding, the DCJS reported plans to increase VOCA assistance oversight and continue to use administration funds to monitor and provide technical assistance to subrecipients. The DCJS also reported it would consider supporting new organizations, in addition to those service providers it had traditionally funded, which could demonstrate direct service capacity and expertise.

In May 2015, the DCJS surveyed Virginia victim advocates on service needs and priorities to include concerns regarding managing federal funds. The DCJS subsequently held 4 listening sessions across Virginia with 446 victim advocates. The purpose of these sessions was to: (1) hear from advocates regarding unserved and underserved populations, including populations who never had access to traditional victim services; (2) collect recommendations regarding the uses of increased CVF funding; (3) document long-standing Virginia crime victim needs;

⁵ The Victim Witness Grant Program provides financial support to local victim/witness programs designed to provide direct services, information, and assistance required by Virginia’s Crime Victim and Witness Rights Act.

and (4) sustain partnerships among and between victims' advocacy programs and organizations.

Following the survey and its listening sessions, the DCJS developed a new Victim Services Action Plan, under which it continued to fund long-standing subrecipients for core services grants but sought to provide new funding opportunities and outreach with the additional funds. Among the new programs were grants intended to meet direct service provider and community needs, and target the needs of a variety of victim populations.

In 2016, the DCJS issued its VOCA New Initiative Victim Assistance Grant Program (New Initiative) to consolidate the application process for grants under three of its standing programs: (1) the Sexual Assault and Domestic Violence Grant Program, (2) the Victim Witness Grant Program, and (3) the Virginia Sexual and Domestic Violence Victim Fund.⁶ The DCJS intended New Initiative to: (1) increase unserved and underserved victim access to direct service providers, (2) streamline DCJS's grant application process and post-award requirements, and (3) fund new projects, even with previously-funded organizations. The DCJS awarded more than \$13 million to support a total of 60 New Initiative projects, including serving non-English speaking victims, victims with disabilities, victims within LGBTQ communities, and victims of human trafficking.

In January 2019, the DCJS announced a 2-year Victim Services Grant Program (VSGP) to fund new subawards through 2020 and 2021. Similar to New Initiative, the DCJS intended to streamline the application process under three program categories: (1) Services for Victims of Crime, (2) One-Time Initiatives, and (3) Sexual and Intimate Partner Violence Core Services. Eligible applicants to this third category would be limited to existing sexual assault and domestic violence subrecipients. The DCJS stated that it would use FY 2017 and 2018 VOCA funds to make VSGP subawards in each of the 2 years, contingent upon various factors, including the total amount of VOCA funds available and program performance. The DCJS also encouraged applicants to develop long-term strategies and infrastructure to ensure program sustainability.

As we reviewed the various mechanisms through which victim service providers can receive VOCA funding in Virginia, we determined that there is a complex structure of programs that fund similar types of projects. First, the DCJS directly awarded funds to providers while also leveraging multiple funding programs to make awards, some of which were partially supported by VOCA funds and many having different award periods, such as making awards under both federal and state fiscal years.⁷ Second, DCJS's decision to pass-through funding to the VDSS,

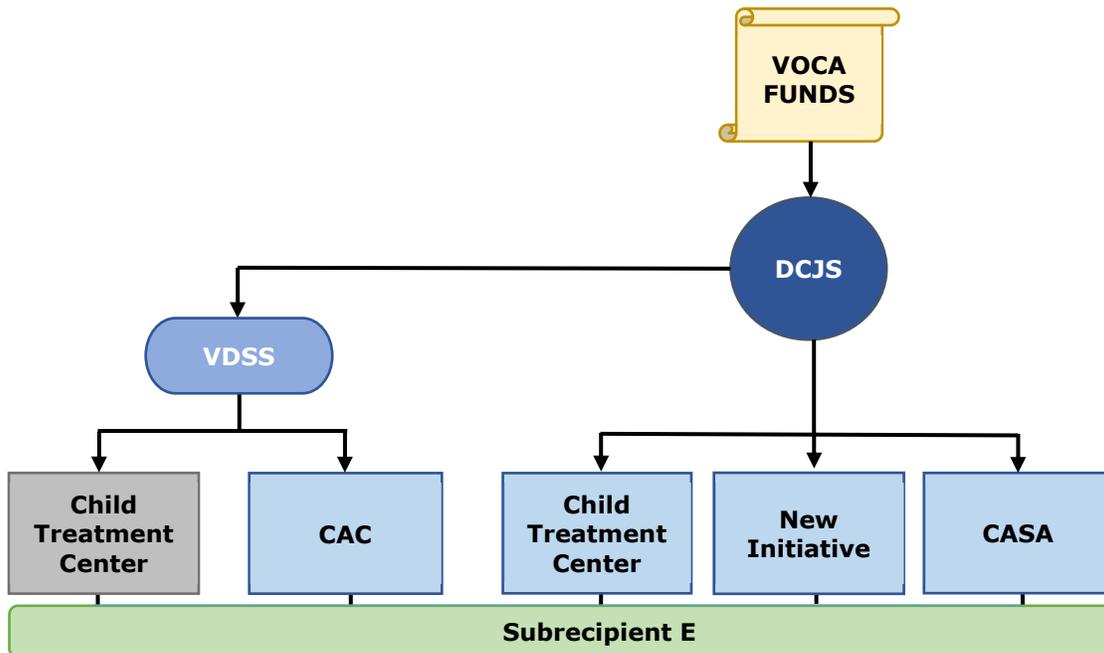
⁶ The Sexual Assault and Domestic Violence Grant Program is funded by VOCA and state general funds. The purpose of this program is to provide and enhance direct services to victims of sexual assault and domestic violence. The Virginia Sexual and Domestic Violence Victim Fund is a state funded program with the purpose to assist in protecting and providing necessary services to victims of and children affected by sexual violence, domestic violence, stalking, and family abuse.

⁷ The DCJS awarded funds to some subrecipients with periods of performance corresponding to state fiscal years (July to June) and others corresponding to federal fiscal years (October to September).

which would then make secondary subawards, added another layer to the process and begot different award expectations and monitoring practices for organizations that received both direct awards from the DCJS and pass-through awards from the VDSS. Third, the DCJS and VDSS funded different aspects of the same project (e.g., different staff members) eligible for other OVC grant programs also derived from VOCA funding, such as the OVC Domestic Trafficking Victim Program. While it may be permissible for a project to receive support from multiple sources, the entity administering the project may not receive such funding for duplicative purposes. Thus, the DCJS method of distributing its VOCA funding and grant program structure increases the risk for abuse of funds, hinders effective and transparent grant management, and renders accurate performance reporting specific to each funding source extremely difficult.

Subrecipients reported confusion about keeping track of different DCJS and VDSS subaward program requirements, such as points of contact, agency reporting requirements, and overall grant guidance. For example, one tested subrecipient, Subrecipient E, received a number of different VOCA grants. Two of these grants were CASA and New Initiative awards managed by the DCJS, while the VDSS managed, at least for some of the period of performance, the two other awards made under the CAC and child treatment programs. The subrecipient was assigned different grant monitors as the awards were from different agencies, and at one time had four different DCJS and VDSS grant monitors. Figure 2 shows an example of the number of programs and funding agencies through which one subrecipient received VOCA funds in Virginia.

Figure 2
Example of VOCA Funding Sources and Programs for Subrecipient E



Note: In July 2019, the DCJS transferred back to itself the responsibility of providing oversight over the child treatment centers.

Source: OIG analysis

In response to service provider feedback received from listening sessions, the DCJS established New Initiative and VSGP to allow subrecipients to apply for more than one funding opportunity within one application. While this streamlined the award-making process, we discuss in the Subrecipient Monitoring section that the post-award administration environment requires similar attention to address both the inefficiencies and confusion of duplicative monitoring of subrecipients and the risk of a subrecipient receiving duplicative funding for the same project. Overall, we found the DCJS appropriately took steps to identify and meet additional victim service needs with its increased funding beginning with the FY 2015 award, but it could have adopted a more efficient funding plan to track award distributions adequately and achieve transparency with this funding.

Subaward Selection Process

The VOCA Guidelines encourage state administering agencies to rely on open competition to award funds to subrecipients when feasible. To assess how the DCJS granted its subawards, we identified the steps that the DCJS took to inform, evaluate, and select subrecipients for VOCA funding. We interviewed DCJS officials and reviewed the state funding plan, grant solicitations, and subrecipient selection procedures.

A DCJS official stated that the solicitation process begins 6 months prior to actual award dates. First, a DCJS grant manager determines the source of funding

for the grant awards that the DCJS plans to disburse to subrecipients. After a drafted solicitation undergoes internal review, the DCJS posts solicitations on its website, which triggers an alert to existing subrecipients that a new opportunity for funding is available. The DCJS also communicates announcements of new grant solicitations through its quarterly newsletter and webinars. DCJS solicitations direct subrecipients to submit applications to a DCJS email account exclusively for grant applications. Once the grant application period has expired, DCJS staff review all applications for quality and completeness and make award recommendations to the Grants Subcommittee of the Criminal Justice Services Board (Board), which then makes a final funding decision. The DCJS then prepares and issues an award package to the selected subrecipients.

While the DCJS solicited award opportunities publicly and adequately segregated grant application review responsibilities, the DCJS has not formalized its process for soliciting, reviewing, and awarding grants. A formalized policy will enable the DCJS to provide clear, consistent guidance on the roles and responsibilities of staff involved in the grant application process. Therefore, we recommend OJP ensure the DCJS has a written policy over its subaward selection process.

Subaward Requirements

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the DCJS's subaward solicitations and award packages to determine how the grantee communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements.

The DCJS communicated VOCA program requirements to subrecipients. DCJS solicitations included information on the Final Rule, DOJ Grants Financial Guide, and allowable and unallowable costs under the VOCA Guidelines. The DCJS also held a webinar in July 2016 for New Initiative applicants that provided an overview of VOCA Guidelines. Beginning in 2019, the DCJS required first-time applicants to complete a new subgrantee questionnaire and perform an initial readiness assessment to determine if the applicant met VOCA eligibility criteria and had the internal controls in place needed to manage a VOCA grant. Other mechanisms the DCJS used to communicate VOCA requirements to subrecipients included developing a "Frequently Asked Questions" webpage, containing information about financial management, match, and audit requirements. Moreover, in late 2019, the DCJS started a 1-day "On the Road to Excellence" grants management training focused on grant fundamentals for subrecipients, including federal guidelines, documentation examples, financial reporting resources, and reporting templates.⁸

⁸ The DCJS presented "On the Road to Excellence" in five Virginia locations: Roanoke, Abingdon, Midlothian, Tidewater, and Annandale.

We noted that prior to our audit OVC identified, through a desk review, that DCJS FY 2015 subawards did not include required special conditions. In response, the DCJS told OVC that it would include all special conditions in the FY 2017 VOCA subawards. We found that most subawards issued by the DCJS since that time conveyed VOCA-specific requirements such as those relating to compliance with the VOCA Final Rule, DOJ Grants Financial Guide, System for Award Management, and the single audit requirement.⁹ Overall, we found that the DCJS made progress in communicating applicable VOCA requirements to its subrecipients through the award packages.

Whenever a pass-through entity makes an award to a subrecipient, the federal award information and applicable award agreement, including special conditions, must be clearly identified in the subrecipient award agreement. This helps ensure all recipients comply with the subaward agreement requirements. The subaward must include the Federal Award Identification, Catalog of Federal Domestic Assistance (CFDA) number, and other additional requirements that identifies the original federal funding source. We thus reviewed award agreements issued by the VDSS to secondary subrecipient child advocacy centers. These VDSS agreements lacked VOCA-specific details and requirements. Specifically, the 2015 award agreements did not: (1) include the funding's corresponding CFDA number, or (2) reference VOCA requirements specific to the funding. We note, however, that VDSS' July 2019 agreements included VOCA requirements such as allowable direct services, indirect expenditures, match, and reporting requirements.

Both the DCJS and VDSS have improved with regard to communicating VOCA requirements to subrecipients. However, we recommend OJP ensure that the DCJS develops subaward agreement requirements with the VDSS to include the Federal award information, special conditions, and applicable compliance requirements.

Program Requirements and Performance Reporting

To determine whether the DCJS distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed the DCJS distribution of grant funding via subawards among local direct service providers. We also reviewed the performance measures and performance documents that the DCJS used to track goals and objectives. We further examined OVC solicitations and award documents and verified the DCJS's compliance with special conditions governing recipient award activity.

Based on our assessment of program requirements and performance reporting, we believe that the DCJS ultimately achieved compliance with several of the tested special conditions. However, the DCJS did not: (1) sufficiently track whether it satisfied the distribution requirements to priority victim groups, and (2) adequately implement procedures to compile accurate annual performance reports.

⁹ According to 2 C.F.R. § 200, any non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year.

Priority Areas Funding Requirement

VOCA Guidelines require that each state administering agency award a minimum of 10 percent of total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved.¹⁰ For Virginia, the DCJS identified as previously underserved populations encompassing cultural and ethnic-specific communities, seniors, immigrants, members of the LGBTQ community, individuals with disabilities, and with those with language barriers.

We examined how the DCJS allocated subawards to gauge whether it was on track to meet VOCA distribution requirements to priority areas. The DCJS asked subrecipients to estimate the number of victims they expected to serve in each category as part of the application. DCJS officials told us that they used the estimated data to determine whether approved subawards would fulfill priority area funding requirements. However, the DCJS officials did not maintain support of actual subrecipient allocations by priority area funding requirement.

While the DCJS dedicated funding resources to victims of sexual assault, domestic violence, and child abuse through its Sexual Assault Domestic Violence Grants, CASA, child advocacy centers, and New Initiative programs, the DCJS did not comprehensively track VOCA funding distributions across Virginia. Thus, the DCJS cannot demonstrate that it met VOCA distribution requirements. We recommend OJP require that the DCJS develop and implement a written policy and tracking procedure to ensure VOCA funds are disbursed in accordance with the priority funding requirement.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC requires states to upload annual reports to its Grants Management System and submit performance data through its web-based Performance Measurement Tool (PMT). A state may provide its subrecipients with direct access to PMT to report quarterly data; however, the OVC still requires that a state approve subrecipient-submitted performance measure data if subrecipients directly submit it into PMT. The DCJS granted the majority of its subrecipients PMT access to report their data, except for subrecipients of one grant program, who reported information to the DCJS, whose personnel in turn uploaded that data into PMT.

For victim assistance grants, states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, a special condition requires that each state collect, maintain, and provide to the OVC data that measures the performance and effectiveness of

¹⁰ The VOCA Guidelines provide each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims. Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

activities funded by the award. While the DCJS submitted annual performance reports to the OVC for FYs 2016 through 2019, the DCJS official in charge of compiling the FY 2019 report could not speak about the process employed to compile the reports for prior years due to staff turnover and the undocumented process. For FY 2019, the official stated that subrecipients directly entered data into PMT, and DCJS grant monitors provided input on emerging trends and challenges for the narrative portion of the report.

For FY 2019, the DCJS reported that it served a total of 1,791,759 individuals, of which 135,024 had received victim services for the first time. We assessed whether this annual performance report fairly reflected the figures reported by DCJS subrecipients. We found discrepancies in performance reporting data for four of the eight sampled subrecipients.¹¹ According to its monitoring policy, DCJS grant monitors would review the support for performance reporting during site visits. However, as noted in the Monitoring of Subrecipient section, DCJS staff did not adhere to site visit guidance stipulated by both OJP and DCJS monitoring policies. Yet, the OVC user guide indicates that it is the state administering agency's responsibility to validate the figures reported to the OVC, and the figures should be reflective of state-wide grant funded activity. OVC officials confirmed that they expect the states to review and validate the subrecipient-submitted data. In sum, we recommend OJP ensure the DCJS establishes a process to submit complete and accurate annual performance reports.

Compliance with Special Conditions

We reviewed special conditions for each VOCA victim assistance program grant and identified those significant to grant performance which were not otherwise addressed in another section of this report. For each victim assistance grant, the states must ensure that a Subgrant Award Report (SAR) with basic information on every subrecipient that receives victim assistance funds is submitted to the OVC. However, we were unable to reconcile the DCJS's subaward universe to the SARs. A DCJS official told us that rather than using DCJS records to verify that all subrecipients had completed a SAR, the DCJS verified which subrecipients completed a SAR against a spreadsheet created from the PMT subgrantee list, which would not have identified SARs not completed since the PMT subgrantee list is compiled from submitted SARs. Maintaining a reliable list of which organizations received grant funds is a basic requirement of adequate grant management as well as transparency for the OVC. Therefore, we recommend that OJP ensure the DCJS submits SARs for all of its previously awarded VOCA subawards, reconciling against award records maintained by the DCJS outside of PMT.

For the victim assistance grants, states agree to comply with Federal Funding Accountability and Transparency Act (FFATA) requirements to report first-tier subawards of \$25,000 or more and, in certain circumstances, the names and total compensation of the five most highly compensated executives of the recipient and

¹¹ As discussed in the Performance Monitoring section, we reviewed in-depth, on a judgmental basis, a sample of performance data reported into PMT, by determining the extent to which subrecipients could support certain submitted figures.

first-tier subrecipients of award funds. Such data must be submitted to the FFATA Subaward Reporting System. The DCJS had made several subawards of \$25,000 or more, which thus triggered the FFATA reporting requirement. A prior OVC desk review found that the DCJS did not comply with FFATA reporting requirement, and the DCJS subsequently took action to comply with it.

We also reviewed special conditions in the VDSS' subaward acceptance packages to ensure that they included SAR, FFATA, and fraud reporting requirements. We found that FY 2015 subaward acceptance packages did not include any of the required special conditions established by the OVC. However, upon review of FY 2017 subaward acceptance packages, we confirmed that each of these reporting requirements were included, and therefore we determined that the VDSS had ultimately achieved compliance with the special condition requirements.

Further, we tested the subrecipients' understanding of the requirement to report fraud to the OIG. We found that most of the DCJS's subaward acceptance packages did include this requirement. However, based on interviews with subrecipient officials, we discovered that most subrecipient officials were not aware of OIG resources—such as the OIG hotline—for reporting fraud, waste, and abuse. Instead, subrecipient officials told us they would follow an internal chain of command, but did not discuss that ultimately “potential fraud, waste, abuse, or misconduct should be reported to the OIG.” This practice did not comply with the OVC requirement to report fraud to the OIG and creates the risk that allegations over misuse of grant funds will go unreported or uninvestigated. Therefore, we recommend OJP require that the DCJS train its subrecipients on fraud awareness and reporting, to include the OIG hotline's availability.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of the DCJS's financial management of the VOCA grants, we reviewed the process the DCJS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the DCJS's financial management of the VOCA grants, we also reviewed the Single Audit Reports for FYs 2015 to 2017 completed by the DCJS's independent auditors. We also interviewed the DCJS personnel who were responsible for financial aspects of the grants, reviewed the DCJS written policies and procedures, inspected award documents, and reviewed financial records.

Control Environment

Our overall assessment of grant financial management found significant and widespread weaknesses in the DCJS's financial procedures and controls over award

funds, including numerous control gaps. As such, we were frequently unable to obtain reliable details and support to verify the information provided by the DCJS.¹²

One overarching control weakness we identified related to many aspects of financial management concerns involved the DCJS's use of its grants management system as an interface for subrecipients to apply for grants and submit reports online. A feature of this system is that the subrecipients enter and control the information it contains, and the DCJS grant personnel did not consistently or thoroughly verify this information. Further, this system does not have controls to prevent or detect errors in data entry. Although we determined that grants management system data was unreliable and characterized by significant discrepancies, the DCJS used this data, as opposed to its accounting system, as the basis to prepare financial reports, reimburse DCJS subrecipients, and draw down funds.¹³ We make several recommendations to address this weakness in the following sections.

We also determined that the DCJS did not maintain adequate segregation of duties relating to financial management and reporting for the VOCA awards. The DCJS historically had one staff member who reconciled all financial information and reports. Although the DCJS has improved segregating grant duties since 2018, one person is still responsible for reimbursements, development of policies and procedures, and financial reporting. In addition, we observed a high turnover rate among DCJS personnel. DCJS officials informed us that by the end of 2019, they were experiencing high turnover due to nearly 20 percent of staff reaching retirement age, and we did not see evidence that the DCJS had a succession plan in place. We recommend OJP ensure the DCJS continues its effort to segregate grant financial activities. We also recommend OJP ensure the DCJS enhances its written policies to provide a formal continuity in its grant management, such as through a succession plan and cross training between its programmatic and financial personnel.

The general lack of financial controls resulted in many of the findings discussed in our report to include: unspent funds returned to the OVC, payments to subrecipients for unallowable costs, unsupported administration costs, insufficient records to demonstrate whether the DCJS met certain grant allocation requirements, and inaccurate financial reports provided to the OJP reflecting activity under these awards. Further, because the VOCA awards are not the only federal funds that the DCJS manages, these systemic control weaknesses may

¹² Virginia's FY 2017 Single Audit also identified significant deficiencies regarding the DCJS's financial reporting and monitoring practices of VOCA subrecipients. Further, the OVC identified several areas that the DCJS needed to improve, including but not limited to supporting administrative expenditures, subrecipient reimbursements, federal financial reports, how it met match requirements, and subrecipient monitoring efforts such as risk assessments, site visits, and desk reviews.

¹³ The DCJS officials reported that they hired a vendor to implement a new grants management information system by January 2021.

elevate the risk of mismanagement for other federal funds that the DCJS administers.¹⁴

Grant Expenditures

State administering agencies victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients — which constitute the vast majority of total expenses, and (2) administrative expenses — which are allowed to total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying available support for select transactions.

Subaward Expenditures

The DCJS has used its grants management system to process funding requests from its subrecipients. The DCJS generally required subrecipients to submit funding requests on a quarterly basis.¹⁵ The request process started with the subrecipient submitting a financial report consisting only of total quarterly spending amounts for the cost categories of personnel, consultants, travel, equipment, indirect costs, supplies, and other. The DCJS did not require any further itemization, or submission of support or invoices for the requested reimbursement. Subsequent to DCJS's Grants Manager approval, the DCJS's Financial Manager processes payments.

The DCJS's general ledger recorded nearly \$132 million in VOCA victim assistance paid to subrecipients throughout September 30, 2019. We judgmentally selected 8 of over 200 subrecipients for our testing. For each, we reviewed a sample of transactions to determine whether the payments were accurate, allowable, and in accordance with the VOCA Guidelines. This sample totaled \$169,292 in expenditures in the following categories: (1) personnel, (2) fringe, (3) travel, (4) contracts/consultants, (5) supplies, (6) equipment, (7) training, and (8) indirect costs. Tested financial transactions included those made to the VDSS as the DCJS's largest recipient of VOCA funds, as well as one secondary subrecipient that received pass-through funding through the VDSS.

¹⁴ The DCJS is the recipient of DOJ and other federal awards.

¹⁵ In August 2019, DCJS started a pilot program for monthly reimbursements; selected subrecipients had to meet certain criteria to be eligible.

Table 2
Subaward Expenditures Testing Results

Subrecipient	Organization Type	Total Quarter Payment	Sampled	Questioned Costs
A	Non-profit	\$44,864	\$37,374	\$2,063
VDSS	State agency	739,272	11,699	0
C	Non-profit	17,465	12,458	4,627
D	Legal service	76,848	29,357	0
E	Non-profit	26,523	16,783	3,312
F	Education	8,303	2,384	0
G	Non-profit	128,060	15,832	1,767
H	City	465,031	43,405	11,846
Totals		\$1,506,366	\$169,292	\$23,615

Source: OIG analysis

- Subrecipient A is a non-profit that supports domestic violence victims and homeless families. This subrecipient charged time based on percentages as budgeted in its grant application, as opposed to actual time worked on VOCA-specific activities. For example, Subrecipient A had a staff member who charged 10 percent of time worked to the VOCA subaward without allocating the actual time worked on the timesheet. We found that Subrecipient A did not comply with the Financial Guide that requires payroll records to reflect actual employee activity. We are therefore questioning \$2,063 in unsupported costs related to payroll charges in our sample.
- Subrecipient C is a non-profit that supports adults and children who are victims of domestic violence and sexual assault. We found that the subrecipient’s Executive Director charged 50 percent of their salary to the VOCA grant, but did not provide direct services to victims. VOCA Guidelines stipulate that salaries for administrators, board members, executive directors, and other such individuals are not allowable unless these individuals provide direct services to crime victims. We are therefore questioning \$4,627 as unallowable costs related to payroll charges in our sample.
- Subrecipient E is a non-profit that provides services to domestic violence victims. We found that Subrecipient E did not keep timesheets, activity reports, or any other documentation to support time charges to the VOCA grant. Therefore, we could not verify that it properly allocated payroll costs based on the actual time its employees spent working on VOCA-specific activities. The VOCA Guidelines state that payroll records should reflect actual activities of employees’ work performed. We are therefore questioning \$3,312 as unsupported costs related to payroll charges in our sample.
- Subrecipient G is a non-profit that supports domestic violence victims and provides community services within its locality. We identified an

administrative staff member who performed only administrative and not direct service functions but charged 52 percent of time worked to the VOCA grant. Similar to Subrecipient C, we note this as a finding since the VOCA Guidelines stipulate that salaries and reimbursable expenses associated with administrators, board members, executive directors, and other such individuals are not allowable unless the individuals provide direct services to crime victims. We are therefore questioning \$1,767 as unallowable costs related to payroll charges in our sample.

- Subrecipient H is a local government entity that supports domestic violence and victim witness services. Subrecipient H incorrectly charged \$11,846 in DCJS-approved pay increases for Victim Witness Advocates and Assistant Directors to the incorrect VOCA subaward. The DCJS approved the increase to be reimbursed from the FY 2016 subaward. Instead, Subrecipient H drew down and paid the employees the salary increases with FY 2017 subaward. According to the Uniform Guidance, an expenditure will be charged during the period in which the expenditure was incurred. These increases in salaries were incurred in FY 2016, but charged to the FY 2017 subaward. We are therefore questioning \$11,846 as unallowable costs.

In consequence of the questioned costs our limited sample detailed above, we recommend that OJP ensure the DCJS remedies a total of \$5,375 in unsupported costs and \$18,240 in unallowable costs.

Administrative Expenditures

A state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training.¹⁶ While federal grant-funded administrative costs generally must relate to a specific program, for VOCA assistance awards, the VOCA Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.¹⁷ For the victim assistance grant program, we tested the Virginia's compliance with the 5 percent limit on the administrative category of expenses, as noted in Table 3 below.

¹⁶ According to the 2016 VOCA Final Rule, such costs must derive from efforts to expand, enhance, or improve how the agency administers the state crime victim assistance program and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state.

¹⁷ OVC officials have indicated that the definition of a state's "victim assistance program" may include both VOCA and non-VOCA activities supported by the state administering agency, as long as the activities relate to victim assistance.

Table 3
Administrative Expenditures

Total Award Amount	DCJS Administrative Expenditures	VDSS Administrative Expenditures	Total Administrative Expenditures	Administrative Percentage
2015-VA-GX-0043				
\$50,330,687	\$2,312,479	\$91,848	\$2,404,327	4.78
2016-VA-GX-0039				
\$56,993,066	\$2,164,076	\$71,511	\$2,235,587	3.92
2017-VA-GX-0018				
\$47,315,341	0	\$15,275	\$15,275	0.03

Note: Total administrative expenditures as of September 30, 2019. FY 2017 award still open until September 30, 2020.

Source: OIG analysis

For this analysis, we isolated the portion of VOCA funds the VDSS retained for its administrative purposes before distributing the secondary subawards to service providers. When we combined these VDSS amounts with the funds the DCJS also retained for administrative purposes, we found that Virginia complied with the 5 percent administrative requirement for its FYs 2015 and 2016 awards, and is on track to comply with the 5 percent administrative expense limit for the FY 2017 award. However, the DCJS did not consider these VDSS expenditures—approximately \$179,000 from FY 2015 through 2017—to be part of the administrative portion of the VOCA awards. We determined the DCJS lacked procedures to track the cumulative state administrative spending totals. While Virginia’s cumulative administrative expenditure amounts did not go above the 5 percent allowed for VOCA grants, we recommend OJP ensure the DCJS: (a) informs pass-through recipients of the administrative cost restrictions, (b) clearly tracks administration costs and payments for both the DCJS and VDSS, and (c) monitors spending statewide against the administrative cost limit.

In addition to testing the DCJS’s compliance with the 5 percent rule for administrative costs, we judgmentally selected samples of the DCJS administrative transactions as of September 30, 2019, to determine if they were supported, allowable, and properly allocated. The state administrative costs we tested included: (1) personnel, (2) fringe, (3) operating, (4) travel, (5) training, and (6) statewide indirect costs. The selected transactions were funded by the FYs 2015 and 2016 VOCA awards because the DCJS had not charged administrative expenses to the FY 2017 award at the time of our testing.

For payroll transactions, we judgmentally selected 6 DCJS employees for a total of 12 transactions from non-consecutive pay periods valued at \$28,925. The DCJS employees used a time attendance and leave system to record time worked based on actual hours and also used its accounting system to enter various grant activities associated with each funding source. We found ten of the tested transactions generally supported employee personnel costs charged to the VOCA

grant.¹⁸ However, for two of the tested transactions, we could not identify associated entries in the accounting system. Therefore, we question the payroll transactions of \$5,527 as unsupported and recommend that the OJP work with the DCJS to remedy the costs.

For non-payroll administrative costs, we tested 13 direct and indirect cost transactions valued at \$151,173. Of these, 12 were generally supported, allowable, authorized, and reasonable. However, the DCJS did not provide evidence of payment or adequate support for 1 of the 13 transactions tested. We found that the DCJS charged clerical services on a percentage basis totaling \$2,811. The DCJS explained that these costs were specifically for temporary positions allocated to the VOCA award. However, the documentation did not detail the allocation methodology, rationale, or whether the work supported victim assistance services. Based on these results, we could not determine if the amounts were correctly allocated to the grant. Therefore, we recommend that the OJP work with the DCJS to remedy a total of \$2,811 in unsupported costs.¹⁹

Further, when testing indirect charges, DCJS officials told us they did not have an approved indirect cost rate from time period July 1, 2017 through June 30, 2018. However, because the DCJS negotiated a new indirect cost rate as of March 15, 2019, and was able to retroactively apply this rate to determine the indirect charges over this period for the three grants reviewed, we do not take issue with the indirect charges.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time the drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA grant funds are available for the fiscal year of the award plus three additional fiscal years. To assess whether the DCJS managed grant receipts in accordance with these federal requirements, we compared the total amount of DCJS reimbursements against the total expenditures recorded in the accounting system and accompanying DCJS financial records.

As of March 31, 2020, the DCJS had drawn down a total of \$146.6 million for the three grants reviewed, shown in Table 4.

¹⁸ The DCJS did not consistently enter accounting data in the payroll ledger related to charges of the FY 2015 award. For example, some personnel costs entered in the accounting system did not detail employees' salary and benefit payments. Ultimately, the DCJS was able to provide us with the additional payroll support via paper copies of employee salaries and benefits payments. Nevertheless, this delayed our tracing of costs from the accounting system to payments.

¹⁹ Following its response to the report, the DCJS provided to us additional documentation regarding the \$5,527 in payroll costs and the \$2,811 in clerical services costs. As discussed in Appendix 5, we will coordinate with OJP to obtain its determination on whether the additional evidence remedies the lack of support.

Table 4
Amount Drawn Down for Each Grant as of March 31, 2020

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining	Disposition
2015-VA-GX-0043	\$50,330,687	9/30/2018	\$49,571,265	\$0	Returned and De-obligated ^a
2016-VA-GX-0039	56,993,066	9/30/2019	56,993,066	0	Drawn down by 12/31/2019
2017-VA-GX-0018	47,315,341	9/30/2020	40,074,981	7,240,360	Open award
Total:	\$154,639,094		\$146,639,312	\$ 7,240,360	

^a For FY 2015 award, the DCJS returned \$754,117 in excess cash on hand and the OJP de-obligated \$5,305 of the balance left in the award.

Sources: DCJS accounting records and OJP payment history reports

We analyzed drawdowns from the start of our scope October 1, 2014, through September 30, 2019, by comparing the amount and dates of the drawdowns to DCJS’s accounting records. We found that until April 2019, the DCJS based drawdowns on information in its grants management system that listed subrecipient-reported spending. DCJS officials confirmed that the subrecipient financial reports were not always based on expenditures incurred. For example, some subrecipients just divided award amounts by quarter, resulting in four equal payments for the award year. The DCJS acknowledged it advanced payments to subrecipients, causing excess drawdowns as a result of payments for expenditures not yet incurred. This practice also contributed to excess cash on hand that would be held by the DCJS for up to 90 days, or until the next quarter when payment was due to the subrecipients.²⁰ In late 2018, DCJS officials realized this practice resulted in overdrawn funds and returned \$754,117 to the OVC in June 2019 for the FY 2015 grant award.

In all, we found a total of 27 instances when the DCJS drew down more in funds than it had in expenditures, resulting in excess cash on hand:

- FY 2015 award had 14 instances where DCJS had excess cash on hand
- FY 2016 award had 8 instances where DCJS had excess cash on hand
- FY 2017 award had 5 instances where DCJS had excess cash on hand

The DCJS’s lack of formal written policies and procedures for preparing drawdown funding requests for federal awards contributed to the issues above. Starting in April 2019, the DCJS adopted a drawdown process in which the Grants and Finance divisions conjointly prepare weekly drawdowns. The process reconciles

²⁰ The DOJ Grants Financial Guide requires that any interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System. Our discussion with DCJS officials confirmed that VOCA funds were kept in a non-interest bearing account.

activity between grants management and accounting systems reports, and thus should prevent the DCJS from having excess cash on hand for more than 10 days in their account.

Nevertheless, despite these new procedures, the DCJS still had excess cash on hand in August 2019 of \$229,215, and in September 2019 of \$1,041,317 from the FY 2017 award. Therefore, we recommend that the OJP assess how the DCJS fully implemented the updated drawdown policy. We also recommend that the OJP ensure the DCJS assesses its drawdowns of the FY 2017 award to determine if funds need to be returned.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of the project cost to increase not only the amount of VOCA project funding, but also to prompt subrecipients into obtaining independent funding, thereby facilitating program sustainability. Match contributions must come from non-federal sources and can be either cash or in-kind.²¹ The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

The VOCA Final Rule also permits states to provide match with their own funding. The DCJS fulfilled most of the match requirements for its subrecipients through the state general fund and special funding from non-federal sources. However, the DCJS employed different match requirements between its different grant programs, and some required subrecipient contributions.

When calculating the match for federal reporting to determine whether its portion of the match was met, the DCJS relied on a report from its grants management system. For FYs 2015 and 2016, the DCJS reconciled the matching contributions it reported providing with its own funding to unsupported data from its grants management system. We could not readily verify the source of contributions that the DCJS made on behalf of subrecipients, respectively valued at about \$10.4 million in FY 2015 and \$2.8 million in FY 2016. The DCJS ultimately provided appropriate accounting for these match contributions.

To confirm the amount of subrecipient match, DCJS officials also relied on information from its grants management system. Similar to our concerns regarding how VOCA subrecipients reported expenses and requested reimbursement, the DCJS did not verify, reconcile, or require that its subrecipients support reported matching. DCJS officials confirmed that they did not verify the support of the subrecipient matching costs. For example, some New Initiative grant awards required that subrecipients contribute 8 percent to match; however, the DCJS did not track or verify whether the subrecipients actually made these contributions, trusting as accurate and supported what subrecipients reported as matching via the grants management system. In FYs 2015 and 2016, subrecipients contributed

²¹ In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

approximately \$8.9 million of the reported matching requirement. During our site visits, we found support for 6 of 8 sampled subrecipients. However, two subrecipients lacked sufficient support for their recorded matching contributions. We therefore question \$14,308 as unsupported matching costs.

It is the responsibility of the DCJS to demonstrate that it complies with VOCA match requirements. The lack of internal written procedures and controls over supporting or verifying matching costs in FY 2015 and 2016 underscore concerns regarding how the DCJS should collect and report accurate information to OJP. At the conclusion of our fieldwork, DCJS officials reported that they are implementing guidelines to address these issues. We recommend that the OJP work with the DCJS to develop and implement procedures to: (a) track compliance with the VOCA match requirement, (b) document subrecipient-reported matching, and (c) reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems. We also recommend that OJP remedy \$14,308 in unsupported subrecipient matching costs.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the DCJS submitted accurate Federal Financial Reports (FFRs), we compared the four most recent reports to the DCJS's accounting records for the three grants.

This comparison found that FFRs submitted by the DCJS did not reconcile with its accounting records. We determined that the DCJS's practice of reporting expenditures based on information in its grants management system, as opposed to expenditures recorded in its accounting system, resulted in either over or understating expenditures reported in the FFRs for each grant as of September 2019, shown in Table 5.

Table 5
Accuracy of DCJS Federal Financial Reports

Reporting Period	Expenditures per FFR	Expenditures Per Accounting Records	Overstated or (Understated) Expenditures Reported
2015-VA-GX-0043			
10/1/2017-12/31/2017	\$2,117,328	\$5,201,662	(\$3,084,334)
1/1/2018-3/31/2018	125,679	590,922	(465,243)
4/1/2018-6/30/2018	(1,380,930)	(1,569,137)	188,207
7/1/2018-9/30/2018	339,814	733,476	(393,662)
Subtotal FY 2015:	\$1,201,891	\$4,956,923	(\$3,755,032)
2016-VA-GX-0039			
10/1/2018-12/31/2018	\$2,553,900	\$3,103,194	(\$549,294)
1/1/2019-3/31/2019	2,733,898	2,579,847	154,051
4/1/2019-6/30/2019	1,658,906	2,633,454	(974,548)
7/1/2019-9/30/2019	6,625,097	2,415,687	4,209,410
Subtotal FY 2016:	\$13,571,801	\$10,732,182	\$2,839,619
2017-VA-GX-0018			
10/1/2018-12/31/2018	\$10,044,546	\$7,359,826	\$2,684,720
1/1/2019-3/31/2019	8,529,185	9,411,384	(882,199)
4/1/2019-6/30/2019	3,281,869	9,575,667	(6,293,798)
7/1/2019-9/30/2019	6,524,195	6,524,233	(38)
Subtotal FY 2017:	\$28,379,795	\$32,871,110	(\$4,491,315)
Total Fys 2015-2017	\$43,153,487	\$48,560,215	(\$5,406,728)

Sources: DCJS accounting records and grants management system as of September 30, 2019.

As described in previous sections, the grants management system contains unreliable expenditures as the DCJS did not monitor or reconcile subrecipient reported expenses. Moreover, DCJS officials acknowledged that the reconciliation process used to prepare FFRs was not standardized and lacked segregation of duties. The 2017 Single Audit Report found the DCJS was not reporting accurate FFR information and needed to improve pertinent internal controls. Specifically, the Single Audit Report noted that three quarterly FFRs did not include a VOCA-funded program, and one quarterly FFR was mathematically incorrect. To resolve the single audit findings, the DCJS developed a policy in July 2019 requiring that personnel prepare FFRs based on a reconciliation from the grants management system against its accounting system.

Similar to our concern detailed in the Drawdowns section, we found that the DCJS has not fully implemented its updated FFR policy. We identified general financial discrepancies before and after the policy update in July 2019. First, the DCJS did not report indirect costs in 9 of the 12 FFRs tested, 2 of these instances occurred post-policy update. Second, the FFRs did not report accurate match amounts. These discrepancies could result in significant errors in the quarterly expenditures reported in the FFRs to OJP. We therefore recommend OJP work with the DCJS to strengthen its implementation of written policies and procedures that guide how DCJS personnel should compile accurate FFRs.

Monitoring of Subrecipients

According to the Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, the DCJS must develop policies and procedures to monitor subrecipients. To assess the adequacy of the DCJS's monitoring of its VOCA subrecipients, we interviewed DCJS personnel, reviewed DCJS monitoring procedures, and obtained records of interactions between the DCJS and its subrecipients. We also visited eight subrecipients, interviewing personnel, touring facilities, and reviewing accounting and performance records at each site.²² We spoke with subrecipient officials about the support received from the DCJS, requirements for reporting to the DCJS, the progress of the grant-funded programs, and their understanding of the subaward requirements. Moreover, we observed the subrecipients' facilities for victims, including shelters, child advocacy centers, and a community collaboration center.

Because the VDSS subawarded much of the VOCA funding it received from the DCJS to subrecipients of its own, we also assessed the monitoring practices of the VDSS itself. We found these practices to be generally robust. The VDSS had written monitoring policies and guides to assist in the monitoring process, and the VDSS was able to provide us with evidence of monitoring and requirements training provided to its staff. The VDSS 2018 monitoring policy covers risk assessments, desk reviews, on-site visits, and financial reconciliations. The VDSS also has documents to assist in monitoring VDSS subrecipients, including a monitoring review instrument, an on-site review instrument, and a VOCA site monitoring documentation checklist. Additionally, the VDSS has a Subrecipient Monitor Coordinator (Coordinator) who assisted with scheduling site visits and ensured VDSS program consultants complied with the site visit schedule.²³ We confirmed that the VDSS conducted a site visit of the VDSS subrecipient that fell within our sample, as required by its policy.

²² As discussed above, this sample of subrecipients included direct subrecipients of funding from the DCJS and a secondary subrecipient that received DCJS-originated funding through the VDSS.

²³ According to the VDSS monitoring schedule in place during our fieldwork, the VDSS program consultant must notify the Coordinator of changes to the monitoring schedule within 2 business days of the original scheduled date. Per VDSS' policy, a risk assessment must be completed at the beginning of the fiscal year, and the resulting risk categorization triggers the frequency of site visits.

DCJS Monitoring Approach

In March 2019, the DCJS updated its subrecipient monitoring guidance to outline monitoring procedures and activities including risk assessments, fiscal desk reviews, and on-site visits. The DCJS divided monitoring responsibilities for the VOCA subrecipients among its personnel, with grant monitors responsible for conducting training, providing technical assistance, performing risk assessments, and conducting site visits, and fiscal staff responsible for conducting fiscal desk reviews, ensuring subrecipients are not debarred or suspended, and verifying compliance with the single audit requirement. The updated March 2019 policy set forth a monitoring schedule and contained a grant monitor tool for DCJS staff to complete on site visits in an effort to help standardize programmatic and financial document reviews.

We found significant weaknesses in DCJS control and oversight of its subrecipients. In particular, we found that the DCJS did not have a formal risk assessment plan before the policy update in March 2019, nor did its staff adhere to site visit guidance stipulated by both OJP and DCJS monitoring policies.

Risk Assessment

VOCA guidance requires that state administering agency monitoring plans include a risk assessment. Prior to 2019, the DCJS did not have a formal risk assessment process. Instead, according to a DCJS official, grant monitors previously evaluated and made their own determinations to conduct site visits to their subrecipients based on their respective knowledge of issues and concerns. The DCJS developed a grant monitoring risk assessment tool in May 2019 to require annual subrecipient risk assessments based on the following factors: (1) total dollar award amount, (2) timeliness of financial reporting to the DCJS, (3) results of the single audit, (4) date of last site visit, (5) timeliness of programmatic progress reporting to the DCJS, (6) turnover of key staff, (7) grant experience, and (8) other issues of noncompliance. Risk scores result in an initial risk designation of high, moderate, or low, and site visit requirements correspond with risk scores. Table 6 presents DCJS risk categories, score thresholds, and site visit expectations.

Table 6
DCJS Risk Assessment

Risk Rating	Risk Score	Site Visit Frequency
High	14 or greater	Annual
Moderate	7 to 13	Every 2 years
Low	6 or lower	Every 2 years, or as grant program requires

Source: DCJS's 2019 monitoring policy

Monitoring Schedule and Site Visits

The DCJS 2019 monitoring policy establishes procedures to be conducted by the DCJS grant monitors before, during, and after a site visit. Obtaining and reviewing documents that support grant activities and expenditures is a requirement of conducting a site visit.

According to DCJS grant monitoring policy, site visits should occur every 2 years and desk reviews at least annually. Similarly, VOCA guidance holds that state administering agencies should visit subrecipients at least once every 2 years during the award period, unless the state’s monitoring plan determines differently based on a risk assessment. According to the DCJS monitoring tool, the comprehensiveness of a site visit may vary based on a number of factors. The DCJS advised that most site visits can be completed in 3 to 5 hours. The DCJS grant monitor has 60 days from the end of the site visit to complete site visit documentation, including a post-site visit letter that summarizes findings to the subrecipient.

The OVC reviewed the DCJS in 2018 and found that it needed to improve its monitoring plan by tracking the dates of planned and completed desk reviews, on-site visits, risk assessments, and subrecipient risk level. However, improvements to the DCJS monitoring plan remain unfulfilled. While the DCJS monitoring schedule included a list of subrecipients—some of which were assigned a grant monitor, the date of last site visit, risk assessment score, designated risk level, and proposed site visit—we identified incomplete corresponding records for subrecipient site visits. Specifically, out of a universe of over 200 DCJS subrecipients:

- 26 had no record of a previous site visit or of a proposed site visit,
- 8 contained conflicting information, such as a high-risk assessment score without record of a previous or proposed site visit, and
- 22 were not included DCJS’s monitoring schedule.²⁴

Of the eight subrecipients we met with, the DCJS monitoring schedule recorded the results of risk assessments performed in June 2019. However, the DCJS could only provide a copy of the completed risk assessment tool for three of the eight subrecipients.²⁵ Records of most of the eight subrecipients contained discrepancies between the risk level reflected in the DCJS grant monitor risk assessment, the timing of corresponding DCJS site visits, and support of actual and planned visits in the monitoring schedule. For example, Subrecipient A scored moderate, yet Subrecipient A officials confirmed that they had not received a DCJS site visit. Although Subrecipient F scored a low risk rating—which would trigger a site visit on a 2-year basis according to the DCJS’s monitoring policy—its last DCJS site visit occurred in 2014. We found that the DCJS grant monitors assigned to three of the sampled subrecipients did not conduct any site visits.

Starting in 2018, the DCJS hired four additional grant monitors in order to have a more manageable grant portfolio and meet the site visit grant requirement. We believe the DCJS’s decision to hire additional grant monitors is a positive one;

²⁴ In response to a draft of this report, the DCJS identified a VDSS grant program that it composed of 20 of the 22 subrecipients that it did not include in its previously provided monitoring schedule.

²⁵ In response to a draft of this report, the DCJS provided copies of missing subrecipient risk assessments. Of the five assessments provided, one appeared to have been completed by the subrecipient as part of the grant application process and not by a DCJS grant monitor.

however, grant monitors stated to us that they have not been trained on DCJS's updated monitoring policy and risk assessment monitoring tool.

While the DCJS had a subrecipient monitoring policy, it did not follow it, thereby increasing the risk its subrecipients might mismanage subaward funds, charge unallowable costs, and not comply with the terms and conditions of the awards. Therefore, we recommend OJP require that the DCJS implements a comprehensive monitoring plan that: (a) ensures that all subrecipients receive site visits as required by the monitoring policy, (b) documents and maintains the results of monitoring activities, and (c) trains grant monitors on various aspects of the monitoring plan, to include: completing risk assessments, types of monitoring, conducting subrecipient site visits, and the importance of documenting and maintaining complete records of monitoring efforts.²⁶

Financial Monitoring

As described in the Drawdowns section, the DCJS had historically based subrecipient payments on a quarterly report of categorized expenses submitted by each subrecipient seeking reimbursement via its grants management system. The DCJS did not require that subrecipients submit supporting documents, such as invoices, to receive payment. While a DCJS official should have approved each request before processing reimbursement, the DCJS did not review the requests to detect inaccuracies and unsupported expenditures. We identified a number of discrepancies in the DCJS subrecipient payment process:

- **Subrecipients were reimbursed before submitting a financial report and reimbursement requests.** According to the reporting requirements stated in the award, the DCJS requires financial reports to be submitted and approved prior to the subrecipients requesting funds through the grants management system. Our testing confirmed that several subrecipients received their reimbursement before submitting the financial report and reimbursement request.
- **Subrecipients were reimbursed more funds than the expenditures reported in the financial report.** From the subrecipients in our sample, we found three subrecipients that were reimbursed more funds than the expenditures reported in the financial report. Although all three subrecipients ultimately returned funds to the DCJS, it is evidence of the DCJS's poor monitoring and lack of review of the subrecipients' support for expenditures charged to the VOCA grants.

²⁶ To effectuate this recommendation, OJP should ensure that any action the DCJS takes identifies those subrecipients receiving more than one VOCA-sourced subaward, including those passed through the VDSS. This is because, as noted previously in this report, the complex grant program and fund distribution structure employed by DCJS lacks transparency and creates an environment that increases the risk of fund mismanagement. With this information, we believe DCJS grant monitors will be better positioned to identify subrecipients most in need of monitoring and monitor those subrecipients more efficiently.

- **Subrecipients were noncompliant with the DCJS’s reporting requirements.** The DCJS requires financial and progress reports to be submitted no later than the 12th working day after the end of the quarter. We found that subrecipients submitted financial reports several months after the end of the reporting period. Also, the DCJS allowed subrecipients to submit one reimbursement request for the whole award period, instead of on a quarterly basis as required in its reporting requirements.
- **Subrecipients were repeatedly paid advances.** During our interviews, the DCJS officials confirmed that prior reimbursement practices allowed for subrecipients to be paid advances instead on a reimbursement basis. For example, we found instances where subrecipients submitted request for reimbursement at the beginning of each quarter for the exact same amount.

We believe such discrepancies undermine efforts to ensure that subrecipients charge only allowable costs to VOCA awards and mitigate the risk for fraud. According to the DCJS 2019 monitoring tool, obtaining and reviewing documentation that supports program activities and expenditures is a requirement when the DCJS conducts site visits. DCJS officials told us that as of August 2019, the DCJS had hired one staff member whose responsibilities included verifying whether subrecipient financial reports were submitted and approved prior to receiving reimbursement. DCJS officials also stated that its future plan was for the fiscal staff to join grant monitors on site visits and for fiscal staff to conduct desk reviews of supporting financial information. However, during our audit, the DCJS had yet to effectuate these plans. Further, these steps do not address the issue of the DCJS not collecting any support except during occasional site visits.

We also believe that the DCJS must take rigorous action to control its reimbursement process effectively and verify that its subrecipients receive allowable and accurate payments. We found that the lack of grants management system controls, combined with sporadic grant monitor review and absence of site visits, presented serious challenges to ensuring the proper management of grant funds in accordance with the VOCA rules and requirements. Therefore, we recommend OJP require that the DCJS strengthens its financial monitoring policies and staff training specifically with regard to reimbursing subrecipients.

Performance Monitoring

For the required PMT performance reports, the DCJS has delegated direct input of data for quarterly performance reports to most of its subrecipients, except subrecipients of the Victim Witness grant program. Even when states delegate this reporting, the OVC still requires states to approve performance measure data. The DCJS also requires its subrecipients to submit progress reports into the grants management system, which the grant monitors are supposed to review while conducting desk reviews and site visits to their assigned subrecipients. Prior to the DCJS staffing enhancements which started in 2018, the DCJS did not have dedicated personnel responsible for reviewing Subgrantee Award Report (SAR) and other data in the PMT, such as quarterly performance reports. Instead, this historically fell within the responsibility of the grant monitor while conducting desk

reviews and site visits, which we confirmed did not occur as frequently as they should have, if at all. In August 2019, the DCJS hired a full-time staff member solely dedicated to assist in entering and reviewing SAR and other PMT data for some of the grant programs. This staff member is responsible for creating the initial SAR data entries that enable subrecipients to report additional SAR information. While this staff member also enters the quarterly performance data in PMT for the Victim Witness program, subrecipients in the other programs are still responsible for entering their own quarterly performance data into PMT. While reviewing the quarterly reports in PMT, we found that the staff member is mainly responsible for confirming completion of reports submitted by the subrecipients.

During our subrecipient site visits, we compared the subrecipients' quarterly performance data to the supporting documentation available. While we found that most of the subrecipients complied with the performance reporting requirements, we identified some discrepancies in the PMT reported data. Two of the eight subrecipients were not able to reconcile victim case data with figures housed in PMT. Specifically, one of the subrecipients was not able to provide supporting documents requested at a site visit for the quarter selected for review. As for the second subrecipient, we found that while it was able to provide sufficient supporting documents during our fieldwork, the numbers reported in PMT did not reconcile with its own performance data. Additionally, we found a discrepancy while reviewing a report from a subrecipient in the cohort of the Victim Witness program, which the DCJS has exempted from PMT delegation. When we reviewed the documents provided by this subrecipient, we determined that PMT data was entered erroneously by the DCJS, which then resulted in an inaccurate report.

Our review also found that some of the subrecipients did not prorate victim statistics isolated to performance specifically supported by the VOCA funding. According to the OVC guidance, subrecipients should prorate their PMT data with a method that results in a calculation of performance solely under the VOCA program. The DCJS did not advise its subrecipients to prorate performance reporting accordingly. As a result, we found two of the eight sampled subrecipients over-reported their numbers of victims served in the quarterly reports. Therefore, we recommend that OJP ensure the DCJS informs and provides training to its subrecipients on how to compile and prorate performance reporting data that accurately reflects activity supported with VOCA funds.

Without rigorous performance monitoring of subrecipients, performance reports can misrepresent the actual activities and services provided with VOCA funds. In particular, clerical errors such as miscalculations in reporting for a subrecipient can have a significant cumulative effect on the statewide reporting meant to present a collective picture of the VOCA-supported work across Virginia's subrecipients. Overall, we believe that the DCJS should enhance its guidance and training on PMT requirements to ensure that both the DCJS and its subrecipients report accurate information into PMT and maintain adequate support for reported figures. We believe that the DCJS has taken steps, such as hiring a full-time staff member, to improve its performance monitoring, and we saw evidence that it had provided PMT training to its subrecipients. We also noted that the DCJS requires its subrecipients to provide quarterly progress reports, including narratives that

highlight challenges, trends, and accomplishments. However, the DCJS did not sufficiently verify the accuracy and support for subrecipients' performance data. Without accurate information, the DCJS cannot fully or accurately demonstrate the performance and effectiveness of activities under the VOCA awards. We recommend OJP ensure the DCJS has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

CONCLUSION AND RECOMMENDATIONS

Overall, we found that the DCJS used CVF funds to improve and increase the available victim services in Virginia. We found that the DCJS award process provided public notification to apply for funds and adequate segregation of duties in the review process of the grant applications. Our audit identified several deficiencies and lack of internal controls that require OJP attention. The DCJS lacked written policies and procedures for its programmatic and financial processes. At times, when policies were available, it further did not follow them. The lack of monitoring and overreliance of the data in the DCJS's grants management system led to excess drawdowns, unsupported match, and inaccurate financial reports. As a result, we identified a total of \$46,261 in questioned costs.

DCJS subrecipient monitoring policies and procedures need to be strengthened to include documenting monitoring activities, conducting a formal risk assessment, and completing periodic site visits. Since DCJS's subrecipient universe list was not comprehensive and accurate, we found that it then affected performance monitoring and reporting as well. We believe routine monitoring is critical to the success of the VOCA program because it provides some assurance that grant funds are being spent for its intended purpose, any unallowable charges will be detected, and that inadequate performance is addressed timely.

Although the DCJS sought to improve its processes during the audit, the DCJS still needs to develop and strengthen its policies and train its staff on updated policies and procedures. We provide 22 recommendations to the OJP to address these deficiencies.

We recommend that OJP:

1. Ensure the DCJS has a written policy over its subaward selection process.
2. Ensure that the DCJS develops subaward agreement requirements with VDSS to include the Federal award information, special conditions, and applicable compliance requirements.
3. Require that the DCJS develop and implement a written policy and tracking procedure to ensure VOCA funds are disbursed in accordance with the priority funding requirement.
4. Ensure the DCJS establishes a process to submit complete and accurate annual performance reports.
5. Ensure the DCJS submits SARs for all of its previously awarded VOCA subawards, reconciling against award records maintained by the DCJS outside of PMT.
6. Require that the DCJS train its subrecipients on fraud awareness and reporting, to include the OIG hotline's availability.

7. Ensure the DCJS continues its effort to segregate grant financial activities.
8. Ensure the DCJS enhances its written policies to provide a formal continuity in its grant management, such as through a succession plan and cross training between its programmatic and financial personnel.
9. Remedy a total of \$5,375 in unsupported costs.
10. Remedy a total of \$18,240 in unallowable costs.
11. Ensure the DCJS:
 - a. informs pass-through recipients of the administrative cost restrictions,
 - b. clearly tracks administration costs and payments for both the DCJS and VDSS, and
 - c. monitors spending statewide against the administrative cost limit.
12. Remedy a total of \$5,527 in unsupported payroll charges.
13. Remedy a total of \$2,811 in unsupported costs.
14. Assess how the DCJS fully implemented the updated drawdown policy.
15. Ensure the DCJS assesses its drawdowns of the FY 2017 award to determine if funds need to be returned.
16. Work with the DCJS to develop and implement procedures to:
 - a. track compliance with the VOCA match requirement,
 - b. document subrecipient-reported matching, and
 - c. reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems.
17. Remedy \$14,308 in unsupported subrecipient matching costs.
18. Work with the DCJS to strengthen its implementation of written policies and procedures that guide how DCJS personnel should compile accurate FFRs.
19. Require that the DCJS implements a comprehensive monitoring plan that:
 - a. ensures that all subrecipients receive site visits as required by the monitoring policy,
 - b. documents and maintains the results of monitoring activities, and
 - c. trains grant monitors on various aspects of the monitoring plan, to include: completing risk assessments, types of monitoring, conducting subrecipient site visits, and the importance of documenting and maintaining complete records of monitoring efforts.

20. Require that the DCJS strengthens its financial monitoring policies and staff training specifically with regard to reimbursing subrecipients.
21. Ensure the DCJS informs and provides training to its subrecipients on how to compile and prorate performance reporting data that accurately reflects activity supported with VOCA funds.
22. Ensure the DCJS has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how the Virginia Department of Criminal Justice Services (DCJS) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2015-VA-GX-0043, 2016-VA-GX-0039, and 2017-VA-GX-0018 from the Crime Victims Fund (CVF) awarded to the DCJS. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$154,639,094 to the DCJS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 2014, the project start date for VOCA assistance grant number 2015-VA-GX-0043, through March 2020. As of March 31, 2020, the DCJS had drawn down a total of \$146.6 million from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the DCJS'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 performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. We judgmentally selected subrecipients in the DCJS universe characterized by a variety of award sizes, cost categories, service types, organizational structures, and geographic locations. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the OJP and DOJ Financial Guides, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as the DCJS accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings

identified involving information from those systems was verified with documents from other sources.

While our audit did not assess the DCJS overall system of internal controls, we did review the internal controls of the DCJS financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the DCJS adequately managed the VOCA funds we audited, we conducted interviews with the state of Virginia's financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of DCJS's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS</u> ²⁷	AMOUNT	PAGE
<u>Unallowable Costs</u>		
Unallowable State FY 2016 Pay Increases	\$11,846	17
Unallowable Subrecipient Executive Payroll Costs	<u>6,394</u>	16-17
Total Unallowable Costs	\$18,240	
<u>Unsupported Costs</u>		
Unsupported Subrecipient Payroll Costs	\$5,375	16-17
Unsupported Administrative Costs Payroll	5,527	19
Unsupported Administrative Costs Non-Payroll	2,811	19
Unsupported Subrecipient – Match	<u>14,308</u>	22
Total Unsupported Costs	\$28,021	
TOTAL DOLLAR-RELATED FINDINGS	\$46,261	

²⁷ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**VIRGINIA DEPARTMENT OF CRIMINAL JUSTICE SERVICES
RESPONSE TO THE DRAFT AUDIT REPORT²⁸**



COMMONWEALTH of VIRGINIA

Department of Criminal Justice Services

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July 29, 2020

John Manning
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
950 Pennsylvania Ave., NW
Washington, D.C. 20530

Dear Mr. Manning:

We appreciate the opportunity to respond to the Office of the Inspector General (OIG) draft audit report, related to Grant Numbers 2015-VA-GX-0043, 2016-VA-GX-0039, and 2017-VA-GX-0018. This response respectfully includes our agreement or disagreement with the recommendations.

As noted in the report, the Virginia Department of Criminal Justice Services (DCJS) has made great strides to improve the administration and monitoring of grants. The significant influx in the 2015 federal award stressed the capacity of our processes and staff. As noted in the OIG 2019 Review of the Office of Justice Programs (OJP) administration of the Crime Victims Fund Programs, and audits of peer organizations in other states, these stresses were not unique to Virginia. Our antiquated databases for grants management and data-collection necessitated manual processes and tedious interchanges of excel sheets and emailed PDF documents. A new online grants management system has been developed and is currently being beta tested on several smaller grant programs. It is anticipated that it will be fully operational in 2021 and will provide current and prospective subrecipients with a streamlined mechanism through which to submit grant applications, itemized budgets and narratives, and all related grant documentation. As noted in the OIG's report, we have hired additional staff dedicated to both the financial management and subrecipient monitoring, and have adopted new policies and procedures.

We appreciate the unique role that the OIG has, and value the guidance that the OIG has provided to ensure DCJS can continue to improve our grant administration and monitoring. We also appreciate the effort the OIG took to remedy several initial erroneous findings that led the OIG to believe that approximately \$13.2 million in match was unaccounted for. We would be remiss not to express regret that the OIG waited until the eve of the exit interview last month to notify DCJS about such a large sum of unaccounted for funds. Upon receipt of the draft report, DCJS has noted several other factually incorrect assertions related to performance data, payroll, and monitoring of subrecipients. For much of

²⁸ Attachments referenced in this report were not included in the final report.

the audit time frame, we appreciated the frequent and open lines of communication between the OIG and DCJS. We lament that due to the novel coronavirus and change in OIG staff, the workflow and communication between the OIG and DCJS were hampered, and that these inaccuracies were not able to be remedied before the draft report was issued. We cannot help but wonder if the tone of the report was intended to reflect the inaccurate assertions and assumption that \$13.2 million was not properly accounted for.

In the response below, DCJS includes the summary recommendation from the Draft Audit Report, and the compliance or plan to comply with the recommendation. We look forward to the resolution of these recommendations and working with the Office of Justice Programs to close any that remain open.

1. Ensure the DCJS has a written policy over its subaward selection process.

DCJS concurs with this recommendation. The OIG accurately reported that DCJS has correctly and adequately solicited, evaluated and selected subrecipients for VOCA Funding. We appreciate the OIG's recognition of DCJS's efforts to further engage the subrecipients through listening sessions and surveys. We will draft a written policy to capture this effective subaward process by November 30, 2020.

2. Ensure that DCJS develops subaward agreement requirements with VDSS to include the Federal award information, special conditions, and applicable compliance requirements.

DCJS concurs with this recommendation. The OIG accurately reported that the "VDSS' July 2019 agreements included VOCA requirements such as allowable direct services, indirect expenditures, match, and reporting requirements." The improved communication with VDSS regarding how VOCA requirements are communicated to VDSS's subgrantees will be codified in an updated agreement with VDSS by November 30, 2020. This will mirror DCJS's current subaward agreements that include all of the federal award information, special conditions, and applicable compliance requirements.

3. Require that the DCJS develop and implement a written policy and tracking procedure to ensure VOCA funds are disbursed in accordance with the priority funding requirement.

DCJS concurs with this recommendation. The OIG accurately reported that DCJS ultimately achieved compliance with several of the tested special conditions. DCJS will work with OJP to develop and implement a written policy and tracking procedure by November 30, 2020 to ensure VOCA funds are disbursed in accordance with the priority funding requirement.

4. Ensure the DCJS establishes a process to submit complete and accurate annual performance reports.

DCJS concurs with this recommendation. DCJS will establish a process to submit complete and accurate annual performance reports. DCJS will work with OJP to ensure the process is compatible with OJP's newly established system that is scheduled to replace the PMT system. Due

to the uncertainty of when PMT will be replaced by OJP, a specific date cannot be provided by DCJS at this time.

5. Ensure the DCJS submits Subgrant Award Reports (SARs) for all of its previously awarded VOCA subawards, reconciling against award records maintained by the DCJS outside of PMT.

DCJS concurs with this recommendation. DCJS will work with OJP to ensure that SARs for all previously awarded VOCA subawards are reconciled and submitted.

Improvements have been made to the SAR completion process in state FY 2021. An Excel-based SAR template has been developed that subrecipients complete and submit to DCJS as a condition of funding (see attachment). Once received, the templates are reviewed for accuracy by individual grant monitors. The grant monitors input data contained in the SAR template into PMT. Once the data entry is complete, the VOCA Administrator and applicable program coordinator verify that the SAR is complete, accurate, and consistent with the subaward acceptance packages sent to the subrecipients. Throughout this process, submission and completion progress is tracked using a spreadsheet listing subrecipients, generated from GMIS and the subaward selection process, outside of PMT (see attachment).

6. Require that the DCJS train its subrecipients on fraud awareness and reporting, to include the OIG hotline's availability.

DCJS concurs with this recommendation. As the OIG accurately reported, DCJS previously and currently includes the requirement to report fraud to the OIG in subaward special conditions.

DCJS will further incorporate fraud awareness and reporting requirements, including the OIG hotline availability, into trainings for grantees. Specifically, this information will be included during subrecipient grants management training.

7. Ensure the DCJS continues its effort to segregate grant financial activities.

DCJS concurs with this recommendation. As the OIG accurately reported, DCJS has improved segregation of duties since 2018. DCJS has already completely segregated the reconciliation of financial information and reporting and will continue to segregate grant financial activities.

8. Ensure the DCJS enhances its written policies to provide a formal continuity in its grant management, such as through a succession plan and cross training between its programmatic and financial personnel.

DCJS concurs with this recommendation. DCJS is currently developing a grants manual that provides a compendium of all grants related processes and procedures. Upon completion, this manual will be provided to all programmatic and financial staff to ensure continuity of grant management. DCJS will continue to provide cross-training.

9. Remedy a total of \$5,375 in unsupported costs.

DCJS concurs with this recommendation. The information regarding this finding was not shared with DCJS during the audit, and the specifics of this finding were only provided by the OIG after publication of the draft audit report. DCJS will review the documentation provided by the OIG and will work with the subrecipients to compile the necessary documentation to support the \$5,375 in unsupported costs.

10. Remedy a total of \$18,240 in unallowable costs.

DCJS concurs with this recommendation. The information regarding this finding was not shared with DCJS during the audit, and the specifics of this finding were only provided by the OIG after publication of the draft audit report. DCJS will review the documentation provided by the OIG and will work with the subrecipients to remedy the \$18,240 in unallowable costs.

11. Ensure the DCJS:

- a. informs pass-through recipients of the administrative cost restrictions,**
- b. clearly tracks administration costs and payments for both the DCJS and VDSS, and**
- c. monitors spending statewide against the administrative cost limit.**

DCJS partially concurs with this recommendation.

DCJS agrees with the OIG's assertion that it complied with the 5 percent administrative requirement for the FY 2015 and FY 2016 awards, and is on track to comply with the 5 percent administrative expense limit for the FY 2017 award. DCJS disagrees that we did not consider VDSS in our estimation; DCJS has procedures in place to track the cumulative state administrative spending totals, of which VDSS is included. Going forward, DCJS will also add VDSS to our Administrative Budget and continue to inform VDSS of the administrative cost restrictions, track administration costs and payments for both the DCJS and VDSS, and monitor spending statewide against the administrative cost limit.

12. Remedy a total of \$5,527 in unsupported payroll charges.

DCJS does not concur with this recommendation. Previously and under separate cover dated July 24, 2020, DCJS clarified the confusion behind this questioned payroll charge and provided the OIG with the explanatory supporting documentation. As indicated in that letter, the OIG originally requested information for a DCJS staff member that was not funded with VOCA funds, confusing that staff member with a VOCA-funded staff member with the same last name. DCJS has now provided the OIG with the Certification of Payroll, Summary Report of Payrolls from that pay period in question, data from the Commonwealth's official Time Attendance & Leave system, and the General Ledger indicating payroll charges for the correct staff member from the referenced time periods.

13. Remedy a total of \$2,811 in unsupported costs.

DCJS does not concur with this recommendation. Previously and under a separate cover dated July 24, 2020, DCJS provided the OIG with the supporting documentation for this questioned cost.

Included in the documentation was a description of how the clerical charges were apportioned between different funding sources, including VOCA administration costs, thereby providing support for the questioned costs.

14. Assess how the DCJS fully implemented the updated drawdown policy.

DCJS concurs with this recommendation. DCJS has fully implemented the updated drawdown policy, with appropriate segregation of duties, and welcomes OJP's assessment of the implementation of these policies.

15. Ensure the DCJS assesses its drawdowns of the FY 2017 award to determine if funds need to be returned.

DCJS concurs with this recommendation. DCJS has assessed the drawdowns of the FY 2017 award to determine if funds need to be returned. There is no cash on hand.

16. Work with the DCJS to develop and implement procedures to:

- a. track compliance with the VOCA match requirement,**
- b. document subrecipient-reported matching, and**
- c. reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems.**

DCJS concurs with this recommendation. The OIG accurately reported that DCJS ultimately provided appropriate accounting for match contributions. DCJS requires and verifies subrecipient matching, is in compliance with the VOCA match requirement, and reconciles state and subrecipient match contributions respectively reported in its grants management and accounting systems. DCJS will draft written procedures by November 30, 2020, to document the match verification processes.

17. Remedy \$14,308 in unsupported subrecipient matching costs.

DCJS concurs with this recommendation. The information regarding this finding was not shared with DCJS during the audit, and the specifics of this finding were only provided by the OIG after publication of the draft audit report. DCJS will review the documentation provided by the OIG and will work with the subrecipients to remedy the \$14,308 in unallowable costs.

18. Work with the DCJS to strengthen its implementation of written policies and procedures that guide how DCJS personnel should compile accurate FFRs.

DCJS concurs with this recommendation. DCJS has implemented a new process to compile accurate FFRs and will work with OJP to strengthen its implementation of written policies and procedures.

19. Require that the DCJS implement a comprehensive monitoring plan that:

- a. ensures that all subrecipients receive site visits as required by the monitoring policy,**

- b. documents and maintains the results of monitoring activities, and**
- c. trains grant monitors on various aspects of the monitoring plan, to include: completing risk assessments, types of monitoring, conducting subrecipient site visits, and the importance of documenting and maintaining complete records of monitoring efforts.**

DCJS concurs with this recommendation. The report accurately notes that after the OVC visit in 2018, DCJS worked to implement a new risk-based monitoring policy, effective March 2019. A risk assessment is completed by the Grant Monitor before the grant award period begins and/or annually to inform the monitoring plan for the following fiscal year. At the beginning of each state fiscal year, grant monitors develop a monitoring plan for each subrecipient based on the subrecipient's assessed risk level. If issues arise that cause the subrecipient's risk level to be reclassified, the Grant Monitor will modify the monitoring plans to reflect the new risk level and to ensure proper accountability and compliance with program requirements and achievement of performance goals. In June 2019, DCJS completed risk assessments for all victim-related grants. DCJS will ensure that risk assessments, site visits, and all monitoring activities are documented in GMIS accordingly.

Additional grant monitors were hired and a new grant monitor supervisor position was established in the summer of 2019 with specific responsibilities to oversee grant monitoring of victims services grants. DCJS believes that subrecipient monitoring is more than just site visits; it includes providing technical assistance, conducting desk reviews, reviewing quarterly programmatic and financial reports, conducting risk assessments, and now due to the novel coronavirus, enhanced virtual desk reviews.

Grant monitors have received both formal and informal training, including a one-day session conducted by the Office of the Chief Financial Officer (OCFO) held October 3, 2018, and a three-day session in June 2019 conducted by the National Criminal Justice Association, OCFO, the Virginia Office of Inspector General, and the National White Collar Crime Center. As of June 30, 2020, all victims services grant monitors have completed the Department of Justice Online Grants Financial Management Training. The grant monitoring policy, procedures, and expectations are discussed and explained in the on-boarding process, through formal and informal training, and during the grant monitor meetings that take place at least once a month. Three new grant monitors were hired in 2019 and each received a formal orientation and training on the monitoring policy, procedures, and expectations.

20. Require that the DCJS strengthen its financial monitoring policies and staff training specifically with regard to reimbursing subrecipients.

DCJS concurs with this recommendation. DCJS agrees that financial monitoring policies and staff trainings needed to be improved, and has worked over the past two years to implement needed improvements. DCJS currently has monitoring policies to address all of the concerns listed by the OIG for the scope of this report. An invoice is generated with each request for payment, and DCJS will continue to strengthen its financial monitoring policies and staff training, specifically with regard to reimbursing subrecipients.

The new online grants management system, that will be operational in 2021, will further ensure a strong financial monitoring process, with built-in controls and delegation of responsibilities. A team of staff have been receiving formal training on the new system during the beta testing phase, and all grants staff will receive formal training on the system prior to implementation.

21. Ensure the DCJS inform and provide training to its subrecipients on how to compile and prorate performance reporting data that accurately reflects activity supported with VOCA funds.

DCJS concurs with this recommendation. DCJS will incorporate guidance and best practices from OVC regarding accurately compiling and prorating performance reporting data into subrecipient training by November 30, 2020. Specifically, the subrecipient grant management training will be updated to include this information, and the desk guide for subrecipients that is available for all online will be updated to incorporate this information.

22. Ensure the DCJS has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

DCJS concurs with this recommendation. DCJS is developing a process to review and validate subrecipient submitted data to ensure that the DCJS-submitted annual performance report is complete and accurate.

Thank you for the opportunity to respond to this report. Should you have any questions or require further information, please feel free to contact me.

Sincerely,



Shannon Dion

cc: Linda J. Taylor
Lead Auditor, Audit Coordination Branch
Audit and Review Division

**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

August 5, 2020

MEMORANDUM TO: John. J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director *Ralph E. Martin*

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Assistance Grants, Awarded to the Virginia Department of Criminal Justice Services, Richmond, Virginia*

This memorandum is in reference to your correspondence, dated July 1, 2020, transmitting the above-referenced draft audit report for the Virginia Department of Criminal Justice Services (DCJS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **22** recommendations and **\$46,261** 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 OJP's response.

1. **We recommend that OJP ensure the DCJS has a written policy over its subaward selection process.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to ensure that its subaward selection process is adequately documented.

2. **We recommend that OJP ensure that DCJS develops subaward agreement requirements with VDSS to include the Federal award information, special conditions, and applicable compliance requirements.**

OJP agrees with the recommendation. We will coordinate with the DCJS to ensure that a formal subaward agreement with the Virginia Department of Social Services (VDSS) is finalized, and includes the necessary Federal award information, special conditions, and applicable compliance requirements.

- 3. We recommend that OJP require that the DCJS develop and implement a written policy and tracking procedure to ensure VOCA funds are disbursed in accordance with the priority funding requirement.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, for tracking Victims of Crime Act (VOCA) funds, to ensure they are disbursed in accordance with the priority funding requirements.

- 4. We recommend that OJP ensure that the DCJS establishes a process to submit complete and accurate annual performance reports.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual performance reports are prepared in a complete and accurate manner, and the supporting documentation is maintained for future auditing purposes.

- 5. We recommend that OJP ensure that the DCJS submits SARs for all of its previously awarded VOCA subawards, reconciling against award records maintained by the DCJS outside of PMT.**

OJP agrees with the recommendation. We will coordinate with the DCJS to ensure that Subgrant Award Reports are submitted for all of its previously awarded Victim of Crime Act sub-awards, and are reconciled to award records maintained by the DCJS outside of the Performance Measurement Tool.

- 6. We recommend that OJP require that the DCJS train its subrecipients on fraud awareness and reporting, to include the OIG hotline's availability.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain documentation to support that it has trained its subrecipients on fraud awareness and reporting; and has included the Office of the Inspector General's (OIG's) hotline as a resource.

- 7. We recommend that OJP ensure that the DCJS continue its effort to segregate grant financial activities.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant financial activities are properly segregated.

8. **We recommend that OJP ensure that the DCJS enhances its written policies to provide a formal continuity in its grant management, such as through a succession plan and cross training between its programmatic and financial personnel.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of its revised policies and procedures, developed and implemented, to ensure that there is a formal continuity in its grant management process, such as through a succession plan and cross training between its programmatic and financial personnel.

9. **We recommend that OJP remedy a total of \$5,375 in unsupported costs.**

OJP agrees with the recommendation. We will review the \$5,375 in unsupported questioned costs, charged to Grant Number 2017-VA-GX-0018, and will work with the DCJS to remedy, as appropriate.

10. **We recommend that OJP remedy a total of \$18,240 in unallowable costs.**

OJP agrees with the recommendation. We will review the \$18,240 in unallowable questioned costs, charged to Grant Number 2017-VA-GX-0018, and will work with the DCJS to remedy, as appropriate.

11. **We recommend that OJP ensure that the DCJS:**

- a. **informs pass-through recipients of the administrative costs restrictions,**
- b. **clearly tracks administration costs and payments for both the DCJS and VDSS, and**
- c. **monitors spending statewide against the administrative cost limit.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain documentation to support that pass-through recipients are informed of administrative costs restrictions. In addition, we will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the DCJS: a) clearly tracks administrative costs and payments for both the DCJS and the VDSS; and b) monitors spending statewide against the administrative cost limit.

12. **We recommend that OJP remedy a total of \$5,527 in unsupported payroll charges.**

OJP agrees with the recommendation. We will review the \$5,527 in unsupported questioned payroll costs, charged to Grant Numbers 2015-VA-GX-0043 and 2016-VA-GX-0039, and will work with DCJS to remedy, as appropriate.

13. **We recommend that OJP remedy a total of \$2,811 in unsupported costs.**

OJP agrees with the recommendation. We will review the \$2,811 in unsupported questioned costs, charged to Grant Numbers 2015-VA-GX-0043 and 2016-VA-GX-0039, and will work with DCJS to remedy, as appropriate.

14. We recommend that OJP assess how the DCJS fully implemented the updated drawdown policy.

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain evidence that it has fully implemented its updated drawdown policy, and has conducted training for its staff on the policy, as appropriate.

15. We recommend that OJP ensure the DCJS assesses its drawdowns of the FY 2017 award to determine if funds need to be returned.

OJP agrees with the recommendation. We will work with the DCJS to obtain the final general ledger report for Grant Number 2017-VA-GX-0018, to determine if funds need to be returned to the DOJ; and if so, will ensure that DCJS promptly remits these funds.

16. We recommend that OJP work with the DCJS to develop and implement procedures to:

- a. track compliance with the VOCA match requirement,**
- b. document subrecipient-reported matching, and**
- c. reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to ensure that: a) compliance with the VOCA match requirement is tracked; b) subrecipient-reported matching expenditures are properly documented; and c) state and subrecipient matching contributions are reconciled and reported in its grants management and accounting systems, respectively.

17. We recommend that OJP remedy \$14,308 in unsupported subrecipient matching costs.

OJP agrees with the recommendation. We will review the \$14,308 in unsupported questioned costs, related to subrecipient matching expenditures under Grant Numbers 2015-VA-GX-0043 and 2016-VA-GX-0039, and will work with the DCJS to remedy, as appropriate.

18. We recommend that OJP work with the DCJS to strengthen its implementation of written policies and procedures that guide how DCJS personnel should compile accurate FFRs.

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written policies and procedures, developed and implemented, to strengthen its process for completing and submitting quarterly Federal Financial Reports (FFRs) in an accurate manner.

19. **We recommend that OJP require that the DCJS implement a comprehensive monitoring plan that:**
- a. **ensures that all subrecipients receive site visits as required by the monitoring policy,**
 - b. **documents and maintains the results of monitoring activities, and**
 - c. **trains grant monitors on various aspects of the monitoring plan, to include: completing risk assessments, types of monitoring, conducting subrecipient site visits, and the importance of documenting and maintaining complete records of monitoring efforts.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of its subrecipient monitoring plan, which, at a minimum, must include policies and procedures to ensure that: a) all subrecipients receive site visits, as required by the monitoring policy; b) staff documents and maintains the results of monitoring activities; and c) training has been provided to grant monitors on various aspects of the monitoring plan, to include - completing risk assessments, performing various types of monitoring, conducting subrecipient site visits, and maintaining complete monitoring records.

20. **We recommend that OJP require that the DCJS strengthen its financial monitoring policies and staff training specifically with regard to reimbursing subrecipients.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of revised financial monitoring policies and procedures, developed and implemented, to ensure that subrecipient reimbursements are allowable and accurate; and will obtain evidence that applicable DCJS staff were properly trained on the new policies and procedures.

21. **We recommend that OJP ensure the DCJS inform and provide training to its subrecipients on how to compile and prorate performance reporting data that accurately reflects activity supported with VOCA funds.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain documentation to support that it has provided guidance and training to its subrecipients, on how to compile and prorate performance reporting data, that accurately reflects activity supported with VOCA funds.

22. **We recommend that OJP ensure the DCJS has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.**

OJP agrees with the recommendation. We will coordinate with the DCJS to obtain a copy of written monitoring policies and procedures, developed and implemented, to ensure that subrecipients are accurately reporting performance information.

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: Katharine T. Sullivan
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OJP Executive Secretariat
Control Number IT20200710065356

APPENDIX 5

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Virginia Department of Criminal Justice Services (DCJS) and the Office of Justice Programs (OJP) for review and comment. The DCJS's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to the draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved.

As discussed in more detail below, the DCJS concurred with 19 recommendations, partially concurred with 1 recommendation, and did not concur with 2 recommendations that it stated were not able to be remedied before it received the draft report. The DCJS response also cited concern with the level of communication by the OIG regarding the need for matching cost support from the DCJS at the conclusion of the audit. The DCJS response stated that the OIG did not inform the DCJS of the lack of the support for matching funds until before the exit interview. However, from October 2019 through March 2020, the OIG audit team requested supporting documents for matching costs from DCJS officials, who informed the OIG audit team that the information we had asked for did not exist. Additionally, before hosting the exit conference with the DCJS, the OIG audit team briefed OJP on the issue regarding unsupported matching costs. OJP officials then contacted the DCJS, after which time the DCJS provided the OIG audit team with the necessary matching cost support.

Recommendations for OJP:

1. Ensure the DCJS has a written policy over its subaward selection process.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain a copy of the written policy and procedures, developed and implemented, to ensure the subaward selection process is documented.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it will develop a written policy and procedures over the subaward selection process by November 30, 2020.

This recommendation can be closed when we receive documentation demonstrating that the DCJS has developed and implemented the policy over its subaward selection process.

2. Ensure that the DCJS develops subaward agreement requirements with VDSS to include the Federal award information, special conditions, and applicable compliance requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to ensure a formal subaward agreement is finalized between the DCJS and VDSS. This agreement will include necessary Federal award information, special conditions, and applicable compliance requirements.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it will update the subaward agreement with the VDSS by November 30, 2020.

This recommendation can be closed when we receive evidence of the finalized subaward agreement between the DCJS and VDSS to include the Federal award information, special conditions, and applicable compliance requirements.

3. Require that the DCJS develop and implement a written policy and tracking procedure to ensure VOCA funds are disbursed in accordance with the priority funding requirement.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain a copy of its written policies and procedures, developed and implemented, for tracking VOCA funds, to ensure they are disbursed in accordance with the priority funding requirements.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it will work with OJP to develop and implement a written policy and tracking procedure by November 30, 2020, to ensure VOCA funds are disbursed in accordance with the priority funding requirement.

This recommendation can be closed when we receive documentation demonstrating that the DCJS has implemented policies and tracking procedures to ensure VOCA funds are disbursed in accordance with the priority funding requirement. Such procedures should detail how the DCJS tracks VOCA funding distributions across Virginia and demonstrates it met priority funding requirements with actual data. To be considered implemented, the DCJS should provide evidence that its program staff have been trained to effectuate the new policy and procedures.

4. Ensure the DCJS establishes a process to submit complete and accurate annual performance reports.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain a copy of its written policies and procedures, developed and implemented, to ensure that annual performance reports are prepared in a complete and accurate manner, and the supporting documentation is maintained for future auditing purposes.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it will establish a process to submit complete and accurate annual

performance reports. The DCJS stated that it will work with OJP to ensure the process is compatible with OJP's newly established system that is scheduled to replace the PMT system.

This recommendation can be closed when we receive evidence demonstrating that the DCJS has implemented policies and procedures guiding the development of complete and accurate annual performance reports. Such procedures should maintain supporting documents for auditing purposes.

5. Ensure the DCJS submits SARs for all of its previously awarded VOCA subawards, reconciling against award records maintained by the DCJS outside of PMT.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to ensure that SARs are submitted for all of its previously awarded VOCA subawards, and are reconciled to award records maintained outside of PMT.

The DCJS concurred with our recommendation. In its response, DCJS stated that it will work with the OJP to ensure all SARs are reconciled and submitted. On August 6, 2020, the DCJS informed us that it developed two templates to verify the SAR information: (1) an excel-based sheet that subrecipients complete and submit to the DCJS as a condition of funding, and (2) a list of subrecipients that were approved by the Board of Directors in spring 2020 to receive continuation grant funding. The DCJS stated that these spreadsheets will be cross referenced with PMT to ensure a SAR is completed for each grantee. The DCJS further stated that VDSS will enter the SARs for its subrecipients, which the DCJS will monitor for completeness and accuracy.

This recommendation can be closed when we receive evidence that DCJS (1) completed a SAR for its previously awarded VOCA subawards, to include the VDSS subrecipients, and (2) reconciled VOCA subawards from records maintained outside of PMT.

6. Require that the DCJS train its subrecipients on fraud awareness and reporting, to include the OIG hotline's availability.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DCJS to obtain documentation to support that the DCJS has trained its subrecipients on fraud awareness and reporting; and that it has included the OIG's hotline as a resource.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it plans to further incorporate fraud awareness and reporting requirements, including the OIG hotline availability, into grant management training for its subrecipients.

This recommendation can be closed when we receive evidence that the DCJS has trained subrecipients on fraud awareness and reporting, to include the OIG hotline.

7. Ensure the DCJS continues its effort to segregate grant financial activities.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DCJS to obtain a copy of the written policy and procedure to ensure grant financial activities are properly segregated.

The DCJS concurred with our recommendation. The DCJS reaffirmed that it has segregated the reconciliation of financial information and reporting. It will continue to work to segregate grant financial activities. Even with the DCJS improvements included in our report, we note that one DCJS staff member is responsible for reimbursements, development of policies and procedures, and financial reporting.

This recommendation can be closed when we receive evidence that the DCJS developed and implemented policies and procedures to segregate grant financial activities relating to financial management and reporting for the VOCA awards.

8. Ensure the DCJS enhances its written policies to provide a formal continuity in its grant management, such as through a succession plan and cross training between its programmatic and financial personnel.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain its implemented policies and procedures to ensure that there is a formal continuity in its grant management process, such as through a succession plan and cross training between its programmatic and financial personnel.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it is developing a grants manual that will provide a compendium of all grant-related processes and procedures. Once finalized, this manual will be provided to DCJS programmatic and financial staff to ensure grants management continuity. The DCJS also stated that it will continue to provide cross training.

This recommendation can be closed when the DCJS provide a copy of its grant management process continuity plan. The DCJS must also provide supporting evidence that it has trained its personnel on the plan and its procedures.

9. Remedy a total of \$5,375 in unsupported costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review unsupported costs charged to the grant 2017-VA-GX-0018,

and will work with the DCJS to remedy unsupported questioned costs, as appropriate.

The DCJS concurred with our recommendation. In its response, the DCJS stated it was not aware of the specifics of these unsupported costs until after it received the draft report. We note that we briefed DCJS officials on these unsupported costs during audit fieldwork and at the exit conference. The DCJS agreed to work with subrecipients to compile the necessary documentation to support the \$5,375 in unsupported costs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the DCJS to remedy \$5,375 in unsupported costs.

10. Remedy a total of \$18,240 in unallowable costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review \$18,240 in unallowable questioned costs charged to the grant 2017-VA-GX-0018, and will work with the DCJS to remedy, as appropriate.

The DCJS concurred with this recommendation. In its response, the DCJS stated that it was not aware of the specifics of these unallowable costs until after it received the draft report. We note, however, that we briefed DCJS officials on these unsupported costs during audit fieldwork and at the exit conference. The DCJS agreed to work with the subrecipients to compile necessary information to remedy \$18,240 in unallowable costs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the DCJS to remedy the \$18,240 in unallowable costs.

11. Ensure the DCJS:

- a. informs pass-through recipients of the administrative cost restrictions,**
- b. clearly tracks administration costs and payments for both the DCJS and VDSS, and**
- c. monitors spending statewide against the administrative cost limit.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain documentation to support that pass-through recipients are informed of administrative cost restrictions. OJP will also coordinate with the DCJS to obtain a copy of the written policies and procedures, developed and implemented, to ensure that the DCJS: (a) clearly tracks administrative costs and payments for both the DCJS and VDSS; and (b) monitors spending statewide against the administrative cost limit.

The DCJS partially concurred with our recommendation. In its response, the DCJS agreed that it complied with the 5 percent administrative requirement for FYs 2015 and 2016 awards, and that it is on track to comply with the

percent requirement for the FY 2017 award. However, the DCJS disagreed that it did not consider the VDSS in their estimation. The DCJS further stated that it has procedures in place to track the cumulative state administrative spending total, including the VDSS.

During our audit both DCJS and VDSS officials confirmed that the DCJS did not include VDSS administrative costs in its estimation or that it had procedures in place to do so. Further, our testing of the DCJS administrative expenditures did not demonstrate that the DCJS tracked VDSS administrative expenditures from FYs 2015 to 2017. Therefore, as discussed in the report, we found that DCJS did not consider approximately \$179,000 in VDSS expenditures to be part of the administration costs of the VOCA awards.

This recommendation can be closed when OJP provides evidence that DCJS: (a) informs pass-through recipients of the administrative cost restrictions, (b) clearly tracks administration costs and payments for both the DCJS and VDSS, and (c) monitors spending statewide against the administrative cost limit.

12. Remedy a total of \$5,527 in unsupported payroll charges.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with DCJS to remedy \$5,527 in unsupported questioned payroll costs.

The DCJS did not concur with our recommendation. In its response, the DCJS states that we tested payroll for a staff member not funded with VOCA funds. FY 2015 VOCA grant accounting records that we relied on to sample costs erroneously identified payroll charges for a staff member from another division as a VOCA-funded employee. While the DCJS stated that these costs pertained to another staff member which charged time to the VOCA grant. However, we could not trace the payroll information for the correct staff member to the general ledger, which resulted in us making this recommendation.

The DCJS provided additional and updated supporting documents to address the unsupported payroll charges. These included Certification of Payroll, Summary Report of Payrolls from the pay period in question, data from DCJS's official Time Attendance and Leave system, and general ledger indicating charges for the correct staff member. We reviewed the documents that the DCJS submitted and will coordinate with OJP to obtain its determination on whether this evidence addresses this recommendation.

This recommendation can be closed when OJP provides us the results of its analysis for, and any additional evidence used in, determining DCJS demonstrated support for \$5,572 in unsupported costs for payroll charges.

13. Remedy a total of \$2,811 in unsupported costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review \$2,811 in unsupported non-payroll questioned costs charged to grant numbers 2015-VA-GX-0043 and 2016-VA-GX-0039, and will work with the DCJS to remedy, as appropriate.

The DCJS did not concur with our recommendation. Following the receipt of the draft report, we discussed with DCJS officials the status of this recommendation and the information required to support the non-payroll charges related to clerical service. We reviewed the documentation that the DCJS submitted and will coordinate with OJP to obtain its determination on that documentation addresses this recommendation.

This recommendation can be closed when OJP provides us the results of its analysis for, and any additional evidence used in, determining DCJS demonstrated support for \$2,811 in unsupported costs.

14. Assess how the DCJS fully implemented the updated drawdown policy.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain evidence that it has fully implemented its updated drawdown policy, and conducted training to its staff, as appropriate.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it has fully implemented its updated policy, which consist of appropriately segregated duties. While the DCJS noted that it has fully implemented its drawdown policy, as discussed in the report, we found instances where the DCJS still had excess cash on hand.

To close this recommendation OJP needs to provide its assessment of the implemented drawdown policy, updates to the policy made, training and distribution to DCJS staff.

15. Ensure the DCJS assesses its drawdowns of the FY 2017 award to determine if funds need to be returned.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will request the general ledger from the DCJS regarding grant 2017-VA-GX-0018 to determine if funds need to be returned. If funds need to be returned, OJP will ensure the DCJS remit these funds.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it has assessed and determined that no funds need to be returned regarding the FY 2017 award.

To close this recommendation OJP needs to demonstrate how DCJS assessed FY 2017 award drawdowns to confirm that it does not need to return funds.

- 16. Work with the DCJS to develop and implement procedures to:**
- a. track compliance with the VOCA match requirement,**
 - b. document subrecipient-reported matching, and**
 - c. reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain a copy of the written policies and procedures, developed and implemented, to ensure that: (a) compliance with the VOCA match requirement is tracked, (b) subrecipient-reported matching expenditures are properly documented, and (c) state and subrecipient matching contributions are reconciled and reported in its grants management and accounting systems, respectively.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it ultimately supported matching contributions. The DCJS stated that it requires and verifies subrecipient matching, complies with the VOCA matching requirement, and reconciles state and subrecipient match contributions respectively in its accounting and grants management system. However, the DCJS has not provided evidence to show how it verifies subrecipient matching costs.

This recommendation can be closed when OJP provides evidence that the DCJS has developed and implemented procedures to: (a) track compliance with VOCA match requirement, (b) document subrecipient-reported matching, and (c) reconcile state and subrecipient match contributions respectively reported in its grants management and accounting systems.

- 17. Remedy \$14,308 in unsupported subrecipient matching costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$14,308 in unsupported questioned costs under grant awards 2015-VA-GX-0043 and 2016-VA-GX-0039.

The DCJS concurred with our recommendation. The DCJS stated that it will review the support we provided and will work with subrecipients to remedy \$14,308 in unsupported matching costs.

This recommendation can be closed when we receive documentation demonstrating that OJP remedied the \$14,308 in unsupported matching costs.

- 18. Work with the DCJS to strengthen its implementation of written policies and procedures that guide how DCJS personnel should compile accurate FFRs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the DCJS to obtain a copy of the developed and

implemented written policy and procedure to strengthen its process for completing and submitting federal financial reports accurately.

The DCJS concurred with our recommendation. The DCJS stated in its response that it has implemented a new process to compile accurate FFRs and will work with OJP to strengthen its policy. As discussed in the report, we found that the DCJS has not fully implemented its updated FFR policy. Specifically, we identified general financial discrepancies before and after the policy update in July 2019.

This recommendation can be closed when we receive evidence that DCJS has implemented policies and procedures for completing and submitting financial reports via staff distribution and training.

- 19. Require that the DCJS implements a comprehensive monitoring plan that:**
- a. ensures that all subrecipients receive site visits as required by the monitoring policy,**
 - b. documents and maintains the results of monitoring activities, and**
 - c. trains grant monitors on various aspects of the monitoring plan, to include: completing risk assessments, types of monitoring, conducting subrecipient site visits, and the importance of documenting and maintaining complete records of monitoring efforts.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the DCJS to obtain a copy of its subrecipient monitoring plan, which, at a minimum, must include policies and procedures to ensure that: (a) all subrecipients receive site visits, as required by the monitoring policy, (b) staff documents and maintains the results of monitoring activities, and (c) training has been provided to grant monitors to include completing risk assessments, performing various types of monitoring, conducting site visits, and maintaining complete monitoring records.

The DCJS concurred with the recommendation. In its response, the DCJS stated that the report reflects the implemented risk assessment as of March 2019. The DCJS stated that it has completed risk assessments for all victim-related grants and will ensure risk assessments, site visits, and all monitoring activities are documented in GMIS accordingly.

This recommendation can be closed when we receive evidence demonstrating that the DCJS developed and implemented a comprehensive monitoring plan addressing this recommendation.

20. Require that the DCJS strengthens its financial monitoring policies and staff training specifically with regard to reimbursing subrecipients.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the DCJS to obtain a copy of the revised financial monitoring policies and procedures, developed and implemented, to ensure that subrecipient reimbursements are allowable and accurate; and will obtain evidence that applicable DCJS staff were properly trained on the new policies and procedures.

The DCJS concurred with our recommendation. In its response, DCJS stated that it will continue to strengthen its financial monitoring policies and staff training, specifically with regard to reimbursing subrecipients. The DCJS further stated that a new online grants management system will be operational in 2021 and that a team is receiving formal training on the new system during the beta-testing phase. Additionally, the DCJS stated that all grant staff will receive formal training on the system prior to its implementation.

Further, the DCJS stated that it has worked to implement needed improvements, including developing monitoring policies and procedures to address concerns listed in the report.

This recommendation can be closed when we receive a copy of the developed and implemented financial monitoring policies and procedures, in accordance with the anticipated DCJS online grants management system. Additionally, OJP needs to provide evidence that applicable DCJS staff were properly trained on the new policies and procedures.

21. Ensure the DCJS informs and provides training to its subrecipients on how to compile and prorate performance reporting data that accurately reflects activity supported with VOCA funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain documentation to support that it has provided guidance and training to its subrecipients on how to compile and prorate performance reporting data, that accurately reflects activity supported with VOCA funds.

The DCJS concurred with our recommendation. In its response, DCJS stated that it will incorporate Office for Victims of Crime (OVC) guidance and best practices on how to accurately compile and prorate performance reporting data into subrecipient training. The DCJS also stated that it will update subrecipient grant management training as well as its subrecipients desk guide to reflect this information.

This recommendation can be closed when we receive evidence that the DCJS guided and trained its subrecipients on how to compile and prorate

performance reporting data to reflect accurately activity supported with VOCA funds.

22. Ensure the DCJS has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the DCJS to obtain a copy of written monitoring policies and procedures, developed and implemented, to ensure that subrecipients are accurately reporting performance information.

The DCJS concurred with our recommendation. In its response, the DCJS stated that it is developing a process to review and validate subrecipient-submitted data to ensure that DCJS-submitted annual performance reports are complete and accurate.

This recommendation can be closed when we receive evidence that the DCJS implemented monitoring policies and procedures that ensure subrecipients accurately report performance information.