DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

MANAGEMENT ADVISORY MEMORANDUM

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SEPTEMBER 2026

Notification of Concerns Identified in State Administering Agencies' Notification to Subrecipients of Victims of Crime Act Victim Assistance Formula Grant Funding Source

AUDIT DIVISION

September 15, 2026

Management Advisory Memorandum

To: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management
Office of Justice Programs

From: Don R. Berthiaume
Inspector General

Subject: Notification of Concerns Identified in State Administering Agencies' Notification to Subrecipients of Victims of Crime Act Victim Assistance Formula Grant Funding Source

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This memorandum is to inform you about concerns identified by the Office of the Inspector General (OIG) in two audits: (1) Victim Assistance Funds provided by the Office of Justice Programs to the Wisconsin Department of Justice (Wisconsin DOJ), which were subsequently subawarded to Freedom, Incorporated (Freedom, Inc.), and (2) Victim Assistance Funds provided by the Office of Justice Programs to the Illinois Criminal Justice Information Authority (Illinois CJIA), which were then subawarded to A Safe Place.[1] The objective of these audits was to review how the subrecipients used Victims of Crime Act (VOCA) funds received from their respective state administering agencies (SAA) to assist crime victims and assess whether the subrecipients accounted for those funds in compliance with select award requirements, terms, and conditions. During the audits, we identified concerns related to the SAAs retroactively changing the source of subaward funding.

Specifically, we identified that the Wisconsin DOJ changed the source of funding after it reimbursed Freedom, Inc., for expenditures incurred on the fiscal year (FY) 2024 subaward but did not fully communicate these changes to Freedom, Inc. In October 2023, the Wisconsin DOJ awarded Freedom, Inc., an FY 2024 subaward that was funded from the Wisconsin DOJ's 2023 federal VOCA grant and an American Rescue Plan Act (ARPA) grant. Throughout the subaward period, the Wisconsin DOJ reimbursed

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[1] U.S. Department of Justice Office of the Inspector General, *Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the Wisconsin Department of Justice to Freedom, Incorporated, Madison, Wisconsin*, Audit Report 26-092 (September 2026), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-funds-subawarded-wisconsin-department-1.

U.S. Department of Justice Office of the Inspector General, *Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the Illinois Criminal Justice Information Authority to the Lake County Crisis Center for the Prevention & Treatment of Domestic Violence, Inc., DBA A Safe Place, Zion, Illinois*, Audit Report 26-090 (September 2026), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-funds-subawarded-illinois-criminal-0.

Freedom, Inc., for its subaward expenditures using the identified VOCA and ARPA federal funds as planned. However, after issuing the final payment to Freedom, Inc., in December 2024, the Wisconsin DOJ retroactively adjusted the funding: it changed the amounts provided from the 2023 VOCA and ARPA grants and introduced funding from a separate 2020 federal VOCA grant. While the Wisconsin DOJ informed Freedom, Inc., of this adjustment, it did not specify the amount of funding from the 2020 federal VOCA grant. As a result, Freedom Inc., was unable to provide the breakdown of the funding for its expenditures because it did not know how much funding originated from each of the different funding sources. Although Wisconsin DOJ officials later provided the exact funding breakdown to the OIG, they acknowledged that Freedom, Inc., officials had not been made aware of the amount of funding that changed.

In another audit, we identified that the Illinois CJIA changed the federal source of a subaward midway through the award period without timely notification to the subrecipient. Illinois CJIA issued a subaward to A Safe Place for September 2024 through February 2026, funded from the Illinois CJIA's 2021 federal VOCA award. However, in December 2024, the Illinois CJIA changed the source of the subaward to be funded from the 2023 federal VOCA award. Although the Illinois CJIA did not provide A Safe Place with its first reimbursement until January 2025—and thus only paid A Safe Place with funds from the 2023 federal VOCA award—A Safe Place incurred its September through December 2024 expenditures believing they originated from the 2021 federal VOCA award.

Impact on Financial Management

The Uniform Guidance requires that the financial management system of each non-federal entity expending federal financial assistance provide identification, in its accounts, of all federal awards received and expended and the federal programs under which the activity occurred. Further, records must identify the amount, source, and expenditure of funds for federal awards and contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.[2]

The approach of awarding subrecipients a subaward with one funding source and later adjusting the funding source after the subrecipient has expended and/or been reimbursed with another funding source impacts subrecipients' ability to establish adequate accounting system records to track federal funding sources in compliance with the Uniform Guidance. Specifically, subrecipients could unknowingly violate the rules of a federal award because they were following the terms and conditions of the original funding source, unaware that the funding source had been changed to one with different requirements. Finally, a change to the funding source could impact a subrecipient's ability to accurately complete a single audit, as it would be unable to identify the correct funding source on the Schedule of Federal Expenditures as required by 2 C.F.R. § 200.510.

As a result of the Wisconsin DOJ and Illinois CJIA changing the funding source after initial notification to their subrecipients, the subrecipients did not accurately record federal expenses. When asked about this matter, Wisconsin DOJ officials responded by stating that the reallocation of subrecipient funding has been a longstanding Wisconsin DOJ practice. Illinois CJIA officials acknowledged the issue and stated that use of this practice is rare.

March 2025 Notification of Similar Concerns

In March 2025, the OIG issued a management advisory memorandum titled *Notification of Concerns Identified in State Administering Agencies' Administration of Victims of Crime Act Victim Assistance Formula Grant Funds* to alert OJP of certain subaward allocation methodologies where SAAs combined VOCA funds

[2] 2 C.F.R. § 200.302(b)(1) and (b)(3).

with other funding sources in a single subaward without identifying the amount of funding originating from each individual source, resulting in a commingled accounting environment for subrecipients.[3] In response, in August 2025, the Office for Victims of Crime (OVC) issued a bulletin for SAAs that provide subawards with multiple funding streams. Within this bulletin, the OVC explicitly reiterated to SAAs the requirement to notify subrecipients of the source of funding prior to the obligation of funds. The bulletin states that "subrecipients should be able to identify which funding source will cover an expense before obligating funds for that expense. It is insufficient to notify a subrecipient of the funding source for an expense only upon reimbursement." However, the August 2025 bulletin does not address changing funding sources after initially informing an organization of its subaward's sources of funding.

We acknowledge that within the past year the OVC has taken steps to address a similar issue with SAAs, although an OVC official stated that external factors prevented the OVC from conducting large-scale training and technical assistance on these issues. We also note that the two examples discussed previously occurred prior to the issuance of the OVC's August 2025 bulletin. However, on numerous occasions since 2017, we have brought to OJP's attention various matters related to awards funded from multiple sources and the transparency of those sources and related amounts. Additionally, officials from one SAA—Wisconsin DOJ—told us in 2026 that they were unaware of the August 2025 bulletin. Therefore, although OJP has taken productive steps to help address these issues, we believe additional guidance and training are necessary to address the different, non-compliant methods of notifying organizations of the funding source for their subawards, and we believe the issue of retroactively changing the funding source should specifically be addressed with SAAs to help ensure adherence to the Uniform Guidance and the DOJ Grants Financial Guide.

Recommendation

We recommend that OJP:

1. Develop and implement enhanced controls with accompanying guidance, training, and/or technical assistance to further address matters of non-compliance when issuing subawards with multiple funding sources. This should include helping ensure SAA awareness and compliance with the requirement to provide subrecipients with the necessary federal funding information before subrecipients expend federal award funds, as well as addressing the practice of retroactively changing funding sources.

We provided a draft of this management advisory memorandum to OJP, which provided a response found in Attachment 1. Our analysis of that response can be found in Attachment 2.

Please advise the OIG within 90 days of the date of this memorandum on what actions OJP has taken or intends to take regarding this issue. If you have any questions regarding the information in this memorandum, please contact me at (202) 514-3435, or Jason R. Malmstrom, Assistant Inspector General for Audit, at (202) 616-4633.

Attachments

[3] U.S. Department of Justice Office of the Inspector General, *Notification of Concerns Identified in State Administering Agencies' Administration of Victims of Crime Act Victim Assistance Formula Grant Funds*, Management Advisory Memorandum 25-046 (March 2025), oig.justice.gov/reports/notification-concerns-identified-state-administering-agencies-administration-victims-crime.

cc: LeToya A. Johnson
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ATTACHMENT 1: Office of Justice Programs Response to the Draft Management Advisory Memorandum

U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

August 31, 2026

MEMORANDUM TO: Don R. Berthiaume
Inspector General
United State Department of Justice

THROUGH: Jason R. Malmstrom
Assistant Inspector General – Audit Division
Office of the Inspector General
United State Department of Justice

FROM: Maureen A. Henneberg
Deputy Assistant Attorney General

SUBJECT: Response to the Office of the Inspector General's Management Advisory Memorandum, *Notification of Concerns Identified in State Administering Agencies' Notification to Subrecipients of Victims of Crime Act Victim Assistance Formula Grant Funding Source*

This memorandum provides a response to the Office of the Inspector General's (OIG) July 31, 2026, Management Advisory Memorandum (MAM) entitled, *Notification of Concerns Identified in State Administering Agencies' Notification to Subrecipients of Victims of Crime Act Victim Assistance Formula Grant Funding Source*. The MAM directed one recommendation to the Office of Justice Programs (OJP).

1. **We recommend that OJP develop and implement enhanced controls with accompanying guidance, training, and/or technical assistance to further address matters of noncompliance when issuing subawards with multiple funding sources. This should include helping ensure SAA awareness and compliance with the requirement to provide subrecipients with the necessary federal funding information before subrecipients expend federal award funds, as well as addressing the practice of retroactively changing funding sources.**

   To ensure that State Administering Agencies (SAA) understand and comply with the Office for Victims of Crime's (OVC) guidance for SAAs when issuing subawards with multiple funding sources and retroactively changing funding sources, OVC will –

   - by September 1, 2026, distribute a bulletin to SAAs that addresses VOCA Victim Assistance subaward allocations with multiple funding streams, as well as include this resource on its website;

- in Fall 2026, facilitate a SAA webinar on managing braided funding and multiple funding streams; and
- continue facilitating peer-to-peer discussions with SAAs, which provide grantees with an opportunity for dialogue on topics proposed by the SAAs, or for structured technical assistance on program requirements.

In addition, OJP's Office of the Chief Financial Officer will emphasize these requirements in its Financial Management training sessions for grantees.

Thank you for the opportunity to respond and your continued collaboration to improve the administration of OJP and OVC grant programs. If you have questions regarding this response, please contact LeToya Johnson, Deputy Director, Audit and Review Division, Office of Audit, Assessment, and Management on (202) 353-5744.

cc: Katherine Darke Schmitt
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Control Number OCOM001431

ATTACHMENT 2: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Recommendation

The Office of the Inspector General (OIG) provided a draft of this management advisory memorandum to the Office of Justice Programs (OJP). OJP's response is incorporated in Attachment 1 of this final memorandum. Although OJP did not agree or disagree with the recommendation, OJP described actions it plans to take to address the recommendation. As a result, the recommendation is resolved. The following provides the OIG analysis of OJP's response and a summary of actions necessary to close the recommendation.

Recommendation for OJP:

1. **Develop and implement enhanced controls with accompanying guidance, training, and/or technical assistance to further address matters of non-compliance when issuing subawards with multiple funding sources. This should include helping ensure State Administering Agency (SAA) awareness and compliance with the requirement to provide subrecipients with the necessary federal funding information before subrecipients expend federal award funds, as well as addressing the practice of retroactively changing funding sources.**

   Resolved. OJP did not agree or disagree with our recommendation. However, OJP stated in its response that it plans to take several actions to address the recommendation. Specifically, OJP stated that to ensure SAA understanding and compliance with the Office for Victims of Crime (OVC) guidance for SAAs when issuing subawards with multiple funding sources and retroactively changing funding sources, the OVC will: (1) distribute a bulletin to SAAs that addresses Victims of Crime Act Victim Assistance subaward allocations with multiple funding streams, as well as include this resource on its website; (2) facilitate an SAA webinar on managing braided funding and multiple funding streams; and (3) continue facilitating peer-to-peer discussions with SAAs, which provide the opportunity for dialogue on topics proposed by the SAAs or for structured technical assistance on program requirements.

   While we believe that these actions will help ensure SAA compliance with federal award requirements when issuing subawards with multiple funding streams, we note that OJP's response does not address the development or implementation of enhanced controls that will address non-compliant methods of awarding funding, which should be accompanied by the above-mentioned guidance, training, and technical assistance. As stated in the management advisory memorandum, since 2017 we have brought to OJP's attention various matters related to awards funded from multiple sources and the transparency of those sources and related amounts. The development and implementation of enhanced controls will act as an additional measure to help prevent and detect SAA non-compliance when subawarding funds with multiple funding sources. Additionally, OJP should ensure that its corrective action specifically addresses the identified non-compliance at the Wisconsin Department of Justice and the Illinois Criminal Justice Information Authority, as described in the memorandum.

   This recommendation can be closed when we receive evidence that OJP has developed and implemented enhanced controls with accompanying guidance, training, and/or technical assistance to help ensure SAA awareness and compliance with the requirement to provide subrecipients with the necessary federal funding information before subrecipients expend federal award funds, as well as addressing the practice of retroactively changing funding sources.