



Audit of the Office of Justice Programs Victim
Assistance Grants Awarded to the Arizona
Department of Public Safety,
Phoenix, Arizona



AUDIT DIVISION

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EXECUTIVE SUMMARY

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Objective

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

Results in Brief

As a result of our audit, we concluded that Arizona DPS distributed its Crime Victims Fund (CVF) funding to organizations that provide direct services to victims within Arizona. However, we identified several areas where the Arizona DPS needs to improve its administration and oversight of its victim assistance program. In particular, it needs to improve its adherence to program requirements for priority allocations of funding, as well as subrecipient monitoring. Further, Arizona DPS needs to institute procedures to ensure reviews of subrecipient audits required under the Single Audit Act. We also found that Arizona DPS allocated administrative expenditures using a reasonable methodology but did not notify the Office of Justice Programs (OJP) of administrative expenditures to be used for training. Finally, we concluded that Arizona DPS lacked procedures related to federal financial reports (FFR) and matching requirements and needs to enhance its policy related to FFRs and matching funds.

Recommendations

Our report contains seven recommendations for OJP to assist Arizona DPS in improving its grant management and administration. We requested a response to our draft audit report from the Arizona DPS and OJP officials; these responses can be found in Appendices 2 and 3, respectively. Our analysis of those responses can be found in Appendix 4.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of four Victims of Crime Act (VOCA) victim assistance formula grants awarded by the OJP, Office for Victims of Crime (OVC) to the Arizona DPS in Phoenix, Arizona. The OVC awarded these formula grants, totaling \$179,150,705 for fiscal years (FY) 2018 through 2021, from CVF to enhance crime victim services throughout Arizona. The Arizona DPS drew down a cumulative amount of \$164,982,416 for all of the grants we reviewed as of October 2023.

Program Accomplishments

We determined that Arizona DPS served victims of crime by awarding subawards to 113 organizations with the FYs 2018 – 2021 awards.

Grant Program Planning and Execution

We found that Arizona DPS adequately communicated applicable VOCA requirements to its subrecipients. In addition, Arizona DPS appropriately conducted assessments to identify the victim populations in need and integrated those results into its funding plan. However, in assessing Arizona DPS's execution of its funding plan, we found that it did not ensure that it could allocate 10 percent of funding to child abuse victims and 10 percent to victims of sexual assault as required.

Monitoring of Subrecipients

We found that Arizona DPS had not performed an on-site monitoring visit for all subrecipients, as required by the VOCA Guidelines. Specifically, 85 subrecipients had not had an on-site Arizona DPS monitoring visit in 4 years, and of those 29 subrecipients had not been visited in 10 years. Additionally, Arizona DPS does not perform desk monitoring or any other type of periodic checks. Instead, Arizona DPS Grant Coordinators efforts are generally limited to a review of spending levels reported in the monthly financial reports and identifying common reporting errors on quarterly performance reports. As a

result, Arizona DPS has limited assurance that subrecipient expenditures are accurate, allowable, and in accordance with the VOCA Guidelines, or that the controls over subrecipient performance reporting is fairly represented to OVC.

Further we found that Arizona relied on the subrecipients to notify them of required audit results. However, this was not sufficient to ensure deficiencies identified have been resolved.

Grant Financial Management

While we determined that the Arizona DPS complied with the 5-percent limit for administrative expenditures that the program institutes, we found that Arizona DPS could improve its process to notify OJP of administrative expenditures to be used for training, and develop or enhance procedures related to FFRs and matching requirements.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Arizona Department of Public Safety (Arizona DPS) in Phoenix, Arizona. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies (SAA). As shown in Table 1, from fiscal years (FY) 2018 to 2021, these OVC grants totaled \$179,150,705.

Table 1

Audited Grants

Fiscal Years 2018 – 2021

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2018-V2-GX-0012	08/09/2018	10/01/2017	09/30/2021	\$70,800,365
2019-V2-GX-0041	09/13/2019	10/01/2018	09/30/2023	\$48,758,272
2020-V2-GX-0054	09/17/2020	10/01/2019	09/30/2023	\$36,496,512
15POVC-21-GG-00612-ASSI	09/16/2021	10/01/2020	09/30/2024	\$23,095,556
Total:				\$ 179,150,705

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years. For Grant Number 2019-V2-GX-0041, the Arizona DPS received a 12-month project period extension.

Source: JustGrants

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. The OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that the OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

Beginning in FY 2015, Congress significantly raised the cap on CVF disbursements from prior years, which increased funding for victim assistance grants from \$456 million in 2014 to a high of \$3 billion in 2018. Since 2018, the cap has decreased along with deposits into CVF, with the most recent cap set at \$1.9 billion for FY 2023. The OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states' population. As such, the annual VOCA victim assistance grant funds available to the Arizona DPS were highest in FY 2018 at an amount of almost \$71 million and lowest in FY 2021 at an amount of \$23 million.

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

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

The Grantee

As the state administering agency, the Arizona DPS is responsible for administering the VOCA victim assistance program. The mission of the Arizona DPS is to effectively administer VOCA funds by ensuring appropriate and accessible services are available to crime victims, enhancing the delivery of those services through technical assistance, training opportunities, and promoting a continuum of care for every victim in every community.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines and Final Rule (VOCA Guidelines); 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the DOJ Grants Financial Guide as our primary criteria. We also reviewed relevant Arizona DPS policy and procedures and interviewed Arizona DPS personnel and subrecipient personnel to determine how Arizona DPS administered the VOCA funds.

The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology.

Audit Results

Grant Program Planning and Execution

The main purpose of the VOCA victim assistance grants is to support crime victim services. The Arizona DPS, which is the primary recipient of victim assistance grants at the state level in Arizona, must distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. As the SAA, the Arizona DPS has the discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require state administering agencies give priority to victims of sexual assault, domestic abuse, and child abuse. SAAs must also make funding available for previously underserved populations of violent crime victims.² As long as an SAA allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has the discretion in determining the amount of funds each subrecipient receives.

As part of our audit, we assessed the Arizona DPS's overall plan to allocate and award the victim assistance funding. We reviewed how the Arizona DPS planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. We also assessed whether the Arizona DPS met the priority areas funding and subaward reporting requirements. As discussed below, in our overall assessment of grant program planning and execution, the Arizona DPS adequately communicated applicable VOCA requirements to its subrecipients. However, we found that the Arizona DPS did not meet priority allocation percentages required by the VOCA Guidelines.

Subaward Allocation Plan

The OVC's FY 2018, 2019, and 2021 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to utilize the VOCA funding.³ Further, according to VOCA Guidelines and SAA Requirements, SAAs are encouraged to develop a funding strategy, which considers the unmet needs of crime victims and the demographic profile of crime victims.

We found that the Arizona DPS appropriately included a funding plan in its award application for FYs 2018, 2019, and 2021. According to the funding plan, the Arizona DPS collaborates with Arizona state agencies responsible for overseeing other grant programs to perform needs assessments. Specifically, in 2017, the Arizona State Agencies Coordinating Team hosted a series of community conversations throughout the state of Arizona to identify underserved victims of crimes and challenges for victims when assessing

² The VOCA Guidelines state these underserved victims may include, but are not limited to, victims of federal crimes; survivors of homicide victims; or victims of assault, robbery, gang violence, hate and bias crimes, intoxicated drivers, bank robbery, economic exploitation and fraud, and elder abuse. The Guidelines also indicate that in defining underserved victim populations, states should also identify gaps in available services by victims' demographic characteristics.

³ The OVC FY 2020 VOCA Victim Assistance Formula Solicitation does not include this requirement.

services.⁴ The Arizona DPS and other Arizona state program administrators conducted focus groups from July to September 2022 that identified the need for more emphasis on victim rights and emotional support for victims.⁵ Additionally, the Arizona DPS required subrecipients to complete an annual assistance survey designed to identify gaps in services and underserved crime victim populations in Arizona. The funding plan further specifies that the Arizona DPS gathers information collected via these tools and considers the information provided when setting parameters for the subgrant solicitation process. To ensure that service gaps and underserved crime victim populations identified in the needs assessment are met, according to an Arizona DPS official, the Arizona DPS hosts an open solicitation process for 3-year subawards that are funded out of more than one annual VOCA Victim Assistance grant.⁶ The Arizona DPS official stated that this process is more streamlined and allows for more stabilized funding, particularly in rural areas. In addition, the funding plan states that a 3-year funding cycle addresses requests from the victims services field to extend funding cycles for implementing longer-term initiatives.

Overall, we found that the Arizona DPS conducted assessments to identify service gaps and underserved populations. Additionally, during our review of the Arizona Annual State Performance Reports for the Victim Assistance Formula Grant Programs, we found that victimization types, individual classifications, and demographic data collected during the annual crime victim assistance surveys corresponded with underserved population categories and demographics identified in the community conversations report and the focus groups. While Arizona DPS integrated the results of its needs assessments into its funding plan, as discussed in the following sections, we found deficiencies in its execution of that plan.

Subaward Selection Process

To assess how the Arizona DPS granted its subawards, we identified the steps that Arizona DPS took to inform, evaluate, and select subrecipients for VOCA funding. According to an Arizona DPS official, a request for application is posted in the newspaper and the application window is open for 6 to 8 weeks. Prior to completing the application, applicants are required to certify eligibility. Once eligibility is determined and applications are received, each application is typically reviewed by two internal evaluators and one external evaluator.⁷ An Arizona DPS official explained that the internal evaluators are Arizona DPS Grant Coordinators, and the external evaluators are community members or prior service providers who no longer applied for or received VOCA victim assistance funding. The evaluators review and rate the applications in the Arizona DPS grants management system and then meet to discuss their ratings. Arizona state policies require its grantor agencies to review the application submitted compared to program guidance document(s) developed by the grantor agency for that specific program. The reviewers verify that the applicants adhered to the application structure, met basic eligibility requirements, answered all

⁴ The Arizona State Agencies Coordinating Team is comprised of multiple state agencies that collaboratively assess and develop plans to improve crime victim services throughout Arizona. These agencies include the Governor's Office of Youth, Faith, and Family; the Arizona Office of the Attorney General; the Arizona Department of Health Services; the Arizona Department of Economic Security; the Arizona Department of Housing; the Arizona Department of Public Safety; and the Arizona Criminal Justice Commission.

⁵ For the focus groups, the results would not have been available for use in the pre-award process for the subawards covered under the audit scope.

⁶ The FYs 2018–2020 and 2021–2023 subaward cycles covered grants within our audit scope.

⁷ According to an Arizona DPS Grant Coordinator, the most recent subaward cycle (FYs 2021–2023) did not use any external evaluators due to the COVID-19 pandemic.

questions, and provided any required additional documents. After discussing their ratings, the reviewers make any adjustments as needed and develop an aggregate rating. To be approved for a subaward, the applicant must receive an aggregate score of 70 percent or higher on its application submission. Once applications are scored, the Arizona DPS VOCA Administration Unit makes a recommendation to the Arizona DPS Director for approval, denial, or modification. Upon receiving approval, Arizona DPS notifies subaward recipients and completes the subaward process.

As of December 2022, we found that the Arizona DPS made subawards to 106 organizations with 2018 award funds, 93 organizations with 2019 award funds, 81 organizations with 2020 award funds, and 28 organizations with 2021 award funds. Table 2 shows the total number of subrecipients and subawards for each grant as of December 2022.

Table 2

Arizona DPS Subawards as of December 2022

Grant Award Funds	# of Subrecipients	# of Subawards	Funds Awarded
2018-V2-GX-0012	106	209	\$68,711,142
2019-V2-GX-0041	93	128	\$46,499,924
2020-V2-GX-0054	81	119	\$34,297,824
15POVC-21-GG-00612-ASSI	28	37	\$20,682,277
Total:		493	\$170,191,167

Note: Several of the subrecipients and subawards are the same for each grant. Specifically, Arizona DPS awarded 239 subawards to 113 unique subrecipients with the FYs 2018-2021 grants.

Source: Arizona DPS

Subaward Requirements

SAs must adequately communicate VOCA requirements to their subrecipients. We reviewed the Arizona DPS's subaward solicitations and award packages to determine how the grantee communicated its subaward requirements and conveyed to potential applicants the VOCA-specific requirements. We found that the Arizona DPS's subaward documentation included VOCA-specific award limitations, application eligibility requirements, eligible program areas, restrictions on uses of funds, reporting requirements, applicable terms and conditions, and award requirements. In addition, we found that the Arizona DPS communicated applicable VOCA victim assistance grant special conditions within the subaward agreements.

Priority Areas Funding Requirement

The VOCA Guidelines require that SAs award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse,

(3) sexual assault, and (4) previously underserved victims of violent crime.⁸ The VOCA Guidelines give each SAA the latitude for determining the method for identifying “previously underserved” crime victims.⁹

We examined how the Arizona DPS planned to allocate VOCA subawards to assess whether Arizona DPS would fulfill the priority categories for each of its annual VOCA victim assistance grants. As shown in Table 3 below, we found that the Arizona DPS’s planned allocations would not result in Arizona DPS fulfilling the priority area requirements of 10 percent for one or more priority area categories for each award.

Table 3

Percent of Arizona DPS Planned Subaward Allocations by Priority Area

Category	2018	2019	2020	2021
Sexual Assault	9.44	9.52	10.77	8.34
Child Abuse	6.03	9.36	8.06	0.31
Domestic Violence	35.35	31.33	47.44	26.88
Underserved	46.23	44.95	27.18	54.01

Source: Arizona DPS

When reviewing whether priority area allocations were met based on actual subaward expenditures, we found that, for Award Number 2018-V2-GX-0012 (which ended in 2021), the Arizona DPS did not fulfill the priority area allocation percentages required by the VOCA Guidelines. This raises concerns regarding the Arizona DPS’s ability to fulfill the priority area requirements for the remaining awards, particularly because, its planned allocations do not appropriately allocate at least 10 percent to each of the four designated areas, as required.

During the subaward selection process, the Arizona DPS requires its applicants to identify whether they provide services that include assistance to victims within the priority categories of domestic violence, sexual assault, and child abuse. However, during the rating process we previously described, we found that the Arizona DPS does not have procedures to give additional focus to those categories when rating these subaward applications. Further, when the Arizona DPS makes its funding recommendations, it does not consider the priority areas. As a result, it appears that the Arizona DPS does not have adequate procedures to help ensure that it complies with the requirement to award a minimum of 10 percent of the total grant funds to the identified priority areas. Therefore, we recommend the OJP coordinate with the Arizona DPS to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority areas funding requirements.

⁸ The VOCA Guidelines provide an exception to required allocations, but this is pursuant to the SAA submitting a written request to the Director, OVC, that demonstrates a good cause for deviating from required allocation percentages. Arizona DPS did not submit such a request.

⁹ Methods for identifying “previously underserved” victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

Monitoring of Subrecipients

According to the DOJ Grants Financial Guide, as the primary grant recipient, the Arizona DPS must monitor the financial and programmatic activities of its subrecipients to ensure its subrecipients are: (1) using grant funds for authorized purposes; (2) complying with the federal program and grant requirements, laws, and regulations; and (3) achieving subaward performance goals and objectives. To assess the adequacy of the Arizona DPS's subrecipient monitoring activities, we reviewed the Arizona DPS monitoring policies and procedures, obtained records of monitoring activities between the Arizona DPS and its subrecipients, and interviewed both Arizona DPS and subrecipient officials about their monitoring efforts.

As discussed below, in our overall assessment, the Arizona DPS subrecipient monitoring efforts provided only limited assurance that subrecipient costs were in compliance with VOCA Guidelines or that subrecipient performance data reported to OVC was fairly represented. Further, in accordance with the VOCA Guidelines, we found that Arizona DPS should enhance its grant administration policies and procedures to ensure that on-site monitoring visits of all subrecipients are conducted and should perform regular desk monitoring. By enhancing its subrecipient monitoring efforts, the Arizona DPS can ensure that its VOCA victim assistance funding is being used for authorized purposes, in compliance with the Federal statutes, regulations, and the terms and conditions of the subaward, and the subaward performance goals are achieved.

We also found that the Arizona DPS did not have procedures in place to effectively monitor corrective actions taken on VOCA-related audit findings from audits pursuant to the Single Audit Act for all its subrecipients. Finally, we identified discrepancies between the subrecipients and subaward amounts reported on the Subgrant Award Report (SAR) and the subrecipients and subaward amounts reported by the Arizona DPS.

Monthly Subrecipient Reimbursement

The Arizona DPS requires its subrecipients to request reimbursement by submitting a monthly financial report. These reports include summarized expense totals for each budget category, including salaries and fringe benefits, contractual services, mileage, training, capital equipment, other expenses, and any required matching expenses.¹⁰ As of July 2023, we found that the Arizona DPS paid a total of \$151,237,818 to its subrecipients with the VOCA victim assistance program funds in the scope of our audit.

To evaluate the Arizona DPS's financial controls over VOCA victim assistance subgrant expenditures, we reviewed a sample of the Arizona DPS's subrecipient payment transactions. We judgmentally selected 18 monthly financial reports which reported expenditures totaling \$3,966,860 and assessed whether the Arizona DPS properly determined if the expenses were accurate, allowable, and in accordance with the VOCA Guidelines. The transactions we reviewed included costs in the following categories: (1) salaries, (2) fringe benefits, (3) client assistance, (4) contractual services, (5) operating costs, (6) non-capital equipment and furniture, and (7) indirect costs.

Overall, we found that the Arizona DPS's monitoring of the monthly financial reports was not sufficient to ensure that subrecipient expenses were accurate, allowable, and in accordance with the VOCA Guidelines.

¹⁰ Matching expenses are covered in more detail in Matching Requirement section of this report.

Specifically, we found that although the Arizona DPS Grant Coordinators performed reviews of monthly financial reports in accordance with established organizational policies, those policies do not require Arizona DPS Grant Coordinators to review supporting documents for salaries and fringe benefits, non-capital equipment and furniture, and operating costs categories listed on the financial report. Of the direct cost categories reviewed in our sample selection, the Arizona DPS policies only require that subrecipients provide supporting documents for client assistance and a copy of the contracts applicable to contractual service expenses. Furthermore, the Arizona DPS policies require that Grant Coordinators assess subaward spending levels monthly and cumulatively and identify whether there were any over- or underreporting on a particular expense category by comparing the amounts to the subrecipients' budget.

Performance Monitoring

For the victim assistance grants, states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, states must collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the award. Each SAA must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC requires states to submit performance data quarterly through Performance Measurement Tool (PMT). Although states may provide subrecipients with direct access to the system to report quarterly data, states must approve the data entered.

The Arizona DPS submitted annual performance reports to OVC for FYs 2018 through 2022. We discussed with Arizona DPS officials how they compiled annual performance report data from their subrecipients and what steps they take to verify subrecipient activities and validate the reported information. According to Arizona DPS officials, subrecipients are responsible for submitting performance data into PMT. To aid the subrecipients in this effort, the Arizona DPS developed policy to assist subrecipients in the basic use of PMT, as well as identifying report due dates and what information is to be reported. The Arizona DPS Grant Coordinators are responsible for reviewing and approving this data and ensuring the numbers appear reasonable based on the Grant Coordinator's experience and familiarity with the project and services provided by the subrecipient. The Arizona DPS Grant Coordinators review of PMT data is primarily focused on:

- Comparing the PMT quarterly data with information reported in the Arizona DPS grants management system quarterly reports in order to identify significant variances in the data reported;
- Reviewing the services reported in PMT to ensure those receiving services and the services being provided are in line with grant objectives; and
- Performing a review of the PMT data for commonly reported errors or obvious mistakes and ensuring that each is rectified prior to report submission to the OVC.

According to Arizona DPS officials, Grant Coordinators generally do not review victim files or any supporting documentation to verify subrecipient activities or validate reported performance data in PMT. As a result, Arizona DPS's controls over subrecipient reporting procedures provide limited assurance that the subrecipient performance data recorded in PMT—or the combined data for the statewide performance reports as a whole—fairly represented the performance of its program as reported to the OVC.

Desk and On-Site Monitoring of Subrecipients

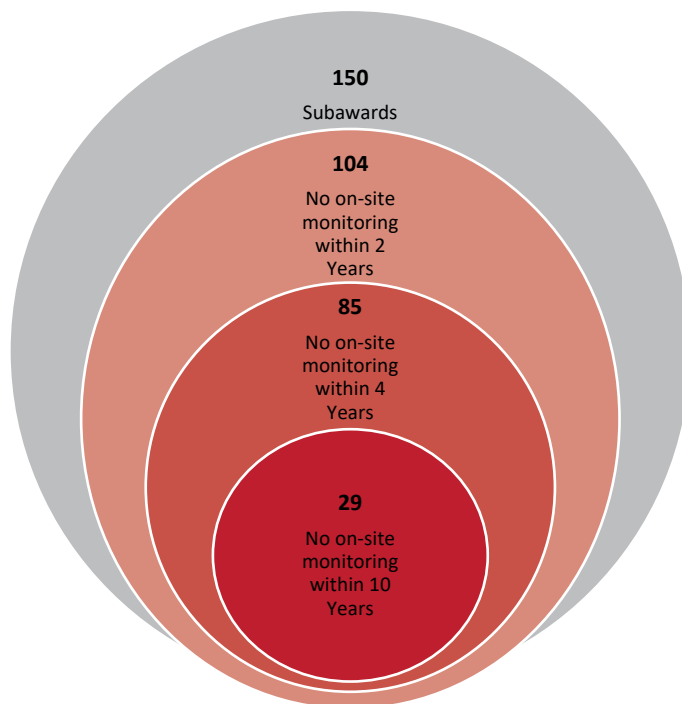
The VOCA Guidelines require that states conduct regular desk monitoring of all subrecipients. We asked the Arizona DPS officials about the desk monitoring efforts implemented to ensure VOCA funds awarded are being used for authorized purposes and subrecipients are complying with the VOCA Guidelines, federal regulations, and the terms and conditions of their awards. Arizona DPS officials do not provide desk monitoring or other type of periodic checks to verify subrecipient activities, to validate reported information, or to assess the overall status of project implementation was regularly conducted. As discussed previously in the Monthly Subrecipient Reimbursement and Performance Monitoring sections of this report, Arizona DPS Grant Coordinators remote monitoring efforts are generally limited to a cursory review of spending levels reported in the monthly financial reports and identifying common reporting errors on quarterly performance reports.

Although we recognize the benefits from the current activities performed by the Grant Coordinators, which may reduce the risk that financial or programmatic data contained certain types of errors, these activities do not provide Arizona DPS reasonable assurance that the subrecipient has administered its subaward in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved.

The VOCA Guidelines also require the States to conduct on-site monitoring of all subrecipients at least once every 2 years during the award period, unless a different frequency based on a risk assessment is set out in the monitoring plan. According to an Arizona DPS official, the Arizona DPS assigns each subaward a Grant Coordinator who is tasked with maintaining communication with the subrecipient and ensuring consistent monitoring of the progress of the project. After making the subaward, the Arizona DPS Grant Coordinators perform an immediate on-site introductory visit for all new subrecipients, with a focus on providing training on Arizona DPS guidelines and the federal conditions contained in the

Figure 1

Subawards That Had Not Received On-Site Monitoring by the Arizona DPS



Source: The Arizona DPS

subaward agreement.¹¹ According to its policies, Arizona DPS Grant Coordinators also conduct in-depth on-site monitoring visits of select subrecipients based on a risk assessment that evaluates factors such as project award amount, last on-site monitoring visit, timeliness of reporting, and single audit findings.

Based on our review, we found Arizona DPS's on-site monitoring practices included a review of the subrecipient's chart of accounts, general ledger, victim files, timesheets and payroll, as well as a review of the single audit, if required. In addition, the Arizona DPS Grant Coordinators interview subrecipient staff, verified a sample of expenses and match transactions, and program performance data. Because, as previously noted in the Monthly Subrecipient Reimbursement and Performance Monitoring sections of this report, Arizona DPS grant personnel do not otherwise review supporting documentation related to subgrant financial transactions or performance, these on-site monitoring visits appear to be the primary tool used by Arizona DPS to evaluate whether a subrecipient's costs were in compliance with VOCA Guidelines and that subrecipient performance data reported to OVC was fairly represented.

Arizona DPS officials established a goal to complete on-site monitoring visits for the top 25 percent of subawards it deemed higher risk. As a result, of the 150 subawards made between FY 2021 and FY 2023, the Arizona DPS selected 38 subrecipients for an on-site monitoring visit during the 3-year subaward period.¹² As of September 2023, the Arizona DPS Grant Coordinators performed on-site monitoring visits for 29 of the 38 subrecipients selected.

While we generally found that the procedures used for its on-site monitoring visits appeared adequate to evaluate a subrecipient's costs were in compliance with VOCA Guidelines and that subrecipient performance data reported to OVC was fairly represented for the subrecipients Arizona DPS reviewed, we also found that the risk-based approach used by the Arizona DPS to develop its on-site monitoring plan was not fully aligned with the intent of the VOCA Guidelines and should be improved. As shown in Figure 1, we found that numerous Arizona DPS subgrants had not received an on-site monitoring visit in a significant period of time. Specifically, 85 subawards had not received an on-site monitoring visit in the last 4 years, and of those 29 subawards had not been reviewed within the last 10 years. Although the Arizona DPS used a risk assessment process to determine and plan its on-site monitoring, the process was inadequate because it resulted in many subawards not being reviewed within the frequency required by VOCA Guidelines. Moreover, because the Arizona DPS was only reviewing supporting documentation of subaward expenditures and program performance during its on-site monitoring events, the Arizona DPS's risk assessment did not account for the adequacy of subrecipients' financial or programmatic reporting. Therefore, we recommend that OJP coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-

¹¹ According to Arizona DPS, for each new subrecipient, Arizona DPS Grant Coordinators are required to conduct an immediate on-site introductory visit designed to provide basic training on Arizona DPS guidelines and the federal conditions contained in the subaward agreement. The initial on-site introductory visit generally takes place prior to any financial or programmatic activity occurring under the subaward; therefore, these visits do not include the same monitoring procedures as those described for on-site monitoring.

¹² The 150 subawards is the number of awards made during Arizona DPS's FY 2021-2023 grant period cycle. Some subrecipients were awarded more than one subaward, which happens when the subrecipient applies for funding for different services.

site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years.

Monitoring of Single Audit Requirements

Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a single audit performed annually covering all federal funds expended that year.

According to the DOJ Grants Financial Guide, primary recipients are required to ensure subrecipients have single audits completed when required and, as appropriate, corrective actions on related audit findings have been implemented. Furthermore, according to the Uniform Guidance, the agency or pass-through entity responsible for oversight is required to issue a management decision on audit findings within 6 months after receipt of the single audit report by the Federal Audit Clearinghouse and ensure that the subrecipient takes appropriate and timely corrective action. However, we found that the Arizona DPS relies on its subrecipients to self-report any findings, questioned costs, or material weaknesses identified that effect the VOCA subrecipient grants. In addition, only during the on-site monitoring do the Arizona DPS Grant Coordinators verify whether a subrecipient's single audit findings, questioned costs, or material weaknesses effects the VOCA subrecipient grant and if appropriate and timely corrective actions have taken place. Arizona DPS officials stated that their understanding is that if there is an audit finding related to a VOCA subaward, the subrecipient or auditor would be required to notify the Arizona DPS and technical assistance would be sought and provided to assist in remedying the finding and any questioned cost.

We found that the Arizona DPS's reliance on the subrecipients to notify them of single audit results was not sufficient to ensure deficiencies identified have been addressed. Appropriate monitoring of subrecipient single audit reports would help ensure proper safeguarding of VOCA funding and ensure compliance with the Uniform Guidance. Therefore, we recommend that OJP require the Arizona DPS to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

Subaward Reporting

States must submit a Subgrant Award Report (SAR) to the OVC via OJP's PMT for each subrecipient of the VOCA victim assistance funds within 90 days of awarding funds to subrecipients. Any changes or revisions to the awards that occur before the end of the project period must be made in the SAR within 30 days of the change taking effect. The SAR allows the OVC to collect basic information from states on subrecipients and the program activities to be implemented with VOCA funds. In comparing the SARs to award amounts reported by the Arizona DPS as of December 2022, we found discrepancies between those subrecipients identified as subaward recipients for Award Numbers 2020-V2-GX-0054 and 15POVC-21-GG-00612-ASSI. Additionally, we found differences in award amounts for all four grants within our audit scope. Specifically, we found that subrecipient award amounts reported on the SARs exceeded award amounts reported by the Arizona DPS by \$676,306. While the AZ DPS stated that it does review the SARs to verify changes to subaward amounts, the Arizona DPS indicated that these reviews primarily take place at the end of the year, thereby increasing the risk that the Arizona DPS will not meet the requirement to ensure that the SARs are

updated within 30 days to reflect all changes to subaward amounts. Therefore, we recommend OJP coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure its SAR data is complete and accurate.

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 Arizona DPS's financial management of the VOCA grants, we reviewed the process the Arizona DPS used to administer these funds by examining expenditures charged to the grants, drawdown requests, match contributions, and financial reports. To further evaluate Arizona DPS's financial management of the VOCA grants, we also reviewed the state of Arizona's single audit reports for FYs 2018 through 2021 and did not identify any significant deficiencies or material weaknesses related to the Arizona DPS. We also interviewed Arizona DPS personnel who were responsible for financial aspects of the grants, reviewed the Arizona DPS'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 Arizona DPS complied with the 5-percent limit on administrative expenditures but could improve its process to notify OJP of administrative expenditures to be used for training, and develop procedures related to Federal Financial Reports (FFR) and matching requirements.

Administrative Expenditures

SAA victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients—which constitute the vast majority of total expenses, and (2) administrative expenses—which are allowed to total up to 5 percent of each award to pay for administering its crime victim assistance program and for training. According to the VOCA Final Rule, such costs must derive from efforts to expand, enhance, or improve how the agency administers the state crime victim assistance program and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state. While federal grant-funded administrative costs generally must relate to a specific program, for VOCA assistance awards, the VOCA Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.¹³

For the victim assistance grant program, we tested the Arizona DPS's compliance with the 5-percent limit on the administrative category of expenses, as shown in Table 4.

¹³ OVC officials have indicated that the definition of a state's "victim assistance program" may include both VOCA and non-VOCA activities supported by the state administering agency, as long as the activities relate to victim assistance.

Table 4

Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2018-V2-GX-0012	\$70,800,365	\$2,089,027	2.95%
2019-V2-GX-0041	\$48,758,272	\$2,055,031	4.21%
2020-V2-GX-0054	\$36,496,512	\$55,594	0.15%
15POVC-21-GG-00612-ASSI	\$23,095,556	\$0	0%

Source: OJP OVC and Arizona DPS

We compared the total administrative expenditures charged to the grants against the total award amounts and determined that the state complied with the 5-percent limit for Grant Number 2018-V2-GX-0012 and is positioned to comply with these limits for Grant Numbers 2019-V2-GX-0041, 2020-V2-GX-0054, and 15POVC-21-GG-00612-ASSI.

In addition to testing the Arizona DPS’s compliance with the 5-percent administrative allowance, we also tested a sample of these administrative transactions. We judgmentally selected 27 transactions totaling \$246,637 from the Arizona DPS grants management system records, including personnel costs, professional and outside services, travel, rent, capital and non-capital equipment, and operating costs. We found the Arizona DPS administrative costs charged to the VOCA grants were allowable, reasonable, and properly supported. In addition, we determined that administrative costs allocated to the VOCA grants were based on a reasonable allocation methodology and that the Arizona DPS was not using VOCA funds to pay for a disproportionate share of non-victim related expenses.

While we did not take issue with the support provided or allowability of transactions reviewed, we found that in its grant applications, the Arizona DPS stated that it did not anticipate utilizing any portion of the 5 percent in administrative expenses for training purposes. The VOCA Guidelines state that an SAA shall notify the OVC of its decision to use VOCA funds for training or administration, either at the time of application for the VOCA grant or within 30 days of such decision, and that such notification shall indicate what portion of the amount will be allocated for training and what portion for administration. During our review of administrative expenses, we identified four operating cost transactions for expenditures associated with conducting training academies. We asked Arizona DPS officials whether they notified the OVC of its decision to utilize VOCA funds for these training academies. Arizona DPS officials informed us that they did not due to an oversight. Therefore, we recommend OJP coordinate with the Arizona DPS to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes.

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 Arizona DPS managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the Arizona DPS' accounting system and accompanying financial records.

For the VOCA victim assistance awards, an Arizona DPS official explained that the Arizona DPS VOCA Administration Unit submits a drawdown request to the Arizona DPS Financial Services Unit after the monthly reports are approved. Once the Arizona DPS Financial Services Unit has received a wire transfer from the U.S. Treasury, it will complete the deposit into the revenue account and process payment claims for subrecipient reimbursement. Table 5 shows the total amount drawn down for each grant as of October 2, 2023.

Table 5

Amount Drawn Down for Each Grant as of October 2, 2023

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2018-V2-GX-0012	\$70,800,365	09/30/2021	\$70,800,365	\$0
2019-V2-GX-0041	\$48,758,272	09/30/2023	\$48,099,957	\$658,315
2020-V2-GX-0054	\$36,496,512	09/30/2023	\$27,591,553	\$8,904,959
15POVC-21-GG-00612-ASSI	\$23,095,556	09/30/2024	\$18,490,541	\$4,605,015
Total:	\$179,150,705		\$164,982,416	\$14,168,289

Source: JustGrants

During this audit, we did not identify significant deficiencies related to the Arizona DPS's process for developing drawdown requests. However, we found that Arizona DPS had numerous instances where it did not reimburse subrecipients within 10 days of the drawdown dates. This occurred because during its payment process, the Arizona DPS delayed transferring funds to other state agencies, such as the Arizona Department of Child Safety resulting in the process taking between 9 and 14 days to complete. During our site visit with the Arizona DPS, we discussed our concern regarding the 10-day requirement. As a result, the Arizona DPS modified its VOCA Deposits and Claims procedures to specify performing processes as soon as possible and the necessary communication between the Arizona DPS VOCA Administration Unit and Financial Services. While our analysis still identified instances where the Arizona DPS was not expending funds within 10 days of the drawdown dates, we found that Arizona made significant improvements and the number of instances and days beyond 10 were reduced. Therefore, we do not consider it necessary to make a recommendation.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures, program income, and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. According to an Arizona DPS official, Arizona DPS completes its financial reports

using expenditure information reported in the Arizona DPS grants management system rather than using the official accounting records. To determine whether the Arizona DPS submitted accurate FFRs, we compared a total of 19 FFRs to the Arizona DPS grants management system reports of the four audited grants.

We determined that none of the FFRs matched the Arizona DPS grants management system reports for the different reporting periods. The FFR differences ranged from \$1,535,632 in underreporting and \$5,446,898 in overreporting. Further, for Grant Number 2018-V2-GX-0012 (which has ended), the FFR cumulative expenditure amounts were overreported by \$3,595,813, although the Arizona DPS grants management system reports showed that all remaining expenditures for this grant were recorded by November 23, 2021. For the remaining three of the four grants, the cumulative report amounts on the FFR matched the Arizona DPS grants management system report as of March 31, 2023. Table 6 shows the FFR cumulative amounts and differences.

Table 6

Cumulative Differences between FFRs and the Arizona DPS Grants Management System

Award Number	Reports Reviewed	Cumulative Expenditures per Last FFR	Cumulative Expenditures per Grants Management System Records	FFR Difference Over/(under) Grants Management System Records
2018-V2-GX-0012	4	\$70,800,365	\$67,204,552	\$3,595,813
2019-V2-GX-0041	6	\$46,051,045	\$46,051,045	\$0
2020-V2-GX-0054	6	\$16,078,888	\$16,078,888	\$0
15POVC-21-GG-00612-ASSI	3	\$10,341,420	\$10,341,420	\$0
Total:	19	\$143,271,718	\$139,675,905	\$3,595,813

Source: JustGrants

We found that the State of Arizona Accounting Manual and the Arizona Grant Management Manual did not provide detail regarding how to complete and submit the quarterly FFRs and did not specify that reported expenditures be based on accounting records. While the cumulative amounts reported in the Arizona DPS grants management system did match (or eventually matched) the cumulative expenditures reported in the FFRs, we found that the Arizona DPS grants management system reports could not be reconciled to quarterly FFR amounts. Further, we believe that the Arizona DPS’s use of the Arizona DPS grants management system data and the lack of formal policies contribute to the inaccurate FFR reports. Therefore, we recommend that OJP coordinate with the Arizona DPS to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of the project cost. Match contributions must come from non-federal sources and can be either cash or an in-kind match.¹⁴ The SAA has primary responsibility for ensuring subrecipient compliance with the match requirements.

According to an Arizona DPS official, subaward applicants are informed of match requirements and waivers as part of the application and program guideline materials. Arizona grants management policies state that during the application process, subrecipients are required to prepare budget forms in the Arizona DPS grants management system and identify match amounts for each budget category. After amounts are identified, the Arizona DPS grants management system automatically populates all budget line items identified as match in a match form. Subrecipients can also request match waivers in the match form. If the total reported match amounts do not equal the match requirement, the Arizona DPS grants management system will not allow for the form to be submitted until the requirement is met. Upon becoming a subrecipient, agencies must submit monthly financial reports which include entering all match expenditures, by budget category, for the report period. According to Arizona grants management policies, if an award requires match or cost-sharing, grant officials must ensure subrecipient matching funds or cost sharing are being properly tracked and reported. Additionally, during their review of monthly financial reports, the Arizona DPS Grant Coordinators are also required to compare the rate of match expenditures against VOCA expenditures and ensure that subrecipients with partial match waivers are reporting their cash and in-kind match commitments at the appropriate expenditure rate. As of July 2023, match expenditures for the four audited grants totaled \$36,609,515.

On September 20, 2021, the OVC issued an Updated Match Waiver Approval Process bulletin. It stated, "Beginning on the date a national emergency is declared under the National Emergencies Act (50 U.S.C. § 1601 et seq.) with respect to a pandemic and ending on the date that is one year after the date of the end of such national emergency, SAAs shall issue waivers for any matching requirement, in its entirety, for all eligible crime victim assistance programs contracted to provide services at that time."¹⁵ The Arizona DPS notified subrecipients that states would have the ability to waive the local match for VOCA assistance grants for the duration of the pandemic. Although several of the Arizona DPS subrecipients opted to continue match contributions for the 2018, 2019, 2020, and 2021 grants, we found that the Arizona DPS did not properly follow OVC guidance related to the updated match waiver approval policy. According to an Arizona DPS official, the Arizona DPS still required match unless a waiver was requested. While the OVC bulletin, does state that the SAAs should generally encourage subrecipients to meet match requirements, it also specifies that SAAs shall issue waivers for any matching requirement, in its entirety, for all eligible crime victim assistance programs contracted to provide services at that time. Therefore, we recommend that OJP coordinate with the Arizona DPS to ensure that it updates match waiver policies to incorporate match waivers resulting from national emergencies.

We selected a sample of 18 subrecipient match amounts, totaling \$1,096,843, listed on subrecipient monthly financial reports. With the exception of match amounts that were waived and supported by match waivers, the Arizona DPS did not review supporting documentation of match amounts. During our review of the

¹⁴ In-kind match contributions may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

¹⁵ 34 U.S.C. § 20103(a)(8).

Arizona DPS Grant Coordinator policies, we found that the Arizona DPS does not require supporting documents for match expenditures. As a result, we were unable to verify through testing that Arizona DPS's analysis complies with state policies to ensure subrecipient matching funds or cost sharing are being properly tracked and reported. Therefore, we found that the Arizona DPS's analysis of its monthly financial reports is not sufficient on its own for concluding that match amounts are accurate and compliant with match requirements. As previously discussed in the [Monitoring of Subrecipients](#) section of this report, we found that not all subrecipients had received on-site monitoring as required by the VOCA Guidelines. Further, the Arizona DPS has not been conducting any desk reviews. By not conducting timely on-site monitoring visits or periodic desk reviews for these subrecipients as required by the VOCA Guidelines, the Arizona DPS has limited assurance that subrecipient matching costs are accurate, allowable, and in accordance with VOCA guidelines. We previously made recommendations related to Arizona DPS monitoring, therefore, we are not making a recommendation in this area.

Conclusion and Recommendations

Our audit concluded that the Arizona DPS used its 2018 through 2021 grants to distribute funds to organizations that provided direct services to crime victims within Arizona. We also found that the Arizona DPS implemented adequate processes for communicating grant award requirements to subrecipients. However, we determined that the Arizona DPS did not comply with priority area funding requirements, did not perform on-site monitoring of all subrecipients, and did not provide any type of desk monitoring or periodic checks to verify its subrecipients' activities. Further, we found that the Arizona DPS does not take proper action to ensure subrecipient single audit findings were resolved and found discrepancies between its grant management system and the SAR. Finally, we found that the Arizona DPS did not notify OJP of administrative expenditures to be used for training, and lacks procedures related to FFRs and matching requirements. In total, we provide seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with the Arizona DPS to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements.
2. Coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years.
3. Require the Arizona DPS to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.
4. Coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure its SAR data is complete and accurate.
5. Coordinate with the Arizona DPS to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes.
6. Coordinate with the Arizona DPS to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records.
7. Coordinate with the Arizona DPS to ensure that it updates match waiver policies to incorporate match waivers resulting from national emergencies.

APPENDIX 1: Objective, Scope, and Methodology

Objective

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

Scope and Methodology

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

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2018-VC-GX-0012, 2019-V2-GX-0041, 2020-V2-GX-0054, and 2021-15POVC-21-GG-00612-ASSI from the Crime Victims Fund awarded to the Arizona DPS. The Office of Justice Programs (OJP), Office for Victims of Crime awarded these grants totaling \$179,150,705 to the Arizona DPS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 2017 through September 2023. As of October 2023, the Arizona DPS had drawn down a total of \$164,982,416 from the four audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the Arizona DPS's activities related to the audited grants, which included conducting interviews with state of Arizona financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for subrecipient monitoring, and financial, matching and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines; the DOJ Grants Financial Guides; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from DOJ's JustGrants System and OJP's Performance Measurement Tool, as well as the Arizona DPS 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 Arizona DPS to provide assurance on its internal control

structure as a whole. The Arizona DPS 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 Arizona DPS's internal control structure as a whole, we offer this statement solely for the information and use of the Arizona DPS and OJP.¹⁶

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 Arizona DPS 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. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

¹⁶ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: The Arizona Department of Public Safety Response to the Draft Audit Report



KATIE HOBBS
Governor

JEFFREY GLOVER
Director

ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-2000

"Courteous Vigilance"

January 24, 2024

Ms. Kimberly L. Rice
Regional Audit Manager
Denver Regional Audit Office
US Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Ms. Rice:

The Arizona Department of Public Safety (AZDPS) appreciates the opportunity to provide a written response to the Draft Audit Report of the Office of Justice Programs Victim Assistance Grants awarded to AZDPS. This letter serves as our official response to the seven recommendations made by the Office of the Inspector General to the Office of Justice Programs (OJP), dated January 3, 2024.

Recommendation 1: Coordinate with the Arizona Department of Public Safety to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements.

Response: AZDPS agrees with the recommendation to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements. AZDPS is providing updated procedures relevant to its subgrant awarding process and the requirement to allocate a minimum of ten percent of each year's VOCA grant to the priority categories of victims (Attachment A).

Recommendation 2: Coordinate with the Arizona Department of Public Safety to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards are conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last two years.

Response: AZDPS respectfully disagrees with the recommendation to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards are conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last two years.

The Victims of Crime Act Victim Assistance Program Final Rule includes language that makes it very clear that State Administering Agencies (SAA) can determine an alternative monitoring plan. It states, “The rule, consistent with 2 CFR 200.331(b), (d) and (e), continues to permit SAAs to develop and implement alternative monitoring plans (e.g., quarterly reports and desk audits instead or in addition to site visits), and further clarifies that SAAs may also implement alternative monitoring timeframes as well. OVC believes that biennial on-site monitoring is a reasonable timeframe that balances resource demands with effective oversight, but SAAs may propose alternative plans. OVC recognizes that certain sub-recipients may have a long-established history of appropriately administering a sub-award and may, therefore, require less intensive scrutiny than a relatively new sub-recipient or an established sub-recipient providing new services.”

Risk: To determine the level of risk associated with monitoring, AZDPS conducts an assessment that considers subrecipient criteria such as past performance, prior site visit results, compliance with reporting, external audit results, and subrecipient administration and implementation factors such as project modifications, technical assistance requests, staff turnover, and responsiveness. AZDPS then conducts full financial and programmatic site monitoring of the top 25% of subawards rated higher risk, and then conducts monitoring visits on other subawards selected from the remaining 75%. AZDPS has provided a thorough description of its alternative monitoring plan within the applications to the Office for Victims of Crime for each federal award included in this monitoring.

Desk Monitoring: In support of desk monitoring, AZDPS requires subrecipients to provide documentation for VOCA and Match expenditures before and during the project period. Documentation includes subgrant employee tracking sheets, contractual agreements, travel policies, transitional housing assistance policies and procedures, relocation assistance policies and procedures, negotiated indirect cost rate agreements, training, and related travel approval requests, emergency financial/client assistance policies and expenditures source documentation, and capital equipment purchasing policies and expenditure source documentation. Throughout the project period, this information is then compared to the detailed budget information in the subrecipient’s application and subsequent subgrant award agreement. Subrecipients must submit an agreement amendment request and receive AZDPS approval in order to make any modifications or changes to the line items included in the detailed budget.

Financial Report reviews are also conducted on a monthly basis in support of desk monitoring to analyze and verify VOCA and Match expenditures and individual cost category spending levels, VOCA and Match rate variances, negotiated indirect cost rate application, verification of training expenses related to approved training requests, and any required source documentation for emergency financial /client assistance and capital equipment purchases. Program Report reviews are also conducted quarterly to analyze prorating of crime victim and service data, volunteer

activity, state level performance measure data related to project goals and activities, and OVC PMT reported data in relation to the scope of the project.

During site visits, general ledgers are requested, and test samples are pulled in support of VOCA and match expenditures. Program report supporting data is also requested and reviewed for data reporting verification, and staff interviews and victim file reviews are conducted.

Additionally, at the invitation of the National Criminal Justice Association (NCJA) and the National Association of VOCA Assistance Administrators (NAVAA), and at the request of state administering agencies, AZDPS co-presented and served as a subject matter expert panelist on the best practices of writing monitoring plans at the August 2023 National Joint Training Conference for VOCA Victim Assistance and Crime Victim Compensation Administrators. Also, at the invitation of Booz Allen Hamilton, AZDPS served as part of the Office for Victims of Crime's State Administering Agency Support Team, introducing best practices and providing technical assistance to other state administering agencies on the topic of maximizing capacity and minimizing barriers to streamline and simplify the fiscal reimbursement process.

It is due to these practices that AZDPS is compliant with the desk and on-site monitoring requirements of the VOCA Rule.

Recommendation 3: Require the Arizona Department of Public Safety to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities to issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

Response: AZDPS agrees with the recommendation to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities to issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

AZDPS has already begun to obtain single audit reports issued in the prior 24 months from the Federal Audit Clearinghouse for subrecipient agencies that have not received on-site monitoring visits within that time frame. Reports are being reviewed for findings relative to VOCA Victim Assistance awards, and appropriate inquiries and follow-up are being conducted with subrecipient agencies. Additionally, AZDPS is providing updated procedures relevant to the review of single audit reports and the issuance of management decisions (Attachment B).

Recommendation 4: Coordinate with the Arizona Department of Public Safety to enhance its grant administration policies and procedures to ensure its SAR data is complete and accurate.

Response: AZDPS agrees with the recommendation to enhance its grant administration policies and procedures to ensure its SAR data is complete and accurate. AZDPS is providing updated procedures relevant to creating, completing, and updating subgrant award reports (Attachment C).

Recommendation 5: Coordinate with the Arizona Department of Public Safety to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes.

Response: AZDPS agrees with the recommendation to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes. AZDPS is providing an updated policy reflecting the procedures for notifying OVC if it plans to use a portion of administrative funds for training purposes (Attachment D).

Recommendation 6: Coordinate with the Arizona Department of Public Safety to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records.

Response: AZDPS partially agrees with the recommendation to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records.

During the OIG monitoring, AZDPS provided documentation in support of federal financial reports and offered a demonstration of the reconciliation and reporting process. AZDPS could have provided additional supplemental reports that would have supported this inquiry. AZDPS asked for an example of the inconsistencies found by OIG, and an Excel workbook was provided. The Excel workbook provided by OIG has been further sorted and enhanced to clarify the data utilized for federal financial report compilation. AZDPS is providing the enhanced Excel workbook in support of its response (Attachment E). AZDPS reconciles its grants management system (SAGE) with the state accounting system (AFIS/AZ360) monthly and quarterly to ensure appropriate federal financial reporting. AZDPS will enhance report details utilized in future reconciliation processes and will retain this information in a more easily identifiable manner for future federal financial reporting.

Recommendation 7: Coordinate with the Arizona Department of Public Safety to ensure that it updates match waiver policies to incorporate match waivers resulting from national emergencies.

Response: AZDPS agrees with the recommendation to update its match waiver policies to incorporate match waivers resulting from national emergencies. AZDPS is providing an updated policy reflecting the inclusion of match waivers resulting from national emergencies (Attachment F).

Ms. Kimberly L. Rice
Page 5 of 5
January 24, 2024

AZDPS appreciates the opportunity to respond to the Draft Audit Report. Several of the responses contain attachments. AZDPS considers each of the attachments to contain sensitive information and requests the attachments not be released publicly. Should you have any questions related to this response or require additional information, please contact Kate McClary, VOCA Program Administrator, at (480) 818-8908 or KMcClary@azdps.gov.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Glover".

Jeffrey Glover, Colonel
Director

APPENDIX 3: 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

February 8, 2024

MEMORANDUM TO: Kimberly L. Rice
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley *Jeffery A Haley*
Acting Director

SUBJECT: Response to the Draft Report, *Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Arizona Department of Public Safety, Phoenix, Arizona*

This memorandum is in reference to your correspondence, dated January 3, 2024, transmitting the above-referenced draft audit report for the Arizona Department of Public Safety (Arizona DPS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and no 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 coordinate with the Arizona DPS to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements.**

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS provided a copy of its enhanced subgrant awarding policies and procedures, to ensure compliance with the victim assistance priority area funding requirements. However, although the Arizona DPS provided a copy of its signed policies and procedures, we do not believe they are adequate to close this recommendation, as the Arizona DPS did not describe: how it will identify those priority area categories when rating subaward applications; its process for handling cases where priority areas are not met; or how it will document monitoring of the spending levels of subawards during the project period.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its revised written subgrant awarding policies and procedures, developed and implemented, to ensure compliance with the victim assistance priority area funding requirements.

2. **We recommend that OJP coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years.**

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS stated that it disagreed with this recommendation. The Arizona DPS indicated that the Victims of Crime Act (VOCA) Victim Program Final Rule includes language, which specifies that the State Administering Agencies (SAAs) can determine alternate monitoring plans, and that a thorough description of its alternative monitoring plan is provided to OJP's Office for Victims of Crime (OVC) for each Federal award included in its monitoring. The Arizona DPS also stated that it conducts risk assessments, desk monitoring, monthly financial reviews, and quarterly program report reviews.

While the Arizona DPS described its alternate monitoring processes, it did not include on-site monitoring, which is also one of the tools SAAs use to monitor VOCA funds provided to its subrecipients. In addition, the VOCA Guidelines require the SAAs to conduct on-site monitoring of all subrecipients at least once every two years during the award period, unless a different frequency, based on a risk assessment, is set out in the monitoring plan. The OIG found that the Arizona DPS had not established a frequency to visit all subrecipients, and had not conducted on-site monitoring of some subrecipients in the last 10 years.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its enhanced grant administration policies and procedures, developed and implemented, to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients, in accordance with the VOCA Guidelines; and evidence that it has established a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last two years.

3. **We recommend that OJP require the Arizona DPS to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.**

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS provided a copy of its policies and procedures, in compliance with the Uniform Guidance requirement that pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings. However, although the Arizona DPS provided a copy of its signed policies and procedures, we do not believe they are adequate to close this recommendation, as the procedures do not describe the process for dealing with situations where subrecipients

encounter delays in submitting their single audit report to the Federal Audit Clearinghouse (FAC). In addition, the procedures state that the Arizona DPS “may” request or require the subrecipient to provide additional/source documentation to address the findings, rather than requiring such documentation to ensure that any findings have been appropriately addressed. Further, the procedures do not specify whether this process will be incorporated in its monitoring procedures, either via desk review or on-site monitoring of subrecipients.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure compliance with the Uniform Guidance, which requires pass-through entities to issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

4. We recommend that OJP coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure its SAR data is complete and accurate.

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS provided a copy of its enhanced grant administration policies and procedures, which it stated ensure that its Subgrant Award Report (SAR) data is complete and accurate. However, although the Arizona DPS provided a copy of its signed policies and procedures, they are not adequate to close this recommendation. Specifically, the procedures did not include a provision requiring a secondary level of review by Arizona DPS staff in each step of the process, or describe a process for the retention of records once the SAR data is reported to OVC.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its enhanced grant administration policies and procedures, developed and implemented, to ensure that its SAR data is complete and accurate, and the supporting documentation is maintained for future auditing purposes.

5. We recommend that OJP coordinate with the Arizona DPS to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes.

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS provided a copy of its policies and procedures to ensure compliance with the VOCA Guidelines, including a process for notifying OVC if it plans to use a portion of its VOCA administrative funds for training purposes. However, although the Arizona DPS provided a copy of its signed policies and procedures, the procedures did not describe a process for the retention of records, once it notifies OVC of its intended use of the five percent for administrative or training purposes.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure compliance with the VOCA Guidelines, including a requirement to notify OVC of its plans to use a portion of administrative funds for training purposes, and the supporting documentation is maintained for future auditing purposes.

6. We recommend that OJP coordinate with the Arizona DPS to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records.

OJP agrees with this recommendation. In its response, dated January 24, 2024, the Arizona DPS stated that it had provided documentation in support of its Federal Financial Reports (FFR), and offered a demonstration of its reconciliation and reporting process.

Further, the Arizona DPS stated that it reconciles its grants management system (SAGE) with the state accounting system (AFIS/AZ360), on a monthly and quarterly basis, to ensure appropriate Federal financial reporting. Moreover, the Arizona DPS stated that it would enhance report details utilized in future reconciliation processes, and would retain this information in a more easily identifiable manner for future auditing purposes.

Additionally, the Arizona DPS provided an Excel spreadsheet with a reconciliation for Grant Number 2019-V2-GX-0041, but the OIG did not find any differences for this award. However, the Arizona DPS did not provide a reconciliation for another award (Grant Number 2018-V2-GX-0012), where inaccurate FFRs were submitted. Per the OIG, the reporting discrepancies were due, in part, to the lack of formal policies and procedures.

Accordingly, we will coordinate with the Arizona DPS to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure that: FFRs are accurately prepared, prior to submission, and are reconciled to its accounting records; and the supporting documentation is maintained for future auditing purposes.

7. We recommend that OJP coordinate with the Arizona DPS to ensure that it updates [its] match waiver policies to incorporate match waivers resulting from national emergencies.

OJP agrees with this recommendation. In its response, dated January 24, 2024, Arizona DPS provided a copy of its updated match waiver policies and procedures, which it stated incorporated match waivers resulting from national emergencies. However, although the Arizona DPS provided a copy of its signed policies and procedures, they did not submit their match waiver policy to OVC, for review and approval, as required.

Accordingly, we will coordinate with Arizona DPS to obtain a copy of its updated match waiver policies and procedures, developed and implemented, incorporating match waivers resulting from national emergencies.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, Audit and Review Division, of my staff, on (202) 514-7270.

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APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the Arizona Department of Public Safety (DPS). OJP's response is incorporated in Appendix 3 and the Arizona DPS response is incorporated in Appendix 2 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 Arizona DPS agreed with five recommendations, disagreed with one recommendation, and partially agreed with one recommendation. The following provides the OIG analysis of the response and summary of actions necessary to resolve the report.

Recommendations for OJP:

- 1. Coordinate with the Arizona DPS to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Arizona DPS provided a copy of its enhanced subgrant awarding policies and procedures. However, OJP stated that these policies and procedures were not adequate to close the recommendation. OJP stated that the policies and procedures did not describe how the Arizona DPS would identify those priority area categories when rating subaward applications, the Arizona DPS's process for handling cases where priority areas are not met, and how the Arizona DPS would document monitoring of the spending levels of subawards during the project period.

The Arizona DPS agreed with our recommendation to enhance its subgrant awarding policies and procedures to ensure compliance with victim assistance priority area funding requirements. The Arizona DPS provided updated policies and procedures relevant to its subgrant awarding process and the requirement to allocate a minimum of 10 percent of each year's Victims of Crime Act (VOCA) grant to the priority categories of victims.

OJP stated it will coordinate with the Arizona DPS to obtain revised written subgrant awarding policies and procedures, developed and implemented, to ensure compliance with the victim assistance priority area funding requirements. As a result, this recommendation is resolved. This recommendation can be closed when we receive policies and procedures that adequately address compliance with victim assistance priority area funding requirements.

- 2. Coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines and establish a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years.**

Resolved. OJP agreed with our recommendation. OJP's response acknowledges that the Arizona DPS disagreed with this recommendation and that the Arizona DPS noted that VOCA program

guidance allows state administering agencies (SAA) to have alternate monitoring plans and it provided a thorough description of its alternative monitoring plan in its application for each federal award. OJP stated, however, that while the Arizona DPS described its alternate monitoring processes, it did not include on-site monitoring, which is one of the tools the SAAs use to monitor VOCA funds provided to its subrecipients. OJP further stated that the VOCA Guidelines require the SAAs to conduct on-site monitoring of all subrecipients at least once every 2 years during the award period, unless a different frequency, based on a risk assessment, is set out in the monitoring plan. OJP's response also highlights that the OIG found that the Arizona DPS had not established a frequency to visit all subrecipients and had not conducted on-site monitoring of some subrecipients in the last 10 years. OJP stated it will coordinate with the Arizona DPS to obtain its enhanced grant administrative policies and procedures to ensure that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines, and evidence that the Arizona DPS has established a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years. As a result, this recommendation is resolved.

As referred to above, the Arizona DPS did not agree with our recommendation and stated in its response that it believed that it was compliant with the desk and on-site monitoring requirements of the VOCA rule. Specifically, the Arizona DPS explained that it determines risk levels by conducting an assessment that considers subrecipient criteria. According to its response, the Arizona DPS conducts full financial and programmatic site monitoring of the top 25 percent of subawards rated higher risk and conducts monitoring visits on other subawards selected from the remaining subawards. The Arizona DPS stated that it has provided a thorough description of its alternative monitoring plan within the applications for each federal award within the audit scope. Furthermore, the Arizona DPS stated that it served as a subject matter expert panelist on the best practices of writing monitoring plans at a training conference and provided technical assistance to other state administering agencies. The Arizona DPS stated that it is due to these practices that the Arizona DPS believes it is compliant with the desk and on-site monitoring requirements of the VOCA Rule.

Although the Arizona DPS established an alternative monitoring plan based on its risk assessment, as stated in the report, the risk-based approach used by the Arizona DPS to develop its on-site monitoring plan was not fully aligned with the intent of the VOCA Guidelines. According to 28 C.F.R. § 94.106 - Monitoring Requirements, the state administering agency "shall conduct on-site monitoring of all sub-recipients at least once every 2 years during the award period unless a different frequency based on risk assessment is set out in the monitoring plan." Based on its risk assessment, the Arizona DPS established an alternative 3-year monitoring plan that included on-site monitoring visits of only the top 25 percent subrecipients deemed higher risk. For the remaining 75 percent of subrecipients, the Arizona DPS indicated that these subrecipients would be subject to on-site monitoring if time permitted. Additionally, the Arizona DPS explained that in support of its desk monitoring efforts, it compares subrecipient expenditure and match documentation to the detailed budget information in the subrecipient's application and subsequent subgrant award agreement. Further, the Arizona DPS stated that it conducts monthly Financial Report reviews and quarterly Program Report reviews.

As stated in the report, we acknowledge that the Arizona DPS conducts monthly financial reviews and quarterly program performance reviews; however, these efforts are generally limited to a

review of spending levels reported in the monthly financial reports and identifying common reporting errors on quarterly performance reports. We recognize activities such as assessing subaward spending levels monthly and cumulatively and identifying anomalous information in a particular expense category by comparing the amounts to the subrecipients' budget may reduce the risk that financial or programmatic data contained certain types of errors. However, the Arizona DPS policies and procedures for these activities do not require Arizona DPS Grant Coordinators to review supporting documents for salaries and fringe benefits, non-capital equipment and furniture, and operating costs categories listed on the financial report; or require Grant Coordinators to review victim files or any supporting documentation to verify subrecipient activities or validate reported performance data in Performance Measurement Tool. These activities do not provide the Arizona DPS reasonable assurance that the subrecipient has administered its subaward in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved.

This recommendation can be closed when we receive the policies and procedures demonstrating that regular desk reviews and on-site monitoring of subawards is conducted for all subrecipients in accordance with the VOCA Guidelines. Furthermore, the recommendation can be closed when the Arizona DPS establishes a plan to perform on-site monitoring for those subawards that have not received an on-site monitoring visit within the last 2 years.

3. Require the Arizona DPS to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Arizona DPS provided a copy of its policies and procedures related to the Uniform Guidance requirement that pass-through entities issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings. However, OJP identified gaps in these policies and procedures. In its response, OJP indicated that the policies and procedures did not: (1) describe a process for dealing with situations where subrecipients encounter delays in submitting their single audit report, (2) require the subrecipient to provide additional/source documentation to address findings, and (3) specify how this process would be incorporated in its monitoring procedures.

The Arizona DPS agreed with the recommendation to develop and implement policies and procedures in compliance with the Uniform Guidance, which requires pass-through entities to issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings. The Arizona DPS stated that it has begun to obtain from the Federal Audit Clearinghouse single audit reports issued in the prior 24 months for subrecipient agencies that have not received on-site monitoring visits within that time frame. Additionally, the Arizona DPS stated that it is reviewing these reports for findings relative to VOCA Victim Assistance awards and conducting appropriate inquiries and follow-up with subrecipient agencies. Further, the Arizona DPS provided policies and procedures to address compliance with the Uniform Guidance. As noted above, OJP identified gaps in these new policies that need to be addressed and stated it will coordinate with the Arizona DPS to obtain revised written policies and procedures, developed and implemented, to ensure compliance with the Uniform Guidance, which requires pass-through

entities to issue management decisions and ensure corrective action is taken on relation subrecipient single audit report findings. As a result, this recommendation is resolved.

This recommendation can be closed when we receive policies and procedures that adequately address compliance with the Uniform Guidance, which requires pass-through entities to issue management decisions and ensure corrective action is taken on related subrecipient single audit report findings.

4. Coordinate with the Arizona DPS to enhance its grant administration policies and procedures to ensure its Subgrant Award Report (SAR) data is complete and accurate.

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Arizona DPS provided a copy of its policies and procedures for ensuring that its SAR data is complete and accurate. However, OJP stated these policies and procedures were not adequate to close the recommendation. OJP stated that the procedures did not include a provision requiring a secondary level of review by Arizona DPS staff at each step of the process or describe a process for the retention of records once the SAR data is reported to OVC.

The Arizona DPS agreed with the recommendation and, as noted above, provided enhanced grant administration policies and procedures to ensure its SAR data is complete and accurate. Based on its identification of gaps in the new documents, OJP stated it will coordinate with the Arizona DPS to obtain enhanced grant administration policies and procedures, developed and implemented, to ensure that its SAR data is complete and accurate, and the supporting documentation is maintained for future auditing procedures. As a result, this recommendation is resolved.

This recommendation can be closed when we receive policies and procedures that adequately ensure its SAR data is complete and accurate.

5. Coordinate with the Arizona DPS to develop and implement policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes.

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Arizona DPS provided a copy of its policies and procedures to ensure compliance with the VOCA Guidelines, including a process for notifying OVC if it plans to use a portion of its VOCA administrative funds for training purposes. However, OJP stated that the policies and procedures were not adequate to close the recommendation. Specifically, OJP stated that the policies and procedures did not describe a process for the retention of records once it notifies OVC of its intended use of the 5 percent for administrative or training purposes.

The Arizona DPS agreed with the recommendation and, as noted above, provided policies and procedures to comply with the VOCA Guidelines and notify the OVC if it plans to use a portion of administrative funds for training purposes. As a result of its identification of gaps in these policies and procedures, OJP stated that it will coordinate with the Arizona DPS to obtain revised written policies and procedures, developed and implemented, to ensure compliance with the VOCA

Guidelines, including a requirement to notify OVC if it plans to use a portion of administrative funds for training purposes, and that supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

This recommendation can be closed when we receive policies and procedures that adequately address compliance with VOCA Guidelines for notification of OVC of its plans to use a portion of administrative funds for training purposes.

6. Coordinate with the Arizona DPS to develop and implement policies and procedures to ensure accurate Federal Financial Reports (FFRs) are submitted and based on the accounting records.

Resolved. OJP agreed with our recommendation. OJP summarized the Arizona DPS response and noted that the Arizona DPS response included some FFR-related supporting documentation (the Arizona DPS response is discussed in more detail below). OJP stated, however, that Arizona DPS's supporting documentation did not address the FFR deficiencies we identified in the report and noted that our audit concluded that the Arizona DPS lacked adequate policies and procedures. OJP stated that it will coordinate with the Arizona DPS to obtain revised written policies and procedures, developed and implemented, to ensure that the FFRs are accurately prepared prior to submission and are reconciled to its accounting records, and that the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

The Arizona DPS partially agreed with our recommendation to develop and implement policies and procedures to ensure accurate FFRs are submitted and based on the accounting records. In its response, the Arizona DPS described its coordination with the OIG related to this finding, including providing the OIG documentation in support of its FFRs and offering a demonstration of its reconciliation and reporting process. Furthermore, the Arizona DPS stated that it reconciles its grants management system with the state accounting system monthly and quarterly to ensure appropriate federal financial reporting. The Arizona DPS also provided additional supporting documentation related to FFR issues identified by the OIG and stated that it will enhance report details utilized in future reconciliation processes and will retain this information in a more easily identifiable manner for future federal financial reporting.

We reviewed the new documentation that showed the Arizona DPS provided could identify the amounts from its grants management system that comprised reported quarterly FFR expenditures for Grant Number 2019-V2-GX-0041. However, we did not trace those amounts to source documentation and such reconciliation is not easily performed without similar supplementary analysis. We agree with the Arizona DPS that its report details could be enhanced for future reconciliation processes and retained in a more easily identifiable manner for future federal financial reporting. We believe this is necessary to ensure that the Arizona DPS accurately prepared FFRs.

This recommendation can be closed when we receive documentation to support that the Arizona DPS has developed and implemented policies and procedures to ensure that records include sufficient level of detail, and that supporting documentation is maintained to verify the accuracy of reported FFR amounts.

7. **Coordinate with the Arizona DPS to ensure that it updates match waiver policies to incorporate match waivers resulting from national emergencies.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Arizona DPS provided a copy of its updated match waiver policies and procedures. However, OJP stated that these match waiver policies and procedures were not submitted to OVC for review and approval, as required. OJP stated that it will coordinate with the Arizona DPS to obtain updated match waiver policies and procedures, developed and implemented, incorporating match waivers resulting from national emergencies. As a result, this recommendation is resolved.

The Arizona DPS agreed with the recommendation and provided updated policies and procedures that address match waivers resulting from national emergencies.

This recommendation can be closed when we receive updated Arizona DPS match waiver policies, reviewed and approved by OVC, that incorporate match waivers resulting from national emergencies.