



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the Hawaii
Department of Public Safety, Crime Victim
Compensation Commission,
Honolulu, Hawaii

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EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Hawaii Department of Public Safety, Crime Victim Compensation Commission, Honolulu, Hawaii

Objective

The objective of the audit was to evaluate how the State of Hawaii, Department of Public Safety, Crime Victim Compensation Commission (CVCC) 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 the CVCC utilized and managed Victims of Crime Act (VOCA) funding to enhance its victim compensation program. This audit did not identify significant concerns regarding the CVCC's tested grant expenditures. However, we identified deficiencies and areas for improvement related to annual state certification forms, performance reporting, financial reporting, and drawdowns. We also identified questioned costs of \$45,000.

Recommendations

Our report contains five recommendations to the Office of Justice Programs (OJP) to assist the CVCC in improving its grant management and administration. We requested a response to our draft audit report from the CVCC and OJP; these responses can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice 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 CVCC in Honolulu, Hawaii. OVC awarded these formula grants, totaling \$331,000 from fiscal years (FY) 2018 to 2020, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Hawaii. As of April 2022, the CVCC had drawn down a cumulative amount of \$119,000 for the grants we reviewed.

Grant Program Planning and Execution

The CVCC implemented its victim compensation program to provide financial support to eligible crime victims from the state of Hawaii. However, we identified discrepancies between supporting documentation and information reported on the CVCC's Crime Victim Compensation State Certification Forms, which may have resulted in over awards in FY 2019 and 2020 totaling \$45,000.

Program Requirements and Performance Reporting

We identified unsupported and inaccurate information in some of CVCC's performance reports.

Grant Financial Management

We found that grant expenditures were allowable and supported by adequate documentation. However, the CVCC maintained grant funds on hand in excess of federal guidelines and did not always report expenditures in the period incurred.

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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 State of Hawaii, Department of Public Safety, Crime Victim Compensation Commission (CVCC), located in Honolulu, Hawaii. OVC awards victim compensation grants on an annual basis from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from FY 2018 to FY 2020, these OVC grants totaled \$331,000.

Table 1

**Audited Grants
Fiscal Years 2018 – 2020**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2018-V1-GX-0038	08/09/2018	10/01/2017	09/30/2021	\$119,000
2019-V1-GX-0032	09/13/2019	10/01/2018	09/30/2022	100,000
2020-V1-GX-0029	09/17/2020	10/01/2019	09/30/2023	112,000
Total:				\$331,000

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

Source: OJP, OVC

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.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. OVC annually distributes proceeds from the CVF to states and territories. 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 physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.²

¹ The VOCA victim compensation formula program is funded under 34 U.S.C. § 20102.

² This program defines criminal violence to include drunk driving and domestic violence.

The Grantee

As Hawaii's state administering agency, the CVCC is responsible for administering the VOCA victim compensation program. Created by the Hawaii State Legislature to mitigate the financial impact suffered by victims of violent crime, the CVCC was the third organization of its kind in the country when it was established in 1967. The mission statement of the CVCC is "to equitably and efficiently provide crime victims with the services due to them under Hawaii law." According to its website, the CVCC's philosophy is to treat every victim and survivor with dignity and respect, and to acknowledge the tremendous impact that violent crime has upon crime victims and society. The CVCC also performs outreach and collaborates with numerous public and private agencies in serving crime victims.

OIG Audit Approach

The objective of the audit was to evaluate how the CVCC 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 CVCC and Hawaii state policies and procedures and interviewed CVCC personnel to determine how they administered the VOCA funds. We interviewed CVCC and Hawaii Department of Personal Safety (Hawaii DPS) personnel and further obtained and reviewed CVCC records reflecting grant activity.³

³ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit.

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 assessed the CVCC's overall process for making victim compensation payments. We also assessed the CVCC's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we determined that the CVCC's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines and that the CVCC generally complied with federal grant requirements, established an adequate program to compensate victims and survivors of criminal violence, and provided financial assistance to eligible victims of crime. However, we identified issues related to its annual certification forms that we discuss 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 Hawaii, the CVCC was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the CVCC operated under the CVCC's policies and procedures as well as the Hawaii State Administrative Rules, which conveyed the state-specific policies for the victim compensation program. In assessing the CVCC's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts the CVCC had made to bring awareness to victims eligible for compensation program benefits.

Based on our review, we found that the CVCC had established procedures for reviewing applications, determining claimant eligibility, reviewing requests for payments of expenses incurred, and paying individual compensation claims. Furthermore, the CVCC conducted outreach to various organizations that provide services to crime victims to spread awareness of its program. The CVCC also maintained a website that contained comprehensive information on victim compensation eligibility and benefits, instructions for applying for compensation, links to obtain necessary forms, CVCC contact information, CVCC annual reports, and other general information regarding the CVCC.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form (annual certification form) which provides OVC the necessary information to determine the grant award amount. The annual 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. 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.⁴ 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 assessed the CVCC's controls for preparing the annual certification forms submitted to OVC for FYs 2016 through 2018, which were used to calculate the award amounts granted in FYs 2018 through 2020.⁵ A CVCC official explained that annual certification forms are prepared by a CVCC staff member who gathers the appropriate information from Hawaii's Financial Accounting Management Information System and then reviews the information with the Executive Director before submitting the certification with the grant application; however, the procedures were not documented. Our review focused on the accuracy of the annual certification forms, including total funds paid to and on behalf of crime victims, payments made with VOCA funds, restitution recoveries, and refunds.

In our review, we used official records provided by the CVCC to reconcile the amounts reported. We were able to reconcile most of the tested amounts. However, we found discrepancies between the supporting documentation and the FY 2017 and 2018 certification forms in the following categories: total funds paid to or on behalf of crime victims, restitution recoveries, and refunds.⁶ As a result, we determined that the CVCC over-reported Total State Payments eligible for matching VOCA grant awards on its FY 2017 and FY 2018 annual certifications by \$42,756 and \$32,331, respectively. Consequently, the CVCC was over awarded \$26,000 in FY 2019 and \$19,000 in FY 2020.⁷

We asked the CVCC to provide explanations for the discrepancies or additional information to rectify the discrepancies we found, but it could not. A CVCC official explained that the CVCC was attempting to create a paperless environment, and incorrectly assumed that supporting materials would be readily available and easily recreated, which turned out to be incorrect. The official added that, in the future, the CVCC will retain documentation to support its annual certification forms. As previously discussed, we found that the CVCC did not have documented procedures for preparing the certifications, and although we cannot definitively determine the cause of the differences between the supporting documentation and the annual certification forms for FYs 2017 and 2018, we believe the CVCC must develop written procedures to ensure future certifications are fully supported and accurately prepared.

Additionally, the accuracy of the information provided in the annual state certification form is critical to the formula calculation used to determine the victim compensation award amounts granted to each state, and any errors in awarding affects the ability of OJP to provide funding to crime victims. According to VOCA Guidelines, in the event that an over-certification comes to the attention of OVC or the Office of the

⁴ In July 2021, Congress enacted the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, Pub. L. No. 117-27, § 2(a), 135 Stat. 301 (VOCA Fix Act), which changed the formula from 60 to 75 percent and removed the requirement for state compensation programs to deduct subrogation and restitution recoveries from the eligible payout amount. These changes went into effect immediately, and were applied to FY 2019 certification forms and FY 2021 grant awards.

⁵ 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.

⁶ We also found discrepancies with the amounts reported on the annual certification forms (Part II) for General Fund, Restitution Recoveries, Refunds, and VOCA Grant Funds but these variances did not directly affect the amount awards.

⁷ The over awarded amounts for FY 2019 and FY 2020 were rounded to the nearest thousand.

Comptroller, OJP, the necessary steps will be taken to recover funds that were awarded in error. Generally, it is the policy of OVC to reduce the amount of the subsequent year VOCA victim compensation award by the excess amount awarded. Therefore, we recommend that OJP work with the CVCC to develop written procedures for completing the annual state certification forms to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported, and to remedy the questioned costs of \$26,000 and \$19,000 over awarded in FY 2019 and 2020 respectively, as appropriate.

State Funded Victim Compensation Payments

In conjunction with our assessment of the reliability of the annual certification forms, we reviewed four state-funded victim compensation payments, totaling \$42,742. We selected the largest dollar amount transactions for the FYs 2018 - 2021 for testing. We found that all four state-funded victim compensation payments (for medical and dental expenses) were accurate, supported, properly approved, and allowable.

Program Requirements and Performance Reporting

To determine whether the CVCC distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed the CVCC's performance measures and performance documents that the CVCC used to track goals and objectives. We further examined OVC solicitations and award documents and verified the CVCC's 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 the CVCC: (1) did not implement adequate procedures to compile annual and quarterly performance reports and (2) complied with tested special conditions. These issues are discussed in more detail in the following sections of the report.

Annual and Quarterly Performance Reports

Each state administering agency must annually and quarterly report to OVC on activity funded by any VOCA awards active during the federal fiscal year. The annual reports are submitted through OJP's JustGrants and the quarterly performance reports are submitted through OVC's web-based Performance Measurement Tool (PMT).⁸ For the victim compensation grants, the states must annually and quarterly report to the OVC on a number of program and performance measurements, to include the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type.

We assessed whether the CVCC's Annual and Quarterly Performance Reports submitted to OVC accurately reflected the CVCC's reported performance. To do so, we selected three performance measurements from the 2018 - 2021 annual reports and three data elements from the four quarterly reports for 2021. We were able to reconcile most of the tested elements to supporting documentation. However, we identified

⁸ JustGrants is a newly established grants management system launched on October 15, 2020. Prior to JustGrants, OVC required states to upload annual reports in its legacy system called the Grants Management System, or GMS.

instances where the available supporting documentation did not support the reported data as shown on Table 2.

Table 2

**CVCC's Victim Compensation Program Annual Performance Report Discrepancies
FY 2018 - FY 2021**

Performance Measurement	Report Type	Reporting Period End Date	Data Reported	Data Supported
Average Length of Time to Process an Application for Claim Eligibility for Compensation	Annual	09/30/2018	76 days	157 days
	Annual	09/30/2019	81 days	160 days
	Annual	09/30/2020	78 days	145 days
	Annual	09/30/2021	96 days	71 days

Source: OVC, CVCC

As illustrated on Table 2, for the 2018 - 2021 annual performance reports, we found discrepancies between reported data related to the "Average Length of Time to Process an Application for Claim Eligibility for Compensation" data and the supporting documentation. The CVCC explained that it had not retained the actual reports from its Compensation and Restitution Management System (CRMS) that it used to complete the annual reports. The CVCC was able to retroactively reproduce the reports for the same time periods, but the data differed significantly due to subsequent adjustments and updates made for the same time periods.

According to the DOJ Grants Financial Guide, grantees are required to retain source documents and related records for a period of 3 years from the date of submission of the final expenditure report. However, because the CVCC did not retain the actual documentation it used for its reports and the dynamic nature of CRMS, the CVCC could not demonstrate that it has achieved the results reported on its annual performance reports in some instances. We recommend that OJP ensure that the CVCC retains documentation to support the information it reports on its performance reports.

Compliance with Special Conditions

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

For each of the three grants, we selected the following special conditions to review in greater detail:

1. Special Condition 1 - Training or training materials developed or delivered with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees.

2. Special Condition 2 – Requires that grantee’s State crime victim compensation program complies with all conditions and eligibility criteria required by section 1403(b) of the Victims of Crime Act (VOCA) of 1984, 34 U.S.C. § 20102(b).⁹
3. Special Condition 3 – Attendance of at least one key grantee official is required at the VOCA national training conference.
4. Special Condition 4 – Restrictions and Certifications Regarding Non-Disclosure Agreements.

We found that the CVCC complied with the special conditions we tested.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of the CVCC’s financial management of the VOCA victim compensation grants, we reviewed the process the CVCC used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the CVCC’s financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Report for FY 2020 and did not identify any significant deficiencies specifically related to the CVCC. We also interviewed personnel from the CVCC and the Hawaii DPS who were responsible for financial aspects of the grants, reviewed the CVCC’s written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we determined that the CVCC had adequate separation of duties and sufficient written policies for processing victim compensation expenditures. However, we found that the CVCC needs to improve its processes and written procedures related to requesting federal draw downs and completing federal financial reports.

Grant Expenditures

State administering agency VOCA compensation 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. We determined that the CVCC did not use Victim Compensation grant funds for administrative expenditures. To determine whether compensation claim payments charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions by reviewing accounting records and verifying support for select transactions. We also tested a sample of denied claims to ensure that the CVCC appropriately adjudicated each claim in accordance with CVCC regulations and VOCA Guidelines.

⁹ Section 1403(b) includes requirements for providing payments for medical expenses, loss of wages, and funeral expenses that attributable to the compensable crime, victim cooperation with law enforcement authorities except in certain situations, state certification that funds will not supplant state funding for crime victim compensation, and residency and jurisdictional requirements.

Victim Compensation Claim Expenditures

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

To evaluate the CVCC's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, and in accordance with the policies of the VOCA Guidelines, the DOJ Grants Financial Guide, CVCC policies and procedures, and the Hawaii State Administrative Rules. We judgmentally selected a sample of 39 victim compensation payment totaling \$74,689, or approximately 63 percent of the total expenses charged to grant 2018-V1-GX-0038. The transactions we reviewed included costs in the following categories: acknowledgment award, dental, funeral and burial, lost earnings, medical, and mental health.¹⁰ We reviewed support such as applications, police reports, invoices, medical reports, correspondence, and other various applicable documents. Based on our testing, we determined that all 39 sampled payments were accurate, allowable, adequately supported, and properly authorized.

Victim Compensation Claim Denials

We judgmentally selected for review five claims that the CVCC denied between January 21, 2021, and July 28, 2021. To determine whether the CVCC's decisions were adequately supported and adjudicated, we reviewed documentation including applications for benefits, police reports from law enforcement agencies, and other supporting documentation. Based on our review, we found that four of the five denied claims were appropriately supported and adjudicated, and one denied claim was not timely adjudicated.

In the case of the untimely adjudicated claim, the claimant submitted an application for compensation on August 27, 2019, but the claim was not denied by the CVCC until July 28, 2021, nearly 2 years (23 months) after it was filed. In this instance, a Hawaii resident submitted a claim after being robbed and kidnapped in Las Vegas, Nevada on July 4, 2019. Hawaii regulations provide that compensation may be paid to, among others, those injured or killed by any act or omission of any other person coming within the criminal jurisdiction of the state and a resident of the state who is injured or killed in another state not having an eligible crime victim compensation program.¹¹ Therefore, because the crime occurred in Nevada and Nevada maintained its own crime victim compensation program, the CVCC rightfully but untimely determined that the claimant was not eligible for compensation through CVCC and should have sought compensation from Nevada.

We asked the CVCC why it took 23 months after the application was submitted to deny the claim. A CVCC official explained that although the claim application stated that the crime was outside of its jurisdiction, it attempted to obtain a police report to confirm the location of the crime before it denied the claim. The CVCC official stated that they tried on three separate occasions in 2020 (March 9, April 9, and May 28) to obtain a release from the claimant to obtain the police report but received no response. While this illustrates the CVCC's repeated attempts to obtain a release, it does not explain why the CVCC waited until

¹⁰ Acknowledgement awards are symbolic in nature and are intended to acknowledge a victim's suffering. The amount awarded currently ranges from \$25 to \$200 (prior to March 17, 2020, awards ranged from \$50 to \$400) and is based on the facts and circumstances of each case.

¹¹ Haw. Admin. Rules § 23-605-6(a).

2021 to deny the claim. In our opinion, the CVCC should have denied the claim in 2019 as the jurisdiction of the crime had been established or in 2020 when the claimant failed to respond to its requests for a release. Instead, the CVCC waited 14 months from its last request for information from the applicant before denying the claim. As a result of CVCC’s untimely denial, the claimant was no longer eligible for compensation through the state of Nevada’s Victims of Crime Program, which requires an application to be submitted within 2 years of the crime, as more than 2 years had passed since the date of the crime.

The CVCC has since adopted a new procedure to address claims related to crimes that occurred in other jurisdictions. According to the new procedure, dated January 6, 2022, upon receipt of an application where the location of crime is not reported as Hawaii, the applicant will be notified and informed of the Compensation Program for the applicable location. The application will be processed as normal to determine if there is a crime that may have occurred in Hawaii using the information provided in the application. We believe the CVCC’s new procedures will better assist it in timely processing claims related to crimes that occurred outside of its jurisdiction, and because it has already implemented the procedure, we do not take exception.

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 made immediately or within 10 days. To assess whether the CVCC managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the CVCC’s accounting system and accompanying financial records.

In preparation for requesting VOCA victim compensation award funds, the CVCC compiled a list of victim compensation payments to be made with federal grant funds from its general ledger to determine the amount of its drawdown requests on an as needed basis. Table 3 shows the total amount drawn down for each grant as of April 2022.

Table 3

Amount Drawn Down for Each Grant as of April 21, 2022

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2018-V1-GX-0038	\$119,000	09/30/2021	\$119,000	0
2019-V1-GX-0032	100,000	09/30/2022	0	\$100,000
2020-V1-GX-0029	112,000	09/30/2023	0	112,000
Total:	\$331,000		\$119,000	\$212,000

Source: OJP

During this audit, we identified a deficiency related to the recipient's process for requesting award drawdowns. Prior to its final drawdown request in June 2021, the CVCC requested funds on an advance basis. Specifically, the CVCC requested advanced funding for four of the five drawdowns requests and its final drawdown in June 2021 was requested as a reimbursement. As a result, the CVCC maintained a cash balance on hand between \$16,550 to \$43,500 from April 2, 2020, to June 2, 2021, as shown on Table 4 below.

Table 4

Cash on Hand for Grant 2018-V1-GX-0038

Drawdown Date	Drawdown Amount	Expenditures per Accounting Record	Cumulative Drawdown	Cumulative Expenditures	Excess Cash on Hand
04/02/2020	\$16,550	0	\$16,550	0	\$16,550
04/23/2020	13,000	\$16,403	29,550	\$16,403	13,147
06/19/2020	15,000	12,986	44,550	29,389	15,161
09/10/2020	43,500	15,161	88,050	44,550	43,500
06/02/2021	30,950	74,450	119,000	119,000	0
Total:	\$119,000	\$119,000	\$119,000	\$119,000	

Source: OJP, CVCC

Further, due to the advanced funding requests, the CVCC maintained VOCA funds on hand for longer than 10 days, in conflict with the financial guide which clearly states that funds should be requested based upon immediate disbursement or reimbursement needs. We asked a CVCC official why award funds were drawn on an advance basis rather than reimbursement basis. The CVCC official stated that, for some time, they believed they could not receive grant funds on a reimbursement basis and only recently discovered that the CVCC should request grant drawdowns as reimbursements but could not provide any specifics. The CVCC had procedures for requesting drawdowns, but the procedures did not address requesting by reimbursement. Although the CVCC stated they are no longer requesting advanced funding, we recommend that OJP ensure that the CVCC update and enhance its policies and procedures for requesting drawdowns in accordance with federal grant requirements.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the CVCC submitted accurate Federal Financial Reports (FFR), we compared CVCC's accounting records to the four most recent FFRs for each of the three grants as of October 2021. Additionally, due to the lack of spending activity on grants #2019-V1-GX-0032 and #2020-V1-GX-0029, we expanded testing for grant #2018-V1-GX-0038 from four FFRs to seven FFRs to capture a more substantial period of activity. In total, we reviewed 15 FFRs.

We determined that the quarterly and cumulative expenditures for 13 of the 15 FFRs reviewed matched the CVCC accounting records for each of the victim compensation grants we tested. For the two FFRs that did not match the accounting records, we determined CVCC had recorded \$31,119 in expenditures in its grant general ledger but reported no expenditures on its FFR for the same period. Instead, the CVCC reported the \$31,119 in expenditures in the period in which it requested and received reimbursement for the expenditures. As a result, the initial FFR (October 1 - December 31, 2021) was underreported by \$31,119 and the subsequent FFR (April 1 - June 30, 2021), was overreported by the same amount.

We asked the CVCC why it did not report expenditures in the period incurred, and a CVCC staff member explained that she believed expenditures could only be reported on the FFR if the grant funds were drawn down. A CVCC official further explained that the CVCC was temporarily unable to request federal funds when victim compensation claims needed to be paid due to OJP's transition to JustGrants in October 2020. In the interim, the CVCC used state funds to make victim compensation payments totaling \$31,119 in December 2020 and recorded the expenditures in the reporting period in which it received reimbursement. The CVCC also states that it followed federal regulations for completing FFRs, but it had no specific, documented procedures for completing FFRs.

The DOJ Grants Financial Guide states that grantees are to report all unliquidated obligations incurred, therefore, although the CVCC did not receive federal funding until later, it should have reported the obligations when incurred. Because the CVCC reported the expenditures when it received reimbursements rather than when incurred, the CVCC misreported financial activities for both periods. To ensure that FFRs are accurate and include all activities for the reporting period, we recommend that OJP ensure that the CVCC develop, document, and implement policies and procedures for preparing FFRs in accordance with federal grant requirements.

Conclusion and Recommendations

Based on the results of our audit, we determined that the CVCC used its VOCA funding to compensate victims of crime according to VOCA and state-imposed requirements. The CVCC established a victim compensation program as well as procedures for processing and validating eligibility and adjudicating victim compensation claims. However, during our review of the FYs 2016 – 2018 annual certification forms, we found discrepancies between the reported information and the supported information, which may have resulted in higher awards to the CVCC for FYs 2019 and 2020 than allowed. We also found errors and discrepancies related to its performance and financial reports. Finally, we also determined that the CVCC maintained cash on hand beyond federally established time guidelines. We provide five recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with the CVCC to develop written procedures for completing the annual state certification forms to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported.
2. Remedy the questioned costs of \$26,000 and \$19,000 over awarded in FY 2019 and 2020 respectively, as appropriate.
3. Ensure that the CVCC retains documentation to support the information it reports on its performance reports.
4. Ensure that the CVCC update and enhance its policies and procedures for requesting drawdowns in accordance with federal grant requirements.
5. Ensure that the CVCC develop, document, and implement policies and procedures for preparing FFRs in accordance with federal grant requirements.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how the CVCC 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 VOCA victim compensation formula grants 2018-V1-GX-0038, 2019-V1-GX-0032, and 2020-V1-GX-0029 from the CVF awarded to the CVCC. The OJP OVC awarded these grants totaling \$331,000 to the CVCC, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2017, the project start date for VOCA compensation grant number 2018-V1-GX-0038, through March 2022. As of December 15, 2021, the CVCC had drawn down a total of \$119,000 from one of the audited grants. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the CVCC's activities related to the audited grants, which included conducting interviews with state of Hawaii financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for award special conditions, performance and financial reports, victim compensation payments, and denied victim 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 JustGrants as well as the CVCC 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.

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 the CVCC to provide assurance on its internal control structure

as a whole. The CVCC 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 the State of Hawaii and the CVCC's internal control structure as a whole, we offer this statement solely for the information and use of the CVCC and OJP.¹²

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we reviewed the design and implementation of the CVCC's written grant policies and procedures and process controls pertaining to aspects of grant planning, performance reporting and financial management. We also tested the implementation and operating effectiveness of specific controls over grant execution and compliance with laws and regulations in our audit scope. However, because our review was limited to 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.

¹² This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs:			
Funds Over Awarded for FY 2019	2019-V1-GX-0032	\$26,000	4
Funds Over Awarded for FY 2020	2020-V1-GX-0029	<u>19,000</u>	4
Total Questioned Costs ¹³		\$45,000	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$45,000</u>	

¹³ **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.

APPENDIX 3: The State of Hawaii, Department of Public Safety, Crime Victim Compensation Commission Response to the Draft Audit Report

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
**CRIME VICTIM COMPENSATION
COMMISSION**

1164 Bishop Street, Suite 1530
Honolulu, Hawaii 96813
Telephone: 808 587-1143
Fax: 808 587-1146

August 15, 2022

MARI McCAIG BELLINGER
Chair

CLIFTON Y.S. CHOY
Commissioner

JO KAMAE BYRNE
Commissioner

PAMELA FERGUSON-BREY
Executive Director

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

Dear Mr. Gaschke:

The Hawai'i Crime Victim Compensation Commission (Commission) has reviewed the Draft Audit Report dated July 21, 2022 issued by the Department of Justice (DOJ) Office of the Inspector General (OIG) for the grants listed below.

Grant Number	Grant Name	Amount Awarded
2018-V1-GX-0038	FY 2018 VOCA Victim Compensation Grant	\$119,000
2019-V1-GX-0032	FY 2019 VOCA Victim Compensation Grant	\$100,000
2020-V1-GX-0029	FY 2020 VOCA Victim Compensation Grant	\$112,000

The Commission agrees with the five (5) findings in the draft report and agree to work with OJP to implement the following recommendations as stated on Page 12 of the draft report:

1. *Work with the CVCC to develop written procedures for completing the annual state certification forms to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported.*

The Commission will develop policies and procedures to ensure that backup documentation is retained to support the amounts reported on its annual state certificate forms and that procedures are included to determine the calculation of figures reported.

2. *Remedy the questioned costs of \$26,000 and \$19,000 over awarded in FY 2019 and 2020 respectively, as appropriate.*

The Commission will work with OJP to resolve the amounts over awarded in FY 2019 and FY 2020.

"An Equal Opportunity Employer/Agency"

3. *Ensure that the CVCC retains documentation to support the information it reports on its performance reports.*

The Commission will ensure that written procedures include a requirement to maintain hard copy supporting documentation for data reported in performance reports.

4. *Ensure that the CVCC update and enhance its policies and procedures for requesting drawdowns in accordance with federal grant requirements.*

The Commission will update its policies and procedures for requesting drawdowns to reflect that the Commission will request reimbursement of funds rather than request funds up front and will ensure that the policies and procedures are in accordance with federal grant requirements.

5. *Ensure that the CVCC develop, document, and implement policies and procedures for preparing FFRs in accordance with federal grant requirements.*

The Commission will develop policies and procedures to ensure that backup documentation is retained and that procedures are included to determine the calculation of figures reported for the preparation of FFRs in accordance with federal grant requirements.

Should you have any questions or require further information, please contact me at Pamela.Ferguson-Brey@hawaii.gov or (808) 587-1143.

Sincerely,



Pamela Ferguson-Brey
Executive Director
Hawai'i Crime Victim Compensation Commission

APPENDIX 4: The Office of Justice Programs Response to the Draft Audit Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

August 17, 2022

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
San Francisco 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 Hawaii Department of Public Safety, Crime Victim Compensation Commission, Honolulu, Hawaii*

This memorandum is in reference to your correspondence, dated July 20, 2022, transmitting the above-referenced draft audit report for the Hawaii Department of Public Safety, Crime Victim Compensation Commission (CVCC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **five** recommendations and **\$45,000** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP work with the CVCC to develop written procedures for completing the annual state certifications forms to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported.**

OJP agrees with this recommendation. In its response, dated August 15, 2022, the CVCC stated that it will develop policies and procedures to ensure that backup documentation is retained to support the amounts reported on its annual state certificate forms; and that the procedures will include provisions to determine the calculation of figures reported.

Accordingly, we will work with the CVCC to obtain a copy of its written procedures for completing the annual state certification forms, to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported.

- 2. We recommend that OJP remedy the questioned costs of \$26,000 and \$19,000 over awarded in FY 2019 and 2020 respectively, as appropriate.**

OJP agrees with this recommendation. In its response, dated August 15, 2022, the CVCC stated that it will work with OJP to resolve the amounts over awarded in FY 2019 and FY 2020.

Accordingly, we will review the \$26,000 and \$19,000 over awarded in FY 2019 and FY 2020, respectively, and will work with the CVCC to remedy, as appropriate.

- 3. We recommend that OJP ensure that the CVCC retains documentation to support the information it reports on its performance reports.**

OJP agrees with this recommendation. In its response, dated August 15, 2022, the CVCC stated that it will provide a copy of written procedures that will include a requirement to ensure that hard copy supporting documentation is maintained for data reported in its performance reports.

Accordingly, we will work with the CVCC to ensure that it retains documentation to support the information it reports on its performance reports.

- 4. We recommend that OJP ensure that the CVCC update and enhance its policies and procedures for requesting drawdowns in accordance with federal grant requirements.**

OJP agrees with this recommendation. In its response, dated August 15, 2022, the CVCC stated that it will update its policies and procedures to ensure that drawdowns are based on reimbursements, rather than requests for funds up front; and it will ensure that its policies and procedures are in accordance with Federal grant requirements.

Accordingly, we will work with the CVCC to ensure that its policies and procedures for requesting drawdowns are in accordance with Federal grant requirements.

- 5. We recommend that OJP ensure that the CCVC develop, document, and implement policies and procedures for preparing FFRs in accordance with federal grant requirements.**

OJP agrees with this recommendation. In its response, dated August 15, 2022, the CVCC stated that it will develop policies and procedures to ensure that backup documentation is retained, which supports the calculation of figures reported on its Federal Financial Reports (FFRs), in accordance with Federal grant requirements.

Accordingly, we will work with the CCVC to ensure that it develops, documents, and implements policies and procedures for preparing FFRs, in accordance with Federal grant requirements.

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

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

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

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

Kristina Rose
Director
Office for Victims of Crime

Kathrina S. Peterson
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Rachel Johnson
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Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

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

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

Louise Duhamel
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20220721063807

APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the State of Hawaii, Department of Public Safety, Crime Victim Compensation Commission (CVCC). OJP's response is incorporated in Appendix 4 and the CVCC's response is incorporated in Appendix 3 of this final report. In response to our draft report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The CVCC agreed with all 5 recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Work with the CVCC to develop written procedures for completing the annual state certification forms to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the CVCC to obtain a copy of its written procedures for completing the annual state certification forms, to include controls to ensure that the amounts reported on its annual state certification forms are accurate and fully supported. As a result, this recommendation is resolved.

The CVCC agreed with our recommendation and stated in its response that it will develop written policies and procedures to ensure that back-up documentation is retained to support the amounts reported on its annual state certificate forms and that procedures are included to determine the calculation of figures reported.

This recommendation can be closed when we receive documentation that the CVCC has developed written procedures for completing the annual state certification forms to include controls to ensure that the amounts reported on the forms are accurate and fully supported.

- 2. Remedy the questioned costs of \$26,000 and \$19,000 over awarded in FY 2019 and 2020 respectively, as appropriate.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$26,000 and \$19,000 over awarded in FYs 2019 and 2020, respectively, and will work with the CVCC to remedy the questioned costs, as appropriate. As a result, this recommendation is resolved.

The CVCC agreed with our recommendation and stated in its response that it will work with OJP to resolve the amounts over awarded in FYs 2019 and 2020.

This recommendation can be closed when we receive documentation that the CVCC has remedied the questioned costs of \$26,000 and \$19,00 over awarded in FYs 2019 and 2020.

3. Ensure that the CVCC retains documentation to support the information it reports on its performance reports.

Resolved. OJP agreed with our recommendation. OJP stated in its response we will work with the CVCC to ensure that it retains documentation to support the information it reports on its performance reports. As a result, this recommendation is resolved.

The CVCC agreed with our recommendation and stated in its response that it will ensure that written procedures include a requirement to maintain hard copy supporting documentation for data reported in performance reports.

This recommendation can be closed when we receive documentation illustrating that the CVCC will retain documentation to support the information it reports on its performance reports, including any new or enhanced policies and procedures developed in response to this recommendation.

4. Ensure that the CVCC update and enhance its policies and procedures for requesting drawdowns in accordance with federal grant requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the CVCC to ensure that its policies and procedures for requesting drawdowns are in accordance with federal grant requirements. As a result, this recommendation is resolved.

The CVCC agreed with our recommendation and stated in its response that it will update its policies and procedures for requesting drawdowns to reflect that the Commission will request reimbursement of funds rather than request funds up front and will ensure that the policies and procedures are in accordance with federal grant requirements.

This recommendation can be closed when we receive documentation that the CVCC has updated and enhanced its policies and procedures for requesting drawdowns in accordance with federal grant requirements.

5. Ensure that the CCVC develop, document, and implement policies and procedures for preparing FFRs in accordance with federal grant requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the CCVC to ensure that it develops, documents, and implements policies and procedures for preparing Federal Financial Reports (FFRs) in accordance with Federal grant requirements. As a result, this recommendation is resolved.

The CVCC agreed with our recommendation and stated in its response that it will develop policies and procedures to ensure that backup documentation is retained and that procedures are included to determine the calculation of figures reported for the preparation of FFRs in accordance with federal grant requirements.

This recommendation can be closed when we receive documentation that the CVCC has developed, documented, and implemented policies and procedures for preparing FFRs in accordance with federal grant requirements.