



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the Indiana
Criminal Justice Institute,
Indianapolis, Indiana



AUDIT DIVISION

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*Redactions were made to the full version of this report for privacy reasons.
The redactions are contained only in Appendix 3, the grantee's response,
and are of victim compensation claim identification numbers.*



Executive Summary

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Indiana Criminal Justice Institute, Indianapolis, Indiana

Objective

The objective of the audit was to evaluate how the Indiana Criminal Justice Institute (ICJI) designed and implemented its crime victim compensation program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, and (3) grant financial management.

Results in Brief

As a result of our audit, we concluded that ICJI used and managed the audited Victims of Crime Act (VOCA) funding to enhance its victim compensation program. However, we identified general ledger entry errors that impacted drawdowns and led to ICJI having excess cash on hand. Additionally, these errors affected federal financial reports for its 2017 VOCA grant, as well as the 2018 and potentially the 2019 State Certification Forms. We were also unable to reconcile the Federal Financial Reports (FFRs), certain State Certification Forms, and the Performance Management Tool reports to official state of Indiana records. Further, we questioned costs associated with ICJI-approved claims due to insufficient supporting documentation, identified 1 approved claim as unallowable, questioned some administrative charges related to payroll, and found 19 of 90 approved claims took at least 1 year to adjudicate and pay. We also identified issues with ICJI's lack of documented policies and procedures for certain matters including financial accounting, completion of FFRs and State Certification Forms, and the supervisory review of administrative expenditures.

Recommendations

Our report contains 15 recommendations to the Office of Justice Programs (OJP) to remedy the \$52,722 in dollar-related findings and to assist ICJI in improving its grant management and administration of crime victim compensation funding. Based on responses to the draft audit report from OJP and ICJI, we closed one recommendation. OJP's response can be found in Appendix 4 and ICJI's response is included in Appendix 3.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of three VOCA victim compensation formula grants awarded by the OJP, Office for Victims of Crime (OVC) to the ICJI in Indianapolis, Indiana. The OVC awarded these formula grants, totaling \$10,814,000 from fiscal years 2015 to 2017, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Indiana. As of February 2020, ICJI drew down a cumulative amount of \$9,342,743 for all the grants we reviewed.

Program Execution – ICJI used and managed its VOCA funding to enhance payments for crime victims by planning for and distributing the VOCA funding it received. However, we found that 21 percent of the claims we reviewed took at least 1 year to adjudicate from receipt of the application to payout of the claims.

General Ledger Entry Errors – From February 2018 through December 2018, ICJI made general ledger entries for the 2017 VOCA grant that were not intended for federal reimbursement. ICJI used adjusting entries in May 2018 and again in April 2019 to reverse these transactions; however, the original errors resulted in larger drawdowns leading to excess cash on hand and impacted the accuracy of certain FFRs and the 2018 and potentially the 2019 State Certification Forms.

Inadequate Procedures – We found that ICJI lacked formalized procedures for accurately completing required reports. Moreover, we were unable to reconcile various quarterly FFRs and the 2015, 2016, and 2018 State Certification Forms to ICJI's accounting records.

Questioned Costs – We questioned two compensation claims lacking sufficient supporting documentation and found one claim to be unallowable due to noncompliance resulting from the late submission of the application. We also identified questioned costs related to administrative expenditures that lacked adequate supporting documentation. In total, our questioned costs amounted to \$52,722.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO THE
INDIANA CRIMINAL JUSTICE INSTITUTE,
INDIANAPOLIS, INDIANA**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO THE
INDIANA CRIMINAL JUSTICE INSTITUTE,
INDIANAPOLIS, INDIANA**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Indiana Criminal Justice Institute (ICJI) in Indianapolis, Indiana. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2015 to 2017, these OVC grants totaled \$10,814,000.¹

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

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VC-GX-0054	9/21/2015	10/1/2014	9/30/2018	\$ 3,734,000
2016-VC-GX-0053	8/22/2016	10/1/2015	9/30/2019	2,109,000
2017-VC-GX-0015	9/28/2017	10/1/2016	9/30/2020	4,971,000
Total:				\$ 10,814,000

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

Source: OJP

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.² The CVF is supported entirely by federal criminal fines, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

The primary purpose of the victim compensation grant program is to compensate victims and survivors of criminal violence for: (1) medical expenses attributable to a physical injury resulting from a compensable crime, including expenses for mental health counseling and care; (2) loss of wages attributable to a

¹ As of October 2019, ICJI was still spending from the FY 2017 VOCA grant; it had not yet spent any FY 2018 VOCA grant funds.

² The VOCA victim compensation formula program is funded under 34 U.S.C. § 20102.

physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.³

The Grantee

As the Indiana state administering agency, ICJI is responsible for administering the VOCA victim compensation program. ICJI administers federal and state funds to execute long-range strategies it develops for the administration of Indiana's criminal and juvenile justice systems. ICJI's Victim Services Division oversees the Victim Compensation Unit, which administers the Violent Crime Victim Compensation Fund established by the Indiana General Assembly in 1978. This fund is replenished by various sources, including federal VOCA grants, which ICJI uses to assist victims of violent crime or their dependents with a variety of costs incurred as a direct result of a violent crime.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed relevant Indiana policies and procedures, such as Indiana Code Title 5, Article 2, Chapter 6.1: Compensation for Victims of Violent Crimes (IC Chapter 6.1), interviewed ICJI personnel to determine how they administered the VOCA funds, and obtained and reviewed ICJI's records reflecting grant activity.⁴

³ This program defines criminal violence to include drunk driving and domestic violence.

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

AUDIT RESULTS

Grant Program Planning and Execution

The main purpose of the VOCA victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we examined ICJI's overall process for making victim compensation payments. We assessed ICJI's policies and procedures for providing compensation payments to victims, as well as the accuracy of the State Certification Forms.

Overall, we found that ICJI established a program that compensated victims and survivors of criminal violence. However, we identified issues with ICJI's program implementation stemming from gaps in its policies and procedures, as discussed in detail below.

Program Implementation

State administering agencies receive VOCA victim compensation grants to compensate victims directly for expenses incurred from criminal victimization. As the state administering agency for Indiana, ICJI was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, ICJI operated under IC Chapter 6.1, which conveyed the state-specific policies for the victim compensation program. In assessing ICJI's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as the efforts ICJI made to bring awareness to victims eligible for compensation program benefits.

Overall, we found that ICJI's policies and procedures included adequate segregation of duties for processing claims and awarding compensation, required managerial review of claims payouts and denials, and detailed the maximum compensation allowed. However, we found that ICJI's policies lacked sufficient detail on identifying and handling potential conflicts of interest, timely adjudication of claims, and conducting public outreach.

During our review, we found that ICJI had an established policy for the intake, review, and payment or denial of individual compensation claims that is consistent with federal laws and OJP policy. We also found that ICJI had a documented policy for handling appeals and believe this process offers rejected claimants a sufficient opportunity for appeal. However, we found that ICJI's policies and procedures did not contain a written policy addressing potential employee conflicts of interest. While we found that Indiana state code broadly covers conflicts of interest for state employees, ICJI's policy manual does not specify at the agency level how to identify and handle potential conflicts of interest. When asked about potential conflicts of interest, ICJI personnel stated that they would turn over to another staff member any claims files for a victim they know. Although we believe this would be an appropriate action, there was no requirement in ICJI's policy manual for this to occur. Following a discussion with ICJI in April 2020, we were provided with a new conflicts of interest policy and were told this policy

was approved and implemented recently. Therefore, we recommend that OJP ensure that ICJI has fully implemented its new conflicts of interest policy, to include approval by management and dissemination to all relevant staff.

We also found that ICJI's policies and procedures do not contain steps for ensuring the timely adjudication of claims applications. To assess the timeliness with which ICJI adjudicated claims, we reviewed a sample of approved claims and compared the date the claim application was received by ICJI to the date the claim was paid.⁵ We found that 19 of the 90 approved claims we reviewed, or 21 percent, took at least 1 year to be fully executed and the applicant to receive compensation. One claim took 921 days to pay, or approximately 2.5 years after receipt of the application. Although there are no state or federal criteria establishing timeliness requirements, we believe that significant time delays in the execution of claim payments could impact the effectiveness of the victim compensation program.

When we discussed this issue with ICJI, we were told that delays adjudicating claims can occur due to multiple reasons, including issues with obtaining necessary information from law enforcement to assess claimant eligibility. An additional cause of delays in adjudicating claims may be due to claimants not being fully aware of the program, with ICJI officials noting claimants do not always provide the documents necessary to support a claim. As a result, ICJI claims analysts may spend additional time obtaining necessary documentation to investigate the claim. Further, when we asked about extensions to claims application deadlines, we were told that applicants often explain that they were not aware of the program and therefore submitted applications well after the crime occurred. An ICJI official discussed ICJI's outreach efforts with us, which included speaking at conferences and presenting program information to several local victim advocacy groups. However, an official also indicated that ICJI has received few invites to speak with police organizations about the victim compensation program and acknowledged the possibility that the timely adjudication of claims applications might be impacted by a lack of awareness by law enforcement.

Based on the comments from ICJI officials and our identification of several untimely payments to victims, we believe there may be room for improving ICJI's public outreach efforts with both law enforcement and the public. While no federal mandate details the degree to which states should conduct public outreach, the acknowledgement by ICJI personnel that claimants have indicated that they were not initially aware of the program and that outreach with law enforcement has been limited warrants further evaluation of ICJI's outreach education efforts. Therefore, we recommend that OJP coordinate with ICJI to determine whether further enhancement to ICJI's outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements. Additionally, while we recognize the importance of obtaining all necessary

⁵ This sample of approved claims is the same sample that we used for expenditure testing, which is discussed in the *Grant Expenditures* section of this report.

information in order to investigate claims for allowability and accuracy, we also believe lengthy delays of claim adjudication and payment can cause financial hardship for claimants and inhibit ICJI's stated purpose "to process and screen all applications...in a timely, effective, and efficient manner." Since ICJI currently does not have formally documented policies covering the timeliness of claims adjudication and payment, we recommend that OJP work with ICJI to implement appropriate policies and practices to encourage timely adjudication and payment of claims and to document within application files any applicable reasons for delays in payments.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form (certification form), which provides the OVC the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 years prior.⁶ The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

We reviewed the annual certification forms submitted by ICJI to the OVC for FYs 2015 through 2018, which are used to calculate the award amounts granted in FYs 2017 through 2020.⁷ Using official accounting records provided by ICJI, we attempted to reconcile the figures reported on the four certification forms we reviewed, but we could not reconcile the 2015, 2016, and 2018 forms. Based on the support provided to us, ICJI over-reported the amount of VOCA grant funds paid to victims for the FY 2015 certification form and the FY 2016 certification form. In both cases, we found the errors were due in part to returned funds that were not factored in when computing the total state funds paid to victims. For the FY 2018 certification form, ICJI over-reported the amount of VOCA grant funds paid to victims, with errors in the FY 2018 certification form mostly resulting from the inclusion of expenses that ICJI did not intend to be reimbursed with federal funds (further information on these errors is provided in the Grant Financial Management Section of our report). We also found that the supporting data that ICJI provided to us included three refunds that ICJI omitted when preparing the 2018 certification form. Further, we found an inconsistent treatment of returned funds among the various certification forms, with these funds being reported as "Other Reimbursements" on the 2018 and 2017 certification forms, "Refunds" on the 2016 certification form, and "Restitution Recoveries" on the 2015 certification form.

⁶ The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, amounts awarded for property loss, and other reimbursements.

⁷ The OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

While the reporting of these funds in the various categories ultimately does not impact the overall calculation of the future award amount, the inconsistent classification impacts the accurate disclosure of all required information on the certification forms.

The 2015 and 2016 certification form errors resulted in ICJI being awarded a higher award in FY 2017 and FY 2018, respectively. In addition, if the 2018 certification form is not corrected, ICJI could be awarded a higher award for the FY 2020 grant, which is expected to be awarded later in FY 2020. In an attempt to better diagnose the errors on the forms, we tried to recreate the figures reported on the 2015, 2016, and 2018 certification forms by using the information ICJI provided to us. However, given the inconsistent methodology utilized to create each certification form, as well as differing source documentation, we could not recreate the figures and, therefore, could not determine the exact amount of excess award. We notified ICJI about our inability to reconcile the certification forms with the data provided, however ICJI was unable to provide any further details to resolve the reconciliation issues. We asked whether written procedures existed for compiling the certification forms. ICJI officials responded that written procedures do not currently exist but that ICJI is in the process of completing various documents outlining procedures that are expected to be formalized at a later date.

While the inclusion of expenses unintended for federal reimbursement impacted the accuracy of the 2018 certification form and may have occurred even in the presence of written policies and procedures, we believe the lack of a documented process for compiling the certification forms in general represents a control weakness and may have played a role in the submission of incorrect certification forms. In the event of an over certification, the VOCA Guidelines state that necessary steps will be taken to recover funds that were awarded in error and that it is the policy of the OVC to reduce the amount of the over payment.

Moreover, because expenses unintended for federal reimbursement extended beyond October 1, 2018, and therefore crossed into FY 2019, we believe that the 2019 certification form, which we did not review, may similarly be impacted. We recommend that OJP work with ICJI to ensure the State Certification Forms for FY 2015, FY 2016, and FY 2018 are corrected, to determine whether the FY 2019 State Certification Form is accurate, and to take the necessary steps to remedy any funds awarded in error related to the deficiencies in the FY 2015 and FY 2016 State Certification Forms. Lastly, we recommend that OJP ensure ICJI develops and implements procedures for accurately completing its Crime Victim Compensation State Certification Forms.

Program Requirements and Performance Reporting

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

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that while ICJI did not submit accurate annual performance reports, it did comply with tested special conditions, as discussed in detail below.

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 reports are submitted through OJP's Grants Management System (GMS). As of FY 2016, the OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and load it to GMS.

For the victim compensation grants, the states must report the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; victim demographics; the number of applications that were received, approved, denied, and closed; and the total compensation paid by service type.

We assessed whether ICJI's annual performance reports to the OVC accurately reflected the performance figures of the victim compensation program. We attempted to reconcile the FY 2015, FY 2016, and FY 2017 annual performance reports against information recorded in ICJI's Victim Compensation Claims System (VCCS). For these fiscal years, we reviewed the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; victim demographics; the number of applications that were received, approved, denied, and closed; and the total compensation paid by service type. We were unable to reconcile the state's information to the totals the state reported to the OVC for all the annual performance reports that we reviewed. Overall, based on our review of the data provided, we found that ICJI both underreported and overreported various metrics within its annual performance statistics. Table 2 displays the differences between the data submitted in the annual performance reports and the data supported by ICJI records for three of the performance categories.

Table 2
Summary from ICJI
Victim Compensation Program Annual Performance Reports
FYs 2015 - 2017

	2015	2016	2017
Number of people for whom an application was made for victim compensation benefits			
Reported	2,360	3,330	6,799
Supporting Documentation	5,657	5,971	6,837
Difference	3,297	2,641	38
Number of applications received for Sexual Assault Forensic Examinations			
Reported	1,262	2,376	2,737
Supporting Documentation	2,222	2,391	2,753
Difference	960	15	16
Number of new applications received			
Reported	2,341	3,330	1,812
Supporting Documentation	3,169	3,313	3,767
Difference	828	(17)	1,955

Source: OIG analysis of OJP and ICJI records

We discussed with ICJI the discrepancies that we found between the performance reports and the information maintained in VCCS. An ICJI official explained that the information used to create the PMT reports is pulled from VCCS and that during the 2015 grant, the PMT reports were compiled using a system search function that required the function be manually constructed each time, impacting the consistency of the reports generated for submission. This official acknowledged the PMT reporting was not as accurate as ICJI initially believed, but explained that ICJI has been working with the system vendor to improve the reporting function and believes the current reporting function results in more accurate figures than ICJI was previously reporting. While we found that the accuracy of the FY 2017 PMT report was generally closer to the supporting documentation than the previous reports, we still identified differences between the FY 2017 PMT report and the supporting documentation provided to the audit team. Therefore, we recommend that OJP ensure that ICJI takes appropriate action to enhance performance reporting activities and produce accurate performance reports, and if appropriate, require ICJI to submit corrected performance reports for the FY 2015 through FY 2017 grants.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, ICJI certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim compensation program grant and identified special conditions

that we deemed significant to grant performance and that are not otherwise addressed in another section of this report.

We judgmentally selected three special conditions to review in greater detail. The first required the submission of an Equal Employment Opportunity Plan. The second is the agreement to ensure that at least one key grantee official attends the annual VOCA National Training Conference. The third is for the award's points of contact to complete OJP financial and grant administration training. We reviewed ICJI's actions related to these three special conditions and found that ICJI complied with each one.

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 ICJI's financial management of the VOCA victim compensation grants, we reviewed the process ICJI used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate ICJI's financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Reports for FYs 2015 to 2018 and did not identify significant deficiencies or material weaknesses specifically related to ICJI's crime victim compensation program. We also interviewed ICJI personnel who were responsible for financial aspects of the grant, reviewed ICJI's written policies and procedures, inspected award documents, and reviewed financial records.

In our overall assessment of grant financial management, we identified a weakness in ICJI's internal controls related to a lack of clear policies and training, which impacted the accuracy of its accounting records. Specifically, while reviewing accounting records related to the FY 2017 grant, we found expenditures with fund codes that did not exist in the data for the other years we reviewed. We reached out to ICJI to gain a better understanding of these entries and were informed that these expenditures were intended to be paid with state funding. An ICJI official explained that part of their accounting process requires manual data entries and that human error may occur during this process. The official added that the errors occurred at a time when there was a change in the accounting system function from the state's centralized accounting unit, which was also a time when more seasoned employees departed the organization. Less experienced employees assumed the responsibility for coding expenditures, and according to ICJI, these employees did not receive proper instructions or training.

ICJI informed us that they identified the expenditures associated with these codes in their accounting records prior to the initiation of our audit. In an effort to remedy the errors, ICJI created general ledger journal entries to reverse the errors. Although ICJI took action to remedy the errors, we found that the errors impacted the drawdowns and federal financial reports for the 2017 grant, the 2018 certification form, and potentially the 2019 certification form.

To prevent this error from happening again, ICJI stated that it created a desk aid and is currently working on turning the desk aid into a documented procedure for use by fiscal personnel who post transactions to ICJI's accounting system. Based on this information, we recommend that OJP ensure ICJI implements formal procedures and trains staff to help ensure that financial transactions are posted correctly and completely.

Grant Expenditures

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

Victim Compensation Claim Expenditures

Victims of crime in the state of Indiana submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. ICJI staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate ICJI's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA and Indiana guidelines. We judgmentally selected 30 approved claims from each of the 3 award years under audit, for a total of 90 approved claims worth \$922,826. We also reviewed 10 denied claims for each of the 3 award years under audit, for a total of 30 denied claims. The transactions we reviewed included claims for lost wages/loss of support, medical bills, and funeral costs.

Each of the denied claims we tested contained sufficient documentation supporting the basis for denial. When we tested the approved claims, we found that out of the 90 approved claims we reviewed, 3 claims totaling \$20,530 lacked sufficient support and another claim totaling \$15,000 was unallowable, resulting in preliminary questioned costs of \$35,530, as shown in Table 3. After issuance of the draft audit report, ICJI provided additional documentation that eliminated \$530 of these questioned costs, as described in more detail below.

Table 3
Questioned Compensation Claims

Grant	Unsupported	Unallowable
2015-VC-GX-0054	\$0	\$0
2016-VC-GX-0053	5,530	0
2017-VC-GX-0015	15,000	15,000
Total:	\$20,530	\$15,000

Source: OIG analysis of Indiana claim files

Two of the unsupported claims lacked sufficient supporting documentation. One of those questioned claims was for medical costs. The supporting documentation ICJI provided was a bill that was \$530 less than the amount reimbursed. After issuance of the draft audit report, ICJI provided the OIG additional documentation for this claim. The OIG has reviewed the additional information provided during the draft report phase and no longer considers this \$530 to be an unsupported questioned cost. Further details on our review of this claim can be found in Appendix 5. For the other questioned claim, to verify its calculation of lost wages totaling \$15,000, we asked ICJI to provide further documentation detailing the length of time the claimant was unable to work; however, ICJI responded that it was unable to find the paperwork.

The third unsupported claim was a reimbursement for funeral expenses totaling \$5,000. We determined that ICJI did not sufficiently verify claimant eligibility for this claim. Indiana Code covers denial of awards due to a victim's contributory conduct, which ICJI is to assess when determining award amounts. To assist with assessing contributory conduct, ICJI obtains a police report and a law enforcement information affidavit (LEIA), which the relevant police department fills out with details about the crime, including whether the victim may have contributed to their victimization. For this claim, the LEIA indicated the victim may have contributed to their victimization and that a suspect had not yet been identified. We asked ICJI about this claim and were told that the victim must be presumed innocent until the evidence suggests otherwise. Further, ICJI's policies allow for the claim to proceed if a suspect has not been determined at the time of its claim investigation. ICJI also explained that it would be unfair to the victim to have them wait until law enforcement were able to identify a suspect. However, in determining award amounts, Indiana Code places responsibility on ICJI to determine whether a victim contributed to the infliction of their injury or death. Since the LEIA stated there was evidence of contributory conduct, we believe ICJI should have either denied the claim outright or if it still believed the claim was eligible, obtained and documented further information from police to support its decision to move forward with the review and approval of the claim.

Lastly, we found one claim for \$15,000 to be unallowable. According to Indiana state code, claims must be submitted within 6 months of the crime, with the ICJI Director having the discretion to grant an extension of up to 18 months

with good cause. For this claim, the crime occurred over 2 years prior to submission of the application. We asked ICJI about this claim, and an ICJI official confirmed the maximum filing deadline is 2 years following the crime and did not provide any further explanation for approving this claim. Therefore, the payment of this claim violated the Indiana program guidelines, and we question it as unallowable.

Overall, based on our review of the claims in our sample, we recommend that OJP remedy \$20,000 in unsupported questioned costs related to two approved claims lacking sufficient supporting documentation. We also recommend that OJP remedy \$15,000 in unallowable questioned costs related to one approved claim submitted after the 2-year state-imposed deadline for claims applications.

During our review of claims we noted another issue related to claimant eligibility. To be eligible for compensation, Indiana Code specifies that claimants may not have a net worth of more than \$200,000. A finding from a previous OVC site visit found ICJI was not verifying this claimant eligibility criteria when reviewing claims. In response to the finding, ICJI provided to the OVC a memorandum from ICJI's General Counsel stating ICJI's position that this element of the Indiana Code violates the Equal Protection Clause of the United States Constitution. ICJI's response to the OVC acknowledged it had no ability to change existing laws and therefore would continue its policy of not enforcing this statute, but that ICJI would work with the Governor's Office in an effort to seek legislative change. As a result of the General Counsel memorandum and ICJI's intent to seek legislative change, the OVC resolved the finding. Like OVC's prior site visit, we did not identify any documentary evidence during our review of the claims files that this requirement was being evaluated by ICJI. Because ICJI had submitted to the OVC a legal memorandum concerning the application of this state law and stated its intention to work with the Governor's Office to seek legislative change, we do not make a recommendation at this time.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. However, such costs must derive from efforts to improve program effectiveness and service to crime victims, including claims processing, staff development and training, and public outreach. For the victim compensation grant program, we tested ICJI's compliance with the 5 percent limit on the administrative category of expenses. Specifically, we compared the general ledger expenditures against the 5-percent limit for each grant award amount, as shown in Table 4.

Table 4
Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Allowable Limit	Amount Exceeded
2015-VC-GX-0054	\$3,734,000	\$184,683	\$186,700	\$0
2016-VC-GX-0053	2,109,000	113,848	105,450	8,398
2017-VC-GX-0015	4,971,000	244,442	248,550	0

Source: OIG analysis of ICJI records

ICJI adhered to, or is on track to comply with, the 5 percent administrative cost limit for the FY 2015 and FY 2017 grants. However, we found that for the FY 2016 grant, ICJI did not comply with the 5-percent limit on administrative expenditures, exceeding the allowable limit by \$8,398. Therefore, we recommend that OJP remedy \$8,398 in excess administrative expenditures representing expenses beyond the 5-percent limit charged to the FY 2016 grant.

In addition to testing ICJI’s compliance with the 5 percent administrative allowance, we also tested a sample of these administrative transactions. We judgmentally selected a sample of 31 administrative expenditures from the 3 grants; the transactions in our sample totaled \$140,739. We reviewed expenditures for travel, payroll, and supplies. While we found the travel and supplies expenditures to be supported, we found that certain payroll transactions were unsupported.

While reviewing payroll costs charged to the grant, we examined payroll documentation, such as time sheets, labor allocation reports, and total wage reports for employees to determine if the time worked on the victim compensation grant was properly recorded and charged to the grant. We tested two pay periods for each grant. In our review, we found that the supporting documentation did not always reconcile with the payroll costs charged to the grant. In some cases, ICJI did not provide evidence to support the amounts charged to the grants. In other cases, ICJI provided documented time allocations for work dedicated to the victim compensation grants, but when we used those allocations to calculate the supportable charges based on total wages, the resulting amount did not reconcile with the amount ICJI charged the grant for certain employees’ work. In total, we question \$9,324 as unsupported. We reached out to ICJI for an explanation regarding the errors, and an ICJI official confirmed that the time recorded for victim compensation grant work was incorrectly reflected in payroll documentation. This official added that the error was caused by an insufficient supervisory review process and further noted that corrective action will be taken on the expenditures in question. Additionally, this ICJI official stated that the process to be used for review of payroll allocations will be documented more thoroughly in ICJI procedures. We recommend that OJP remedy the unsupported payroll expenditures totaling \$9,324 and work with ICJI to identify and remedy any additional excess hours charged to the grants under audit. We also recommend that OJP ensure ICJI

develops and implements procedures for reviewing payroll records to improve the accuracy of amounts allocated to the VOCA grants.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for reimbursements or disbursements to be made immediately or within 10 days. To assess whether ICJI managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in ICJI’s accounting system and accompanying financial records.

For the VOCA victim compensation awards, ICJI had written procedures for conducting drawdowns. Based on the written procedures, drawdowns are submitted quarterly and only after quarterly Federal Financial Reports (FFRs) are completed. Drawdown figures are compiled using expense data reported on the previously submitted FFRs. An ICJI official stated that an ICJI accountant will compile the information for the draw and that this information must be approved by the accountant’s supervisor. Table 5 shows the total amount drawn down for each grant as of February 2020.

Table 5
Amount Drawn Down for Each Grant as of February 4, 2020

Award Number	Total Award	Amount Drawn Down	Amount Remaining
2015-VC-GX-0054	\$3,734,000	\$3,731,806	\$0 ^a
2016-VC-GX-0053	2,109,000	2,108,995	5
2017-VC-GX-0015	4,971,000	3,501,942	1,469,058
Total:	\$10,814,000	\$9,342,743	\$1,469,063

^a This reflects a de-obligation of \$2,194 of 2015 award funds not used.

Source: OJP

During this audit, we identified significant deficiencies related to ICJI’s process for developing drawdown requests. Specifically, as previously discussed, we found that ICJI had made erroneous FY 2017 grant transaction entries in its accounting system that resulted in ICJI requesting reimbursement for expenditures that it intended to pay with state funding. Based on our review of ICJI’s general ledger, we found these expenditures, which first appeared on February 2, 2018, were first included in a drawdown on April 23, 2018, resulting in \$784,261 of excess cash on hand. ICJI’s accounting records show that some of these expenditures were reversed on May 15, 2018, and the subsequent draw on August 1, 2018, was reduced to account for the earlier transaction posting errors. While these measures reduced the excess cash on hand, we calculated that as of

August 1, 2018, ICJI had drawn down \$704,030 more than it had expended on the grant. Additionally, ICJI's accounting records reflected that after the initial corrective actions were taken, additional expenditures unintended for federal reimbursement continued to be charged to the 2017 VOCA grant through December 13, 2018, with ICJI drawing down funds related to these expenditures through January 16, 2019. ICJI attempted to correct that issue with reversals of the expenditures on April 25, 2019; however, we determined that as of November 1, 2019, ICJI still had \$368,470 in excess cash on hand. An ICJI official acknowledged errors related to the inclusion of expenditures unintended for federal reimbursement and stated that ICJI would remedy the errors by reducing the amount of the next drawdown accordingly.

We further note that when grantees have excess cash on hand, they may owe interest to the federal government. The DOJ Grants Financial Guide addresses this circumstance as follows:

The Cash Management Improvement Act of 1990 (Public Law No. 101-453) was an amendment to the Intergovernmental Cooperation Act of 1968 (31 USC § 6503). Under the CMIA, States are no longer exempt from returning interest to the Federal Government for drawing down funds prior to the need to pay off obligations incurred. Rather, States are required to pay interest in the event that the State draws down funds before the funds are needed to pay for program expenses.

We asked ICJI about whether interest would have been earned on the excess cash and were told that these funds were kept in an interest-bearing account and that the Auditor of State handles matters regarding interest for the state of Indiana. Given the situation, we are uncertain whether ICJI owes interest to the federal government. Therefore, we recommend that OJP work with ICJI to determine whether current drawdowns on the FY 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and, if so, to remedy the excess cash on hand and take the necessary steps to determine whether any interest is owed due to excess cash on hand.

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 ICJI submitted accurate FFRs, we evaluated all submitted reports for the 2015, 2016, and 2017 grants. We compared these reports against accounting records that ICJI provided to us.

We determined that cumulative expenditures reported for the 2015 and 2016 grant matched accounting records at the end of the award period.⁸ However, we were unable to reconcile reported expenditures to accounting records for certain

⁸ The 2017 award period ends on September 30, 2020; therefore, at the time of our audit we could not verify whether cumulative expenditures matched accounting records at the end of the award period.

quarterly periods of the 2015, 2016, and 2017 grants. When notified that we were unable to match the expenditures with the accounting records, an ICJI representative explained that the accounting data used to compile financial reports is influenced by the date ICJI compiles the data. The ICJI representative further explained that ICJI may begin compiling the accounting data 4 to 6 days prior to the reporting deadline.

In addition, because ICJI's accounting records for the FY 2017 grant included the previously identified expenditures unintended for federal reimbursement that were errantly posted to its federal grant account, ICJI also included these expenditures when preparing its FFRs. We discussed the inclusion of these expenditures with ICJI, and ICJI responded that it will make offsets in future reports to fix the error. We recommend that OJP work with ICJI to assess the accuracy of the financial reports related to the 2015, 2016, and 2017 grants, and, if appropriate, require ICJI to submit corrected financial reports for those that were previously misstated.

In addition to testing financial reporting expenditures, we also tested the timeliness of federal report submissions. According to the DOJ Grants Financial Guide, recipients must submit financial reports no later than 30 days after the last day of each quarter. Furthermore, if financial reports are not submitted on time recipients will be unable to draw funds. Among the financial reports we evaluated, we found multiple instances for each of the three grants where ICJI submitted financial reports past their due dates. Some of the overdue reports were submitted more than a month past the deadline. According to records in GMS, OJP placed freezes on the grant funding due to these delinquent reports. We asked ICJI about the submission of the financial reports after the 30-day deadline; however, ICJI did not provide a response. Ultimately, ICJI submitted the reports and the freezes on grant funding were lifted. Following issuance of the draft audit report, ICJI provided additional details, which cleared 2 of the reports identified as tardy, including 1 FFR previously identified as more than 30 days late. Further details on these FFRs can be found in Appendix 5. We recommend that OJP ensure ICJI implements appropriate policies and practices for timely submission of federal financial reports.

CONCLUSION AND RECOMMENDATIONS

Based on the results of our audit, we conclude that ICJI used its VOCA funding to enhance its crime victim compensation program. However, we identified several issues related to the management of ICJI's victim compensation program. We found that due to erroneously posting expenditures unintended for federal reimbursement to its federal grant accounting records, ICJI miscalculated grant drawdowns, which resulted in excess cash on hand and potentially interest owed; submitted incorrect financial reports; and submitted an inaccurate Crime Victim Compensation State Certification Form for 2018 and potentially for 2019. We also found that figures on the 2015 and 2016 Crime Victim Compensation State Certification Forms were not accurately calculated and reported due to issues involving an overstatement of grant funds paid to victims and refunds. Additionally, we found that ICJI lacked sufficient support for some administrative expenditures, exceeded the 5-percent threshold for administrative expenditures on the 2016 grant, could not support its performance reports, and submitted tardy federal financial reports. Our review also identified both unsupported and unallowable questioned costs to be remedied. We also found that 19 of 90 approved claims took at least a year to adjudicate and pay, which ICJI staff connected to a lack of awareness of the program among law enforcement and the general population of Indiana. Further, we identified areas for improvement in ICJI's policies and procedures. We provide 15 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that ICJI has fully implemented its new conflicts of interest policy, to include approval by management and dissemination to all relevant staff.
2. Coordinate with ICJI to determine whether further enhancement to ICJI's outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.
3. Work with ICJI to ensure the State Certification Forms for FY 2015, FY 2016, and FY 2018 are corrected, to determine whether the FY 2019 State Certification Form is accurate, and to take the necessary steps to remedy any funds awarded in error related to the deficiencies in the FY 2015 and FY 2016 State Certification Forms.
4. Ensure ICJI develops and implements procedures for accurately completing its Crime Victim Compensation State Certification Forms.
5. Ensure that ICJI takes appropriate action to enhance performance reporting activities and produce accurate performance reports, and if appropriate, require ICJI to submit corrected performance reports for the FY 2015 through FY 2017 grants.

6. Ensure ICJI implements formal procedures and trains staff to help ensure that financial transactions are posted correctly and completely.
7. Remedy \$20,000 in unsupported questioned costs.⁹
8. Remedy \$15,000 in unallowable questioned costs related to one approved claim submitted after the 2-year state-imposed deadline for claims applications.
9. Work with ICJI to implement appropriate policies and practices to encourage timely adjudication and payment of claims and to document reasons for any delays.
10. Remedy \$8,398 in excess administrative expenditures representing expenses beyond the 5-percent limit charged to the FY 2016 grant.
11. Remedy the unsupported payroll expenditures totaling \$9,324 and work with ICJI to identify and remedy any additional excess hours charged to the grants under audit.
12. Ensure ICJI develops and implements procedures for reviewing payroll records to improve the accuracy of amounts allocated to the VOCA grants.
13. Work with ICJI to determine whether current drawdowns on the FY 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and, if so, to remedy the excess cash on hand and take the necessary steps to determine whether any interest is owed due to excess cash on hand.
14. Work with ICJI to assess the accuracy of the financial reports related to the 2015, 2016, and 2017 grants, and, if appropriate, require ICJI to submit corrected financial reports for those that were previously misstated.
15. Ensure ICJI implements appropriate policies and practices for timely submission of federal financial reports.

⁹ As noted in the body of our report, this recommendation in our final report is \$530 less than the unsupported questioned costs that we identified in our draft audit report. In response to our draft report, ICJI provided additional, contemporaneous supporting documentation supporting the \$530. Further details can be found in Appendix 5.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope and Methodology

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

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants from the Crime Victims Fund (CVF) awarded to the Indiana Criminal Justice Institute (ICJI).

- 2015-VC-GX-0054, awarded for \$3,734,000
- 2016-VC-GX-0053, awarded for \$2,109,000
- 2017-VC-GX-0015, awarded for \$4,971,000

The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$10,814,000 to ICJI, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2014, the project start date for VOCA compensation grant number 2015-VC-GX-0054, through April 20, 2020. As of February 2020, ICJI had drawn down a total of \$9,342,743 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of ICJI'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 compensation payments to victims of crime and denied compensation claims. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, state compensation criteria, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP’s Grants Management System and the OVC’s Performance Management Tool, as well as ICJI’s accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.

We held an end-of-fieldwork conference and an exit conference with ICJI, during which we provided information on our findings and recommendations and offered ICJI an opportunity to provide additional documentation. We incorporated into our results any additional information or supporting documentation received from ICJI prior to issuing the draft audit report.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of ICJI to provide assurance on its internal control structure as a whole. ICJI management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. §200. Because we do not express an opinion on ICJI’s internal control structure as a whole, we offer this statement solely for the information and use of ICJI and OJP.¹⁰

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective:

Internal Control Components & Principles Significant to the Audit Objectives	
Control Environment Principles	
	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should use quality information to achieve the entity’s objectives.

We assessed the design, implementation, and/or operating effectiveness of these internal controls implemented at the time of our audit and identified deficiencies that we believe could affect the ICJI’s ability to effectively and efficiently operate, to facilitate reporting of accurate state financial performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this

¹⁰ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

report. However, because our review was limited to aspects of these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:¹¹		
Unsupported Claims ¹²	\$20,000	10
Unsupported Administrative Expenditures	<u>9,324</u>	13
Unsupported Costs	\$29,324	
Unallowable Claims	\$15,000	10
Excess Administrative Expenditures	<u>8,398</u>	13
Unallowable Costs	\$23,398	
Total Questioned Costs	\$52,722	

¹¹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

¹² In our draft audit report, this figure (and Recommendation 7) reflected unsupported costs of \$20,530. We reduced this amount by \$530 because, in response to our draft audit report, ICJI submitted previously available but not previously provided documentation to support the costs that we had originally questioned. As a result, we removed these questioned costs from our report.

**INDIANA CRIMINAL JUSTICE INSTITUTE
RESPONSE TO THE DRAFT AUDIT REPORT¹³**



STATE OF INDIANA



Eric J. Holcomb, Governor
Devon McDonald, Executive Director

Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
500 West Madison Street, Suite 1121
Chicago, Illinois 60661

Via: U.S. Mail and Electronic Mail at Carol.S.Taraszka@usdoj.gov

Dear Ms. Taraszka,

The Indiana Criminal Justice Institute ("ICJI"), Victim Compensation Division appreciates the opportunity to respond to the Office of the Inspector General's ("OIG") Draft Audit Report received by our office on June 11th, 2020. The Draft Audit Report covers the Office of Justice Programs (OJP) Victims of Crime Act Victim Compensation Formula Grant Program for Federal Fiscal Years 2015-2018. The purpose of this letter is to provide a formal response to the recommendations contained in the Draft Audit Report. The Indiana Criminal Justice Institute's responses are listed below, along with the Office of Inspector General's recommendations. ICJI sincerely appreciates the opportunity to provide additional information and the ability to agree or disagree with OIG recommendations.

Sincerely,

A blue ink signature of Devon McDonald, Executive Director of the Indiana Criminal Justice Institute.

Devon McDonald
Executive Director
Indiana Criminal Justice Institute

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¹³ Attachments referenced in this response were not included in the final report. Additionally, sections highlighted yellow were done by ICJI.

The Draft Audit Report contains 15 recommendations:

Recommendation #1- Ensure that ICJI has fully implemented its new conflicts of interest policy, to include approval by management and dissemination to all relevant staff.

Response: ICJI concurs with this recommendation. On April 20, 2020, ICJI approved, disseminated, and trained staff on an expanded conflict of interest policy that now includes management review and approval of claims in which there is a conflict. If an analyst is assigned to a claim that presents a conflict or becomes aware of an actual or potential conflict, they are to immediately notify the Victim Compensation Supervisor and the Chief of Staff in writing via email, with high priority notation. This policy also addresses conflicts the Victim Compensation Supervisor may have as well. The Victim Compensation Supervisor will not approve or deny any claim where a conflict of interest exists. The Victim Compensation Supervisor explained the new policy to the compensation staff, and a copy of the written policy was emailed to each staff member. The new policy and the written acknowledgement of receipt from each victim compensation staff member have been added as Attachment 1 to this document. This policy is now incorporated in the Policies and Procedures Manual of the Victim Compensation Division.

Recommendation #2- Coordinate with ICJI to determine whether further enhancement to ICJI's outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.

Response: ICJI concurs and believes that additional work can be done on outreach regarding the program. ICJI will work on developing an internal and external communications strategy to increase education and awareness about the state's Victims Compensation program. Over the course of 2020, ICJI will work on developing a campaign, which will include updated visuals, social media posts, and an enhanced website to support the program's outreach efforts. ICJI will also pursue partnership and cross promotional opportunities with organizations that come into contact with or provide services to victims, as well as take advantage of awareness campaigns that are devoted to raising awareness about victims' rights and issues.

Recommendation #3- Work with ICJI to ensure the State Certification Forms for FY 2015, FY 2016, and FY 2018 are corrected, to determine whether the FY 2019 State Certification Form is accurate, and to take the necessary steps to remedy any funds awarded in error related to the deficiencies in the FY 2015 and FY 2016 State Certification Forms.

Response: ICJI concurs with this recommendation relative to the State Certification Forms. ICJI wishes to have it noted that changes in the identification of fees and penalty funding by the State of Indiana Auditor and the categorization of collections ordered by local court jurisdictions are not within ICJI's control; however ICJI does acknowledge these actions do impact the placement of revenues on the Certification Form.

Recommendation #4- Ensure ICJI develops and implements procedures for accurately completing its Crime Victim Compensation State Certification Forms.

Response: ICJI concurs with this recommendation and will develop written procedures over the course of 2020 for the preparation and submission of the annual Crime Victim Compensation State Certification Form. ICJI will retain supporting data for each Certification Form submitted, documentation of any additional guidance provided by OVC Program Representatives, and modifications/supplemental information requested for these filings.

Recommendation #5- Ensure that ICJI takes appropriate action to enhance performance reporting activities and produce accurate performance reports, and if appropriate, require ICJI to submit corrected performance reports for the FY 2015 through FY 2017 grants.

Response: ICJI concurs with the recommendation, and has been working with the vendor who created the Victim Compensation electronic system in Indiana to improve the accuracy of the data. Data is taken directly from the system and is reported as a snapshot in time for when the report is run. During the initial stages when PMT first came out, the electronic system in Indiana struggled with the data portion of the reporting as multiple changes to the PMT system were made and requirements changed. ICJI has continued to work with the vendor to refine and ensure the accuracy of the data that is reported into PMT. In addition, ICJI will begin printing the reports on the day they are run and filing them so that they are on hand for review by auditors, thus ensuring that the backup of the data is available. ICJI is willing to take all appropriate actions to ensure the accuracy of data reported and is willing to resubmit the data for FY 2015 through FY 2017.

Recommendation #6- Ensure ICJI implements formal procedures and train staff to help ensure that financial transactions are posted correctly and completely.

Response: ICJI concurs with this recommendation. Procedures for the identifying, computing, completing, and documenting financial transactions charged to Federal Grant Awards will be developed and implemented by the Fiscal Division of ICJI over the course of 2020. Additional training of staff will be executed on an annual basis to increase the accountability and accuracy of financial transactions.

Recommendation #7- Remedy \$20,530 in unsupported questioned costs related to three approved claims lacking sufficient supporting documentation.

Response: ICJI concurs in part and does not concur in part with the questioned costs totaling \$20,530.

Claim # [REDACTED] in the amount of \$530

For the questioned claim regarding \$530 in medical costs, ICJI does not concur with this recommendation. ICJI's victim compensation analysts are trained to verify each bill with the

appropriate medical service provider before approving payment. On occasion, the medical service provider will provide ICJI with a higher amount over the phone than what is on the bill that was submitted by the applicant. In such situations, the analysts are to obtain a copy of the bill with the higher amount from the medical service provider prior to making payment. In this case, ICJI has reached out to the medical service provider and received additional documentation confirming the bill amount that was paid. This documentation is attached for your review as Attachment 2.

Claim # [REDACTED] in the amount of \$15,000

ICJI concurs with the questioned claim regarding lost wages totaling \$15,000.

Claim # [REDACTED] in the amount of \$5,000

For the questioned claim regarding funeral expenses totaling \$5,000, ICJI does not concur with this claim. ICJI reached out to the appropriate law enforcement officer to seek additional information regarding the Law Enforcement Information Affidavit and to determine whether there was evidence of contributory conduct for this claim.

The officer who filled out the affidavit provided a written response explaining that he had made an error on the form. Additionally, he provided an amended form acknowledging that there was no evidence of contributory conduct. The letter, original form, and updated form are attached for your review as Attachment 3.

In addition, ICJI is not statutorily required to deny claims based on evidence of contributory conduct. The statute *permits* ICJI to deny such claims, but does not *require* ICJI to do so, as evidenced by the use of the word "may" rather than the use of the word "shall" in the below highlighted section:

IC 5-2-6.1-34 Denial of awards due to victim's contributory conduct

Sec. 34. (a) In determining the amount of the award, the division shall determine whether the victim contributed to the infliction of the victim's injury or death.

(b) If the division finds that the victim contributed to the infliction of the victim's injury or death, the division may deny an award.

(c) If the division further finds that the victim's contributory conduct was solely attributable to an effort to:

- (1) prevent a crime from occurring; or
- (2) apprehend a person who committed a crime;

in the victim's presence, the victim's contributory conduct does not render the victim ineligible for compensation.

Therefore, ICJI did not violate any state laws or policies in approving this claim.

Recommendation #8- Remedy \$15,000 in unallowable questioned costs related to one approved claim submitted after the 2-year state-imposed deadline for claims applications.

Response: ICJI concurs with this recommendation. ICJI lacked the statutory authority to make an exception to the two-year maximum deadline for filing a claim. ICJI will implement additional procedural safeguards during the 2020 calendar year to ensure that claims submitted past the two-year deadline are not approved unless they meet one of the statutorily mandated exceptions set out below and highlighted in relevant part:

IC 5-2-6.1-16 Applications for assistance

Sec. 16. (a) A person eligible for assistance under section 12 of this chapter may file an application for assistance with the division if the violent crime was committed in Indiana.

(b) Except as provided in subsection (e), the application must be received by the division not more than one hundred eighty (180) days after the date the crime was committed. The division may grant an extension of time for good cause shown by the claimant. However, and except as provided in subsection (e), the division may not accept an application that is received more than two (2) years after the date the crime was committed.

(c) The application must be filed in the office of the division in person, through the division's Internet web site, or by first class or certified mail. If requested, the division shall assist a victim in preparing the application.

(d) The division shall accept all applications filed in compliance with this chapter. Upon receipt of a complete application, the division shall promptly begin the investigation and processing of an application.

(e) An alleged victim of a child sex crime may submit an application to the division until the victim becomes thirty-one (31) years of age.

(f) An alleged victim of a battery offense included in [IC 35-42-2](#) upon a child less than fourteen (14) years of age may submit an application to the division not later than five (5) years after the commission of the offense.

Recommendation #9- Work with ICJI to implement appropriate policies and practices to encourage timely adjudication and payment of claims and to document reasons for any delays.

Response: ICJI refutes in part and concurs in part with this recommendation. ICJI has policies in place to facilitate timely responses and adjudication of claims. At the same time, ICJI recognizes that improvements could be made in documenting reasons for delay in timely adjudication. However, it is important to note that ICJI is required to send requests for information to a variety of external stakeholders who often provide delayed responses, resulting in delays in the ultimate resolution of claims. Unfortunately, ICJI does not have legal authority to make these third parties respond in a timely manner.

Recommendation #10- Remedy \$8,398 in excess administrative expenditures representing expenses beyond the 5-percent limit charged to the FY 2016 grant.

Response: ICJI concurs with this recommendation and has initiated a correction on the General Ledger of the State's financial system. A request to reopen the final FFR will be submitted to the Federal Program Manager so all adjustments can be reflected on the overall reported Expenditures. ICJI will also initiate the reimbursement process for any return of funds that may apply.

Recommendation #11- Remedy the unsupported payroll expenditures totaling \$9,324 and work with ICJI to identify and remedy any additional excess hours charged to the grants under audit.

Response: ICJI concurs with this recommendation. Allocation of Payroll expenses for the grant years reviewed will be analyzed and adjustments factored into a reconciliation and revisions of the 2017 Final FFR.

Recommendation #12- Ensure ICJI develops and implements procedures for reviewing payroll records to improve the accuracy of amounts allocated to the VOCA grants.

Response: ICJI concurs with this recommendation. Procedures for the identifying, computing, completing, and documenting payroll allocation transactions charged to Federal Grant Awards will be developed and implemented by the Fiscal Division of ICJI over the course of 2020. Additional training for staff will be executed to increase the accountability and accuracy of payroll allocation transactions.

Recommendation #13- Work with ICJI to determine whether current drawdowns on the FY 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and, if so, to remedy the excess cash on hand and take the necessary steps to determine whether any interest is owed due to excess cash on hand.

Response: ICJI concurs with this recommendation for participating in an analysis to identify if there is an instance of excess cash being on hand during the 2017 Grant. ICJI wishes to point out that while the Federal Financial Reports reviewed in this review/audit report quarterly expenditure activities, they are not evidence of cash reimbursement activity on the award. ICJI will conduct a review of on hand cash by leveraging the Grants Payment and Reimbursement System (GPRS) data to identify reimbursement transfer dates for determining Cash on Hand along with the State's incurred expenses to identify any potential excess cash which may have been subject to interest due the Federal Government.

Recommendation #14- Work with ICJI to assess the accuracy of the financial reports related to the 2015, 2016, and 2017 grants, and, if appropriate, require ICJI to submit corrected financial reports for those that were previously misstated.

Response: ICJI concurs with this recommendation. ICJI will collaborate with OJP/OVC Program Manager for obtaining access to the closed Awards of 2015 & 2016 reports within the Grants Management System (GMS) if any corrected reports are required. Relative to the 2017 award financial reports, any identified corrections that are identified will be noted in the next available report filed prior to the closing of the award in the GMS online application.

Recommendation #15- Ensure ICJI implements appropriate policies and practices for timely submission of federal financial reports.

Response: ICJI both concurs with and refutes portions of this recommendation. ICJI will develop written procedures/policies for addressing timeliness of Federal Financial Report (FFR) submissions and documentation. ICJI refutes the condition of multiple submissions in excess of 30 days late. The table below contains Grants and Quarters reported by the OIG as representing the FFRs reviewed and found to be late. ICJI has indicated the number of days past the filing deadline, and in at least two cases the date reported by OIG reviewers were the resubmission dates, and not the original dates filed. These FFRs were resubmitted at the request of the Federal Program Manager after the original submission date by ICJI.

Grant Number	FSR #	Reporting Period End Date	Due Date	Date Submitted per GMS	# Days late	CJI Comments
2015-VC-GX-0054	5	12/31/2015	1/30/2016	2/1/2016	2	
2015-VC-GX-0054	15	6/30/2018	7/30/2018	8/7/2018	8	
2016-VC-GX-0053	11	6/30/2018	7/30/2018	8/1/2018	2	
2016-VC-GX-0053	12	9/30/2018	10/30/2018	12/26/2018	57	
2017-VC-GX-0015	7	6/30/2018	7/30/2018	7/31/2018	1	
2017-VC-GX-0015	8	9/30/2018	10/30/2018	11/5/2018	6	
2017-VC-GX-0015	9	12/31/2018	1/30/2019	2/19/2019	20	Initial submission was 1-15-19 Note on FSR for second submission
2017-VC-GX-0015	10	3/31/2019	4/30/2019	6/27/2019	58	Initial submission on 4-29-19 Note on FSR for Second Submission

**U.S. DEPARTMENT OF JUSTICE
OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT¹⁴**



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

July 23, 2020

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago 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 Compensation Grants Awarded to the Indiana Criminal Justice Institute, Indianapolis, Indiana*

This memorandum is in reference to your correspondence, dated June 11, 2020, transmitting the above-referenced draft audit report for the Indiana Criminal Justice Institute (ICJI). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **15** recommendations and **\$53,252** in questioned costs. The following is Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP ensure that ICJI has fully implemented its new conflicts of interest policy, to include approval by management and dissemination to all relevant staff.**

OJP agrees with this recommendation. In its response to the Draft Audit Report, ICJI provided a copy of written policies and procedures, developed and implemented, to ensure that its conflicts of interest policy is followed (see Attachment 1). In addition, ICJI provided documentation to support that the procedures were distributed to staff responsible for managing Federal grant funds (see Attachment 2). We believe these procedures adequately address this recommendation. Accordingly, OJP requests closure of this recommendation.

¹⁴ Attachments referenced in this response were not included in the final report.

- 2. We recommend that OJP coordinate with ICJI to determine whether further enhancement to ICJI's outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.**

OJP agrees with this recommendation. We will coordinate with ICJI to determine whether further enhancement to its outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.

- 3. We recommend that OJP work with ICJI to ensure the State Certification Forms for FY 2015, FY 2016, and FY 2018 are corrected, to determine whether the FY 2019 State Certification Form is accurate, and to take the necessary steps to remedy any funds awarded in error related to the deficiencies in the FY 2015 and FY 2016 State Certification Forms.**

OJP agrees with this recommendation. We will coordinate with ICJI to ensure that the Crime Victim Compensation State Certification Forms for Fiscal Years (FYs) 2015, 2016, and 2018 are corrected, and to determine whether the Fiscal Year 2019 Crime Victim Compensation State Certification Form is accurate. In addition, OJP will work with ICJI to remedy funds, as appropriate.

- 4. We recommend that OJP ensure ICJI develops and implements procedures for accurately completing its Crime Victim Compensation State Certification Forms.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure its Crime Victim Compensation State Certification Forms are prepared accurately.

- 5. We recommend that OJP ensure that ICJI takes appropriate action to enhance performance reporting activities and produce accurate performance reports, and if appropriate, require ICJI to submit corrected performance reports for the FY 2015 through FY 2017 grants.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance reporting activities are enhanced, and that performance reports are prepared accurately. Additionally, we will work with ICJI to ensure that performance reports for its FYs 2015 through 2017 Victim Compensation Formula grants are revised, as appropriate.

6. **We recommend that OJP ensure ICJI implements formal procedures and train staff to help ensure that financial transactions are posted correctly and completely.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that financial transactions are posted correctly and completely. In addition, we will obtain documentation to support that staff was properly trained on the implemented policies and procedures.

7. **We recommend that OJP remedy \$20,530 in unsupported questioned costs related to three approved claims lacking sufficient supporting documentation.**

OJP agrees with this recommendation. We will review the \$20,530 in questioned costs, related to unsupported claims that were charged to Grant Numbers 2016-VC-GX-0053 and 2017-VC-GX-0015, and will work with ICJI to remedy, as appropriate.

8. **We recommend that OJP remedy \$15,000 in unallowable questioned costs related to one approved claim submitted after the 2-year state-imposed deadline for claims applications.**

OJP agrees with this recommendation. We will review the \$15,000 in questioned costs charged to Grant Number 2017-VC-GX-0015, related to an unallowable claim submitted after the two-year imposed deadline for claims applications had lapsed, and will work with ICJI to remedy, as appropriate.

9. **We recommend that OJP work with ICJI to implement appropriate policies and practices to encourage timely adjudication and payment of claims and to document reasons for any delays.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that claims are timely adjudicated and paid, and that reasons for delays are documented.

10. **We recommend that OJP remedy \$8,398 in excess administrative expenditures representing expenses beyond the 5-percent limit charged to the FY 2016 grant.**

OJP agrees with this recommendation. We will review the \$8,398 in questioned costs, related to excess administrative expenditures that were charged to Grant Number 2016-VC-GX-0053, and will work with ICJI to remedy, as appropriate.

11. **We recommend that OJP remedy the unsupported payroll expenditures totaling \$9,324 and work with ICJI to identify and remedy any additional excess hours charged to the grants under audit.**

OJP agrees with this recommendation. We will review the \$9,324 in questioned costs, related to unsupported payroll expenditures that were charged to Grant Numbers 2015-VC-GX-0054, 2016-VC-GX-0053, and 2017-VC-GX-0015, and will work with ICJI to remedy these costs, and any additional excess costs charged to these grants, as appropriate.

12. **We recommend that OJP ensure ICJI develops and implements procedures for reviewing payroll records to improve the accuracy of amounts allocated to the VOCA grants.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that payroll records are reviewed for accuracy, to support the payroll costs allocated to its Victims of Crime Act grants.

13. **We recommend that OJP work with ICJI to determine whether current drawdowns on the FY 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and, if so, to remedy the excess cash on hand and take the necessary steps to determine whether any interest is owed due to excess cash on hand.**

OJP agrees with this recommendation. We will coordinate with ICJI to determine whether current drawdowns on Grant Number 2017-VC-GX-0015 are in excess of the expenditures eligible for Federal reimbursement; and, if so, will work with ICJI to remedy excess cash, and interest owed, as appropriate.

14. **We recommend that OJP work with ICJI to assess the accuracy of the financial reports related to the 2015, 2016, and 2017 grants, and, if appropriate, require ICJI to submit corrected financial reports for those that were previously misstated.**

OJP agrees with this recommendation. We will coordinate with ICJI to determine if Federal Financial Reports (FFRs) related to Grant Numbers 2015-VC-GX-0054, 2016-VC-GX-0053, and 2017-VC-GX-0015 are accurate; and will require ICJI to submit corrected FFRs, as appropriate.

15. **We recommend that OJP ensure ICJI implements appropriate policies and practices for timely submission of federal financial reports.**

OJP agrees with this recommendation. We will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are timely submitted.

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

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

The OIG provided a draft of this audit report to the Department of Justice Office of Justice Programs (OJP) and the Indiana Criminal Justice Institute (ICJI). ICJI's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations and as a result the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure that ICJI has fully implemented its new conflicts of interest policy, to include approval by management and dissemination to all relevant staff.**

Closed. OJP agreed with our recommendation and requested closure based on documentation provided by ICJI to address the recommendation. ICJI concurred with the recommendation and provided supporting documentation evidencing approval and dissemination of a conflicts of interest policy to relevant staff.

We reviewed the documentation provided and found that it sufficiently addresses the recommendation. Therefore, this recommendation is closed.

- 2. Coordinate with ICJI to determine whether further enhancement to ICJI's outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with ICJI to determine whether further enhancement to its outreach education program is necessary to ensure more people throughout the state of Indiana learn about the victim compensation program and the benefits available, as well as to ensure that law enforcement agencies throughout the state are aware of the program and its requirements.

ICJI concurred with the recommendation and stated in its response that it will work on developing an internal and external communications strategy to increase education and awareness about the state's Victim Compensation program, to include developing a campaign and pursuing partnership and

cross promotional opportunities with organizations that come into contact with or provide services to victims.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to determine whether further enhancement to its outreach education program are necessary and any changes have been implemented.

3. Work with ICJI to ensure the State Certification Forms for FY 2015, FY 2016, and FY 2018 are corrected, to determine whether the FY 2019 State Certification Form is accurate, and to take the necessary steps to remedy any funds awarded in error related to the deficiencies in the FY 2015 and FY 2016 State Certification Forms.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with ICJI to ensure that the Crime Victim Compensation State Certification Forms for fiscal years (FY) 2015, 2016, and 2018 are corrected, and to determine whether the fiscal year 2019 Crime Victim Compensation State Certification Form is accurate. In addition, OJP stated it will work with ICJI to remedy funds, as appropriate.

ICJI concurred with the recommendation relative to the State Certification Forms. ICJI also noted that changes in the identification of fees and penalties by Indiana's Auditor of State and the categorization of collections ordered by local courts are outside of ICJI's control, though ICJI acknowledged these actions do impact disclosures on the State Certification Forms.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to ensure the Crime Victim Compensation State Certification Forms for FYs 2015, 2016, and 2018 are corrected, determined whether the FY 2019 Crime Victim Compensation State Certification Form is accurate, and remedied funds, as appropriate.

4. Ensure ICJI develops and implements procedures for accurately completing its Crime Victim Compensation State Certification Forms.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure its Crime Victim Compensation State Certification Forms are prepared accurately.

ICJI concurred with the recommendation and stated it will develop written procedures over the course of 2020 and will retain supporting data for each Certification Form submitted.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure its Crime Victim Compensation State Certification Forms are prepared accurately.

5. Ensure that ICJI takes appropriate action to enhance performance reporting activities and produce accurate performance reports, and if appropriate, require ICJI to submit corrected performance reports for the FY 2015 through FY 2017 grants.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance reporting activities are enhanced, and that performance reports are prepared accurately. Further, OJP stated it will work with ICJI to ensure the performance reports for its FYs 2015 through 2017 Victim Compensation Formula grants are revised, as appropriate.

ICJI concurred with the recommendation and stated that it has been working with, and will continue to work with, the vendor of its Victim Compensation electronic system to improve the accuracy of the data. ICJI also stated it is willing to take all appropriate actions to ensure the accuracy of the data reported and is willing to resubmit the data for FY 2015 through FY 2017.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to obtain written policies and procedures that are implemented to ensure that performance reporting activities are enhanced, that performance reports are prepared accurately, and that performance reports for FYs 2015 through 2017 are revised, as appropriate.

6. Ensure ICJI implements formal procedures and trains staff to help ensure that financial transactions are posted correctly and completely.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that financial transactions are posted correctly and completely, and that it will obtain documentation to support that staff are properly trained on these policies and procedures.

ICJI concurred with the recommendation and stated that procedures will be developed and implemented by the Fiscal Division of ICJI over the course of 2020 and that additional training of staff will be executed annually to increase accountability and accuracy of financial transactions.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that financial transactions are posted correctly and completely, and that staff are properly trained on these policies and procedures.

7. Remedy \$20,000 in unsupported questioned costs.¹⁵

Resolved. OJP agreed with our recommendation and stated that it would review the questioned costs related to unsupported claims that were charged to Grant Numbers 2016-VC-GX-0053 and 2017-VC-GX-0015, and that it will work with ICJI to remedy, as appropriate.

ICJI partially concurred to the questioned costs. ICJI concurred on one of the unsupported claims (\$15,000). For another claim with questioned costs of \$5,000, ICJI's response to our draft report indicated that ICJI contacted the law enforcement officer involved in the case to determine whether there was evidence of contributory conduct on the part of the victim. In response, the officer explained that the original form was completed in error. ICJI obtained and provided in its response an amended form now stating there was no evidence of contributory conduct. We reviewed the new information provided and will coordinate with OJP to obtain its determination on that documentation.

This recommendation can be closed when we receive evidence that OJP has reviewed and remedied the questioned costs related to the \$20,000 in unsupported costs charged to Grant Number 2017-VC-GX-0015.

8. Remedy \$15,000 in unallowable questioned costs related to one approved claim submitted after the 2-year state-imposed deadline for claims applications.

Resolved. OJP agreed with our recommendation and stated that it will review the \$15,000 in questioned costs charged to Grant Number 2017-VC-GX-0015, and will work with ICJI to remedy, as appropriate.

ICJI concurred with the recommendation and stated that it will implement additional procedural safeguards during the 2020 calendar year to ensure that late claims are not approved unless they meet a statutorily mandated exception.

This recommendation can be closed when we receive evidence that OJP has reviewed and remedied the unallowable questioned costs, as appropriate.

9. Work with ICJI to implement appropriate policies and practices to encourage timely adjudication and payment of claims and to document reasons for any delays.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to obtain a copy of written policies and procedures,

¹⁵ As noted in the body of our report and in Appendix 3, ICJI provided additional information and documentation following issuance of the draft audit report. Specifically, for one claim with questioned costs of \$530, ICJI provided further, contemporaneous billing documentation to support the full claim amount. Based on this additional information, we concluded that the \$530 in previously unsupported questioned costs were no longer in question and we adjusted our overall questioned costs downward by \$530 and we no longer consider these costs to be questioned.

developed and implemented, to ensure that claims are timely adjudicated and paid, and that reasons for delays are documented.

ICJI partially concurred with the recommendation, stating that it has policies in place to facilitate timely responses and adjudication of claims. ICJI acknowledged that improvements could be made in documenting reasons for delays in the timely adjudication of claims and noted that delays in claims resolutions can occur due to external stakeholders, and that ICJI does not have the legal authority to require timely responses.

The OIG acknowledges delays can occur due to external stakeholders and believes policies and practices addressing how to handle such instances, including documenting the reason for delay, are appropriate steps for addressing timely adjudication and payment of claims.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to obtain written policies and procedures, developed and implemented, that ensure timely adjudication and payment of claims, and that reasons for delays are documented.

10. Remedy \$8,398 in excess administrative expenditures representing expenses beyond the 5-percent limit charged to the FY 2016 grant.

Resolved. OJP agreed with our recommendation and stated that it will review the \$8,398 in questioned costs related to excess administrative expenditures charged to the FY 2016 grant and will work with ICJI to remedy, as appropriate.

ICJI concurred with the recommendation and stated that it has initiated a correction on the General Ledger of the State's financial system and will initiate the reimbursement process for any return of funds. ICJI also stated that it will request to open the final federal financial report so that adjustments can be reflected.

This recommendation can be closed when we receive evidence that OJP has reviewed the \$8,398 in questioned costs related to excess administrative expenditures charged to the FY 2016 grant and remedied the questioned costs, as appropriate.

11. Remedy the unsupported payroll expenditures totaling \$9,324 and work with ICJI to identify and remedy any additional excess hours charged to the grants under audit.

Resolved. OJP agreed with our recommendation and stated that it will review the \$9,324 in questioned costs and will work with ICJI to remedy the costs and any additional excess costs charged, as appropriate.

ICJI concurred with the recommendation and stated that allocation of payroll expenses for the grant years reviewed will be analyzed and adjustments

factored into a reconciliation and revisions of the final 2017 federal financial report.

This recommendation can be closed when we receive evidence that OJP has reviewed the \$9,324 in questioned costs and worked with ICJI to remedy the costs and any additional costs charged, as appropriate.

12. Ensure ICJI develops and implements procedures for reviewing payroll records to improve the accuracy of amounts allocated to the VOCA grants.

Resolved. OJP agreed with our recommendation and stated it will coordinate with ICJI to obtain a copy of the written policies and procedures, developed and implemented, to ensure the payroll records are reviewed for accuracy of the amounts allocated to the VOCA grants.

ICJI concurred with the recommendation and stated that procedures will be developed and implemented by the Fiscal Division of ICJI over the course of 2020, and that additional training of staff will be executed to increase accountability and accuracy of payroll allocation transactions.

This recommendation can be closed when we receive evidence that OJP has obtained a copy of the written policies and procedures, developed and implemented, to ensure payroll records are reviewed for accuracy of the amounts allocated to the VOCA grants.

13. Work with ICJI to determine whether current drawdowns on the FY 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and, if so, to remedy the excess cash on hand and take the necessary steps to determine whether any interest is owed due to excess cash on hand.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to determine whether current drawdowns on Grant Number 2017-VC-GX-0015 are in excess of expenditures eligible for federal reimbursement, and if so it will work with ICJI to remedy excess cash, and interest owed, as appropriate.

ICJI concurred with the recommendation and stated that it will conduct a review to identify reimbursement transfer dates for determining cash on hand, along with the state of Indiana's incurred expenses, to identify any potential excess cash that may have been subject to interest due to the federal government.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to determine whether current drawdowns on the 2017 grant are in excess of ICJI's expenditures eligible for federal reimbursement, and if so that it has worked with ICJI to remedy the excess cash and any interest owed, as appropriate.

14. Work with ICJI to assess the accuracy of the financial reports related to the 2015, 2016, and 2017 grants, and, if appropriate, require ICJI to submit corrected financial reports for those that were previously misstated.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to determine if the Federal Financial Reports (FFRs) for the grants for 2015 through 2017 are accurate and will require ICJI to submit corrected FFRs, as appropriate.

ICJI concurred with the recommendation and stated that it will collaborate with the OJP/OVC Program Manager on the 2015 and 2016 reports if any corrections are required and will work to identify corrections related to the 2017 reports prior to closing of the award in the Grants Management System.

This recommendation can be closed when we receive evidence that OJP has coordinated with ICJI to determine the accuracy of the FFRs and has submitted corrected FFRs, as appropriate.

15. Ensure ICJI implements appropriate policies and practices for timely submission of federal financial reports.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with ICJI to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are timely submitted.

ICJI partially concurred with the recommendation, stating that it will develop written procedures and policies for addressing the timeliness of FFR submissions. However, ICJI refuted that it had multiple submissions in excess of 30 days late and provided additional information explaining that one of the submissions identified as over 30 days late was initially submitted on time and the date recorded in GMS was for an updated submission. Based on the updated information from ICJI, the OIG has updated the report language to state that only one report was submitted more than a month past the deadline.

This recommendation can be closed when we receive evidence that ICJI has developed and implemented written policies and practices for timely submission of the federal financial reports.