



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the State of
Alaska, Violent Crimes Compensation Board,
Anchorage, Alaska



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EXECUTIVE SUMMARY

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Objective

The U.S. Department of Justice Office of the Inspector General completed an audit of four Victims of Crime Act (VOCA) victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the State of Alaska Department of Administration's Violent Crimes Compensation Board (VCCB) in Anchorage, Alaska. The OVC awarded formula grants, totaling \$2,335,000 from fiscal years (FY) 2017 to 2020, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Alaska. The objective of the audit was to evaluate how the State of Alaska Department of Administration's Violent Crimes Compensation Board (VCCB) designed and implemented its crime victim compensation program.

Results in Brief

As a result of our audit, we concluded that the VCCB utilized and managed VOCA funding to enhance its victim compensation program. This audit did not identify significant concerns regarding the VCCB's processes for requesting draw down of funds or federal financial reporting. However, we identified deficiencies and areas for improvement related to record retention for annual certification forms and victim compensation payments, policy and procedures, and performance reporting. We also identified questioned costs of \$248,828 related to unsupported and unallowable expenses.

Recommendations

Our report contains nine recommendations to the OJP to assist the VCCB in improving its grant management and administration and remedying \$248,828 in questioned costs. We requested responses to our draft audit report, which can be found in Appendices 3 and 4. Our analysis of those responses is included in Appendix 5.

Audit Results

As of May 2021, the VCCB drew down a cumulative amount of \$1,402,683 for all of the grants we reviewed. We found that the VCCB used and managed its VOCA funding to enhance payments for crime victims by planning for and distributing the VOCA funding it received. However, we identified several areas for improvements as stated below.

Grant Program Planning and Execution

The VCCB did not document all of its policies, procedures, and practices related to its victim compensation claims program. We also determined that the VCCB submitted inaccurate Crime Victim Compensation State Certification Forms which may have resulted in incorrect VOCA victim compensation award amounts for FYs 2017 through 2020.

Program Requirements and Performance Reporting

The VCCB misreported its performance for the select performance measurements on its annual and quarterly performance reports we reviewed and did not comply with two of the four special conditions we tested.

Grant Financial Management

We determined that of the 70 victim compensation payments we tested, 16 were unsupported and 6 were unallowable. We questioned expenses related to loss of wages and support, transportation and travel expenses, medical, relocation, and security measures totaling \$248,828.

Further, the VCCB could not provide documentation to adequately support some of the administrative expenditures we tested.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the State of Alaska Department of Administration's Violent Crimes Compensation Board (VCCB) in Anchorage, Alaska. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2017 to 2020, these OVC grants totaled \$2,335,000.

Table 1

**Audited Grants
Fiscal Years 2017 – 2020**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2017-VC-GX-0004	09/28/17	10/01/16	09/30/20	\$ 784,000
2018-V1-GX-0004	08/09/18	10/01/17	09/30/21	527,000
2019-V1-GX-0007	09/13/19	10/01/18	09/30/22	639,000
2020-V1-GX-0031*	09/20/20	10/01/19	09/30/23	385,000
Total:				\$ 2,335,000

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

* On March 17, 2021, VCCB accepted Grant 2020-V1-GX-0031; however, no funds were drawn down during our fieldwork.

Source: OJP, OVC

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

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

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

injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.²

The Grantee

As the Alaska state administering agency, the VCCB is responsible for administering the VOCA victim compensation program. Established in 1972, Alaska's VCCB is one of the first state compensation programs to be developed. The VCCB assists crime victims in recovering from the trauma and economic burden of criminal victimization. Also, the VCCB is a "payer of last resort" and provides financial assistance after primary sources of payment have been utilized. To be eligible, an individual must be an innocent person victimized in Alaska or an Alaska resident victimized in a State or country without a compensation program. Crime victims must file an application for compensation within 2 years of the crime and the crime must have been reported to law enforcement within 5 days of the crime or when reasonably possible.

OIG Audit Approach

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

We tested compliance with what we considered to be the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guides as our primary criteria. In addition, we reviewed relevant VCCB procedures and applicable State regulations, such as the Alaska Administrative Code 2 AAC 80, 15 AAC 154.720, and 4 AAC 59.005, the Alaska Administrative Manual, and Alaska State Statute 18.67 (VCCB regulations). Further, we interviewed VCCB and Alaska State personnel to determine how they administered the VOCA funds, and we obtained and reviewed VCCB records reflecting grant activity.³

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

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

Audit Results

Grant Program Planning and Execution

The main purpose of the VOCA victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we assessed the VCCB's overall process for making victim compensation payments, the VCCB's policies and procedures for providing compensation payments to victims, and the accuracy of the state certification forms.

Overall, we determined that the VCCB's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines and that the VCCB generally complied with federal grant requirements, established an adequate program to compensate victims and survivors of criminal violence, and provided financial assistance to eligible victims of crime. We did not identify any issues with its policies or efforts to bring awareness to the program. However, we identified issues related to the VCCB's Crime Victim Compensation State Certification Forms (certification forms) due to the loss of historical knowledge and the lack of supporting documentation. We discuss this and other matters below.

Program Implementation

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

Based on our review, we found that the VCCB had established procedures for reviewing applications, determining claimant eligibility, reviewing requests for payment of expenses incurred, and paying individual compensation claims. However, the VCCB had not fully documented its operational procedures beyond the VCCB regulations and training material that was developed for the VCCB's adjudicating board (Board) members and VCCB staff. We discuss this in more detail below.

The VCCB's website contains instructions for applying through various methods; a link to the online portal for application submission; and information on the victim compensation program, eligibility, and available compensation. The website also contains answers to frequently asked questions and identifies other resources available to crime victims, such as advocacy groups, community organization, law enforcement, and other governmental agencies. However, we found some inconsistency between the information provided on the website and information provided to us by the VCCB. Further, while the VCCB website included some general information about eligibility and the type of expenses for which victims might be compensated, we believe it can be enhanced to give potential applicants more clear information on the process and what is expected of them such as the type of supporting documentation they may need to provide. Additionally, enhancements in these areas may assist in lessening the VCCB staff's workload burden.

The VCCB Executive Director stated that the VCCB conducted outreach to educate Alaskan residents about the victim compensation program and to offer assistance to those who have been victimized, and also offered periodic workshops and training for victims of crimes and victim advocates. However, as we will discuss in the Annual and Quarterly Reports section, we could not confirm that the workshops and training events reportedly conducted in 2017 through 2020 occurred as the VCCB could not provide support for its assertions. Further, due to the COVID-19 emergency, the executive director stated that it had been difficult to conduct formal outreach in 2020 and 2021.

According to VCCB regulations, upon receipt of an application from crime victims, the VCCB staff review the application and make an eligibility determination. To determine eligibility, VCCB staff may request additional information from applicants, law enforcement, medical professionals, employers, and other governmental agencies. Once eligibility has been established, a claims package is provided to the Board for review, including preliminary approval or denial of claims. The governor-appointed Board is comprised of three members with each serving a 3-year term. The VCCB regulations further state that the Board must include at least one medical or osteopathic physician, a physician assistant, or an advanced nurse practitioner currently licensed to practice in Alaska or retired from practice in Alaska, and one attorney licensed to practice in Alaska or retired from practice in Alaska. The VCCB regulations do not specify any specific requirements for the third board member. In addition to approving or denying claims, the Board is also required to formulate standards and take into consideration rates and compensation amounts that may be payable for injuries and death under other laws of the state and of the United States and the availability of appropriated funds. The Board meets five to six times each year for application adjudication, depending on the number of applications. Outside of the Board meetings, the Board may approve emergency awards up to \$5,000 at any time.

Except for the VCCB regulations, the VCCB does not have an administrative or operational manual for staff to follow in processing victim compensation applications for Board adjudications nor procedures that would need to be followed after a determination has been made. The most comprehensive guidance is in the VCCB's Overview for New Board Members, which is a training document. For example, none of the documented policies included requirements or procedures regarding: (1) the number of Board members that are required to approve a claim, (2) timelines for processing applications and determining eligibility, (3) acceptable alternative forms of documentation, (4) how payments are to be made to applicants or how approved claims are processed for payment by the Department of Administration, and (5) record retention requirements. An operational manual that includes policies and procedures for the VCCB would include these and possibly other policies and procedures that could provide transparency and uniformity to how victim compensation applications are processed and paid. We asked the VCCB Executive Director why the VCCB lacked such documented procedures and she stated that since joining VCCB in February 2020, she has established several goals to update and enhance the VCCB's procedures including developing a comprehensive internal policy and procedural manual for staff. We recommend that OJP ensure that the VCCB develop an operational manual to include the procedures regarding the processes for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB.

During our audit, we learned that in 2020 the VCCB was 1 of 10 state administering agencies selected to work with OVC's State Administering Agency (SAA) Support Team to improve its Victim Compensation program. State administering agencies participating in the SAA Support Team were selected based on historical spending trends and other issues affecting program and financial management. In the case of the

VCCB, the VCCB had recently experienced a major leadership change (new executive director) and loss of historical knowledge, and its location of operations shifted from Juneau, Alaska to Anchorage, Alaska. The SAA Support Team identified five areas to work with the VCCB, to include: (1) update and implement an enhanced policy manual; (2) update and implement staff job descriptions, benchmarks, and expectations; (3) provide information on staffing at similar organizations for management planning; (4) explore current capabilities and additional integration available for the VCCB to improve efficiency; and (5) review and update public-facing material to ensure it is accurate, accessible, and in line with victim-centered best practices. We believe that the VCCB's collaboration with the SAA Support Team will assist the VCCB in improving its operations and establishing and documenting its various functions and requirements related to its policies and other areas we discuss throughout this report.

Annual State Certification

State administering agencies must submit an annual certification form that provides the OVC with the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 fiscal years prior.⁴ The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

We assessed the VCCB's controls for preparing the annual certification forms submitted to the OVC for FYs 2015 through 2018, which is used to calculate the award amounts granted in FYs 2017 through 2020.⁵ We also reviewed the annual certification form and requested documentation supporting the information contained within the annual certifications. To further assess the reliability of the VCCB's State Certification Forms, we selected a judgmental sample of four victim compensation payments made with state funds.

We attempted to reconcile the certification forms by comparing reported information (Part 1) to the general ledgers for the federal and state funded victim compensation activity to determine if the reported information was supported. Based on our review of the information provided by the VCCB, we found variances between supported amounts and reported amounts, as shown on Table 2 below.

⁴ The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, amounts awarded for property loss, and other reimbursements.

⁵ The OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

Table 2

Comparison of Alaska VCCB Annual Crime Victim Compensation State Certification Forms and the OIG Recalculation of Formula Awards

State Certified Eligible Amounts				
	FY 2015	FY 2016	FY 2017	FY 2018
VCCB Certification Form	\$1,307,158	\$878,779	\$1,064,423	\$642,001
OIG Calculation of Certification Form *	\$1,617,831	\$703,747	\$1,038,972	\$631,450
Difference	(\$310,674) **	\$175,032	\$25,451	\$10,551
VOCA Victim Compensation Formula Grant Award Amounts				
	FY 2017	FY 2018	FY 2019	FY 2020
Actual Award Amount	\$784,000	\$527,000	\$639,000	\$385,000
Award Amount Based on OIG Calculation ***	\$971,000	\$533,000	\$623,000	\$379,000
Difference	(\$187,000)	(\$6,000)	\$16,000	\$6,000

Note: The FY 2021 VOCA Victim Compensation Formula Grant Award has not been awarded.

* OIG calculation of the Certification Form are estimates based on supported payments, expenditures, recoveries, and refunds and in some cases reported recoveries and refunds.

** Difference in the total amount is due to rounding.

*** OIG calculation was determined by applying OJP's formula to the "OIG Calculation of Certification Form" above.

Source: OJP, VCCB, and OIG Analysis

We determined that the VCCB did not accurately report the "total state payments eligible for matching VOCA funding" on its certification forms from 2015 through 2018. Specifically, the "total state payments eligible for matching VOCA funding" was under-certified on the 2015 and 2016 forms and over-certified on the 2017 and 2018 certification forms. As a result, the amount of the VOCA awards to the VCCB may have resulted in the VCCB receiving less grant funds than it was eligible for in FY 2017 and 2018 and funds in excess of its eligibility for FY 2019 and 2020. We asked the VCCB to explain how the certification forms were compiled. The VCCB Executive Director who joined in February 2020 explained that she could not speak for the prior Executive Director, who completed the certification forms for FY 2015 – 2018, but for the certification form submitted in 2020, she used financial information regarding State and Federal victim compensation

payments obtained from the Department of Administration. The Executive Director also stated that in the future she will retain an electronic file of all information used to complete the certification forms.

According to the DOJ Grants Financial Guide, grantees are required to retain source documents and related records for a period of 3 years from the date of submission of the final expenditure report. Source documents may include copies of all awards, applications, and required recipient financial and narrative reports. The DOJ Grants Financial Guide also states that retention is required for purposes of federal examination and audit. Therefore, the VCCB should have retained documentation supporting the information reported on its annual certification forms from FYs 2015 through 2018.

In conjunction with our assessment of the reliability of the VCCB's certification forms, we tested four state-funded victim compensation payments, totaling \$89,889. For FYs 2017 and 2018, we judgmentally selected one victim compensation payment for each year. For FYs 2019 and 2020, we selected the largest dollar amount transaction for each of those years. We tested state-paid expenses for medical services, victim relocation expenses, and financial support to adolescent victims. We found that two of the four victim compensation payments totaling \$10,611 were made with state funds were accurate, supported, properly approved, and allowable. The remaining two payments totaling \$79,278 (\$31,943 and \$47,335) were not fully supported. In both instances, the claims package was missing the police report or other documented evidence that the crime had occurred, such as court records or other legal documents. Without this information, we could not determine if the claims were allowable and met the VCCB criteria. We asked the VCCB Executive Director why these claims were paid (in 2019 and 2020) without the required documentation, and she stated that she did not know why the documentation was missing, but that the VCCB's current practice requires that these documents be obtained. The VCCB Executive Director also stated that other documentation, such as charging documentation filed with the courts, could serve as support. However, in these two instances, we were not provided with such documents.⁶ We also compared \$2,180,763 in victim compensation payments that we identified as paid with state funds between November 2017 through August 2020 to grant-funded victims compensation payments for the same period and found no evidence of duplicate payments.

Given the issues we found during our testing related to the VCCB's certification forms, we determined that the VCCB does not have sufficient controls and processes in place to ensure that the amounts reported on its annual certification forms are accurate. We recommend that OJP ensure the VCCB establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Form and retaining copies of submitted certifications and documentation supporting the reported information, and work with the VCCB to determine if its 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.

Program Requirements and Performance Reporting

To determine whether the VCCB distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed the VCCB performance measures and performance documents that the VCCB

⁶ According to the VCCB, charging documentation refers to legal documentation such as a complaint or an indictment. Generally, these documents contain information to establish that an individual has suffered a violent crime.

used to track goals and objectives. We further examined the OVC solicitation and award documents and verified the VCCB's compliance with special conditions governing recipient award activity.

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that the VCCB failed to: (1) implement adequate procedures to compile annual and quarterly performance reports, and (2) comply with two of the four tested special conditions. We discuss these issues in more detail below.

Annual and Quarterly Performance Reports

Each state administering agency must report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC also requires states to submit quarterly performance data, and after the end of the fiscal year, the Annual State Performance Report. For victim compensation grants, the state must report: (1) the number of victims for whom an application was made; (2) the number of victims whose victimization is the basis for the application; (3) victim demographics; (4) the number of applications that were received, approved, denied, and closed; and (5) total compensation paid by service type.

To compile its annual and quarterly performance reports, the VCCB utilizes its claims management system. We attempted to assess whether the VCCB's annual performance reports to the OVC fairly reflected the performance figures of the victim compensation program. To do so, we first attempted to reconcile eight data elements reported on the annual reports to the corresponding quarterly reports for the years 2017 through 2020. We then selected two narrative performance measurements from the 2017 through 2020 annual performance reports and requested documentation to support the reported accomplishments. Finally, we selected three data elements (Gender, New Applications, and Denied or Closed Applications) from the quarterly report and requested documentation to support the VCCB's four quarterly reports for 2020.

We were able to reconcile reported annual performance data to the reported quarterly performance data and found no significant discrepancies between the two reporting instruments. However, as illustrated on Table 3 below, we found some discrepancies between reported performance data and supported data for the annual and quarterly reports we reviewed. For the annual reports, the VCCB could not support the public outreach efforts it reported conducting in the Annual Reports for 2017 – 2019. We also found that the "Average Length of Time to Process an Application for Claim Eligibility for Compensation" was understated by the VCCB in the 2017, 2018, 2019, and 2020 annual reports by as much as 55 days. Further, for the 2020 quarterly reports, we noted discrepancies between the reported measurement and the supporting documentation provide by the VCCB for each tested element, for each quarter. Most significantly, the number of denied or closed applications was understated for each quarter resulting in total net under-reporting of 59 for 2020.

Table 3

VCCB Victim Compensation Grants
Sampled Annual and Quarterly Program Performance Measurements (Fiscal Years 2017 – 2020)

Performance Measurement	Reporting Period End Date	Data Reported	Data Supported
Average Length of Time to Process an Application for Claim Eligibility for Compensation	09/30/17 (Annual)	68 days	97 days
	09/30/18 (Annual)	57 days	112 days
	09/30/19 (Annual)	58 days	80 days
	09/30/20 (Annual)	33 days	54 days
Public Outreach Efforts to Improve Awareness of Program	09/30/17 (Annual)	Online Advocate Training Provided.	No
	09/30/18 (Annual)	Workshop provided	No
	09/30/19 (Annual)	Conducted Presentation	No
	09/30/20 (Annual)	Developed Victim Advocates Training	Yes
Gender – Male, Female	12/31/19	Male 42, Female 160	Male 44, Female 166
	03/31/20	Male 23, Female 133	Male 23, Female 133
	06/30/20	Male 44, Female 94	Male 44, Female 100
	09/30/20	Male 44, Female 131	Male 45, Female 128
New Applications	12/31/19	242	252
	03/31/20	163	163
	06/30/20	138	142
	09/30/20	172	172
Applications Denied or Closed	12/31/19	98	135
	03/31/20	64	79
	06/30/20	6	12
	09/30/20	14	15

Source: VCCB, OIG analysis

Therefore, we determined that the VCCB incorrectly reported or was unable to support: (1) the average length of time to process an application for claim eligibility for compensation in its annual reports from 2017 through 2020, (2) its public outreach efforts to improve awareness of the program, and (3) information related to

gender, new applications, and applications denied or closed in its 2020 quarterly reports. OVC uses the information reported by grantees to report on its overall activities and to assess the grantee's performance. Therefore, it is important for grantees to ensure that its reported performance measurements are reported correctly. We asked the VCCB Executive Director about the issues we found during our review of the performance reports, and the Executive Director stated that the discrepancies we noted were likely due to human error and misunderstanding of the data. Since joining the VCCB, the Executive Director stated that she has increased her familiarity with the data collection system and will collaborate with other VCCB staff to confirm the correct data is used in the future. The Executive Director also stated that she will conduct a review to determine why the information was misreported. While we believe that the collaboration between the SAA Support Team and the VCCB is a positive development that may help the VCCB improve its processes and operations in the future, we recommend that OJP ensure that the VCCB take immediate steps to address the issues we identified by documenting procedures for compiling its annual and quarterly performance reports and ensure that the information reported is accurate and fully supported.

Compliance with Special Conditions

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

1. Special Condition 1 – At least one key grantee official attends the annual VOCA national training conference.
2. Special Condition 2 – The grantee's point of contacts, including financial points of contact, must complete the OJP Financial Management and Grant Administrative training. In the event of a change in points of contact, the new contact must complete training within 120 days from OJP's approval of the "Change Grantee Contact" Grant Adjustment Modification (GAM).
3. Special Condition 3 – The recipient assures that the State crime victim compensation program complies with all conditions and eligibility criteria required by section 1403(b) of the Victims of Crime Act (VOCA) of 1984, 34 U.S.C. 20102(b).
4. Special Condition 4 – Any training or training materials that the recipient develops or delivers with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees.

We found that the VCCB did not comply with two of the four special conditions we tested. Specifically, for Special Condition 1, the VCCB could not provide support of a key grant official's attendance at the 2017 VOCA conference. The VCCB's Executive Director in 2017 was no longer with the VCCB at the time of our audit, and no records of her attendance were maintained. We also found no corresponding travel expenses to support attendance at the 2017 VOCA conference. For Special Condition 2, the VCCB's current Executive Director joined the organization in February 2020 and OJP received and approved a Point of Contact GAM regarding this change on March 13, 2020. The Executive Director completed the required OJP Financial Management and Grant Administrative training on August 21, 2020, but not within 120 days of OJP's

approval of the GAM as required by the special condition. We asked the VCCB Executive Director why the supporting documentation for the previous Executive Director was not retained and why the current Executive Director did not complete the training within the required time frame. According to the Executive Director, VCCB staff could not find additional support for the previous Executive Director's attendance at the 2017 VOCA conference and she is no longer with the VCCB. VCCB staff have been advised that documentation confirming attendance at training events must be retained. Additionally, the Executive Director explained that she was not aware of the OJP training requirements until June 2020 and at that time she was unable to comply due to office challenges and severe understaffing. We recommend that OJP ensure that the VCCB establishes procedures for monitoring its compliance with grant special conditions.

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 VCCB's financial management of the VOCA victim compensation grants, we reviewed the process that the VCCB utilized to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. In addition, we reviewed the State of Alaska's Single Audit Report for FY 2019, and it did not contain any findings specific to the grant-funded program. We also interviewed Alaska State and VCCB personnel who were responsible for financial aspects of the grants, reviewed VCCB 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 VCCB had adequate separation of duties; sufficient written policies on the accounting of revenue, capital assets, procurements and purchasing; and processes for requesting drawdowns and completing required financial reports. However, the VCCB needs to improve its processes related to maintaining supporting documentation for victim compensation claims and other grant expenditures as well as ensuring that cancelled expenditures are consistently adjusted and documented. We discuss these matters below.

Grant Expenditures

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

Victim Compensation Claim Expenditures

Victims of crime in the state of Alaska submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. The VCCB Board adjudicates these claims for eligibility and VCCB staff make payments from the VOCA victim compensation grants and state funding. To evaluate the VCCB's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, and in accordance with the policies of the VOCA Guidelines and VCCB regulations and policies. We reviewed a judgmental sample of 70 approved claim payments made by the VCCB totaling \$519,485 (22 percent of the

total award amount we audited). We selected an assortment of the highest dollar value payments and other payments to include a cross section of various dollar values and expense categories. The payments we selected represented 65 applicants for victim compensation from the VCCB. The transactions we reviewed included costs in the following categories: funeral and memorial expenses, loss of support, lost wages, medical costs, mental health expenses, security devices, and other transportation and travel expenses. To determine if the sampled victim compensation payments were supported, authorized, and allowable, we reviewed applications and police reports when available, Board approval documentation and notes, invoices, billing statements, correspondence, loss of wages forms, medical reports, receipts, and other various applicable documents in conjunction with the VCCB's regulations for victim compensation payments, VOCA guidelines, and the DOJ Grants Financial Guide. Based on our testing, we determined that 22 (or 31 percent) of the 70 sampled payments were inadequately supported or not paid in accordance with established guidelines. We discuss this in more detail below.

As discussed earlier in this report, the DOJ Grants Financial Guide requires grantees to retain all financial records and supporting documents pertinent to the award for a period of 3 years from the date of submission of the final expenditure report. Alaska state administrative code applicable to VCCB also state that financial records must be retained. However, we found that 16 payments were not supported by either a victim compensation claim application, documentation supporting loss of wages and loss of support calculations and determinations, adequate transportation and travel receipts, complete documentation, or a combination of the above. As such, we questioned \$242,288 as unsupported payments as illustrated in Table 4 below and recommend that the OJP work with the VCCB to remedy \$242,288 in questioned costs related to unsupported victim compensation payments.

Table 4

Unsupported Victim Compensation Payments

Type of Expense	Number of Payments	Unsupported Amount	Deficiency
Loss of Support	6	\$139,789	Inadequate support for prior maintenance of dependent, victim's income, stipends criteria and determinations, and claims calculations.
Loss of Wages *	4	98,308	Inadequate support for periods of unemployment, lost wages calculations, and no independent evidence of employment or disability determination.
Transportation & Travel **	6	4,191	Unable to identify traveler on support, missing support, and an overpayment.
Total:	16	\$ 242,288	

* The total amount of the four payments we questioned related to loss of income totaled \$98,910. Of that amount, we determined that \$98,308 was inadequately supported.

** The total amount of the six payments we questioned related to transportation and travel expenses totaled \$6,858. Of that amount, we determined that \$4,191 was insufficiently supported.

Source: VCCB, OIG

Without adequate documentation, the VCCB cannot demonstrate that it has awarded victim compensation funding in accordance with applicable criteria. Further, because the VCCB did not provide supporting documentation for some of its victim compensation payments, the VCCB had not complied with the DOJ Grants Financial Guide's rules on record retention and could not prove that it followed its own guidance related to receiving required documentation before payments are approved by its Board and processed. The VCCB Executive Director explained that, prior to her arrival in February 2020, some required documentation may not have been obtained or retained, but that the VCCB's practice now is to obtain any required and necessary documented support for payments, such as applications, pay stubs, tax documents, and other applicable documents, prior to submission to the Board for consideration. Additionally, in April 2020, the VCCB's practice of redacting names on airline ticketing receipts was stopped so that critical identifying elements would be included on supporting documentation. These actions will greatly enhance the VCCB's ability to comply with federal regulations and maintain sufficient supporting documentation. Therefore, we recommend that OJP work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria.

In addition to the 16 unsupported payments discussed above, we identified through testing six payments that were not entirely paid in accordance with VCCB regulations, which stipulate that certain eligible expenses, such as relocation costs, mental health services, security measures, among others are to be paid up to established limits or percentages of expenses, or specific expenses. In total, we questioned costs of \$6,540 for the expenses as illustrated on Table 5 below.

Table 5

Unallowable Victim Compensation Payments

Payment exceeded allowable amount per VCCB guidance	
Medical procedures	\$3,181
Mental Health Counseling	130
Security Measures Improvements	264
	448
	1,447
Ineligible Expense per VCCB guidance	
Relocation	1,070
Total:	\$6,540

Source: VCCB, OIG

The VCCB Executive Director did not provide us with an explanation regarding why payments were made above what was allowable. Following regulations when paying compensation claims is essential to ensuring that the VCCB's victim compensation program operates fairly and equitably. Therefore, we recommend that

OJP ensure that the VCCB follows applicable guidance regarding expense category limitations and work with the VCCB to remedy \$6,540 in questioned costs related to unallowable victim compensation payments.

Victim Compensation Claim Denials

We also tested a sample of denied claims to ensure that the VCCB appropriately adjudicated each claim in accordance with VCCB regulations and VOCA Guidelines. We judgmentally selected for review five claims that the VCCB denied between October 1, 2019, and September 20, 2020. To determine whether the VCCB's decisions were adequately supported and adjudicated, we reviewed documentation including applications for benefits, police reports from law enforcement agencies, and other supporting documentation. Based on our review, we found that three of the five denied claims were appropriately adjudicated. We did not receive information from the VCCB, such as applications, police reports, and receipts, to determine if the other two denied claims were appropriately adjudicated. The VCCB did not explain why it could not provide documentation to support the denial of the claims. We believe our previous recommendation will address this issue.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. However, such costs must derive from efforts to improve program effectiveness and service to crime victims, including claims processing, staff development and training, and public outreach.

We tested the VCCB's compliance with the 5 percent limit on the administrative category of expenses and found that it complied with or is positioned to comply with the 5 percent administrative expenditure limitation. To complete our testing, we reviewed the general ledgers for each of the grants generated from the VCCB's accounting system to identify administrative expenses charged to the victim compensation grants. We found that the VCCB used grant funds for VOCA training travel expenses and technology equipment purchases, and that its use of grant funds for administrative expenses did not exceed 5 percent for Grants 2017-VC-GX-0004, 2018-V1-GX-0004, and 2019-V1-GX-0007.

In addition to testing the VCCB's compliance with the 5 percent administrative allowance, we also tested administrative expenditures. We judgmentally selected 29 expenses totaling \$8,021. We found that 11 expenditures (\$687) were not adequately supported. Specifically, the VCCB could not provide documentation to adequately support six travel-related expenditures (airfare, service fees, parking, meals, and incidental expenses) in the amount of \$172. Further, the remaining five expenditures were related to travel that was ultimately cancelled but not adjusted as such in the grant ledger. Therefore, the VCCB charged the grants approximately \$514 for administrative expenses that were not actually incurred. Although we noted four reversing entries in the corresponding grant general ledger, we could not attribute those adjustments to specific expenditures because the dollar amounts and dates differed from the cancelled travel. The total amount of the unsupported expenditures is de minimis, so we do not question the costs. However, we recommend that OJP ensure that the VCCB updates its grant ledgers to reflect all activity including any adjustments for cancelled grant expenditures.

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 VCCB managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the VCCB's accounting system and accompanying financial records. For the VOCA victim compensation awards, the VCCB compiled grant-specific expenditure reports from its accounting system to determine the amount of its drawdown requests. The VCCB requested funding on a reimbursement and as-needed basis. Table 6 shows the total amount drawn down for each grant as of May 2021.

Table 6

Amount Drawn Down for Each Grant as of May 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2017-VC-GX-0004	\$784,000	09/30/20	\$784,000	\$0
2018-V1-GX-0004	527,000	09/30/21	527,000	0
2019-V1-GX-0007	639,000	09/30/22	91,683	547,317
2020-V1-GX-0031	385,000	09/30/23	0	385,000
Total:	\$2,335,000		\$ 1,402,683	\$ 932,317

Source: OJP, VCCB

We did not identify significant deficiencies related to the recipient's process for developing drawdown requests.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the VCCB submitted accurate Federal Financial Reports (FFR), we compared the 4 most recent reports to the VCCB's accounting records for 3 of the 4 grants for a total of 12 FFRs.⁷ We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records for Grant Numbers 2017-VC-GX-0004, 2018-V1-GX-0004, and 2019-V1-GX-0007.

⁷ On March 17, 2021, the VCCB accepted Grant Number 2020-V1-GX-0031, however, no funds were drawn down during our fieldwork.

Conclusion and Recommendations

Based on the results of our audit, we concluded that the VCCB used its VOCA funding to compensate victims of crime according to VOCA and state-imposed requirements. The VCCB established a victim compensation program and an adjudicating board, as well as processes for receiving, processing, validating eligibility and adjudicating victim compensation claims, and administrative duties related to administering the program and grants. However, the VCCB did not retain sufficient support for its annual certification forms, and we found variance between the reported amounts and the supported amounts which may have resulted in the VCCB receiving incorrect VOCA victim compensations awards for 2017 through 2020. We found discrepancies between the reported performance measurements and the supporting documentation the VCCB provided. In addition, the VCCB did not comply with two of the four special conditions we tested. We also found that paid victim compensation claims and administrative expenses were not sufficiently supported as the VCCB did not obtain or retain all required documentation or pay expenses within its guidelines. We identified areas for improvement related to documentation of policy and procedures, the establishment of controls, document retention, performance reporting, and compliance with award special conditions. As a result, we questioned costs totaling \$242,288 due to inadequate support and \$6,540 as unallowable expenditures. We provide nine recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that the VCCB develop an operational manual to include the procedures regarding the processes for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB.
2. Ensure the VCCB establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Form and retaining copies of submitted certifications and documentation supporting the reported information.
3. Work with the VCCB to determine if its 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.
4. Ensure that the VCCB take immediate steps to address the issues we identified by documenting procedures for compiling its annual and quarterly performance reports and ensure that the information reported is accurate and fully supported.
5. Ensure that the VCCB establishes procedures for monitoring its compliance with grant special conditions.
6. Work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria, and to ensure that the VCCB updates its grant ledgers to reflect all activity including any adjustments for cancelled grant expenditures.

7. Work with the VCCB to remedy \$242,288 in questioned costs related to unsupported victim compensation payments.
8. Ensure that the VCCB follow applicable guidance regarding expense category limitations.
9. Work with the VCCB to remedy \$6,540 in questioned costs related to unallowable victim compensation payments.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how the State of Alaska Department of Administration's Violent Crimes Compensation Board (VCCB) designed and implemented its crime victim compensation program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, and (3) grant financial management.

Scope and Methodology

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

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2017-VC-GX-0004, 2018-V1-GX-0004, 2019-V1-GX-0007, and 2020-V1-GX-0031 from the Crime Victims Fund (CVF) awarded to the VCCB. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$2,335,000 to the VCCB, which serves as the state administering agency for the State of Alaska. Our audit concentrated on, but was not limited to, the period of October 1, 2016, the project start date for VOCA compensation grant number 2017-VC-GX-0004, through April 2021. As of May 2021, the VCCB had drawn down a total of \$1,402,683 from the four audited grants. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the VCCB's activities related to the audited grants, which included conducting interviews with State of Alaska financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for victim compensation payments, denied claims, administrative expenditures, and performance and financial 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 compensation program guidelines, the DOJ Grants Financial Guide, state compensation criteria, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as the VCCB 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 State of Alaska and the VCCB to provide assurance on its internal control structure as a whole. The grantee's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on the State of Alaska and the VCCB's internal control structure as a whole, we offer this statement solely for the information and use of the VCCB and OJP.⁸

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 of VCCB's written grant policies and process controls pertaining to aspects of grant performance and financial management. We tested the implementation and operating effectiveness of specific controls over grant activity within our scope. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁸ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs: ⁹		
Unallowable Victim Compensation Payments	\$6,540	13
Unsupported Victim Compensation Payments	\$242,288	12
TOTAL DOLLAR-RELATED FINDINGS	<u>\$248,828</u>	

⁹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

APPENDIX 3: The State of Alaska Violent Crimes Compensation Board Response to the Draft Audit Report



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Public Safety

Violent Crimes Compensation Board

Liz Vazquez, Executive Director
5700 East Tudor Road
Anchorage, Alaska 99507

907-269-6496
liz.vazquez@alaska.gov

Sent via email: David.J.Gaschke@usdoj.gov

September 10, 2021

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

Dear Mr. Gaschke,

The State of Alaska Violent Crimes Compensation Board (VCCB) is in receipt to the draft audit report on four victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC), U.S. Department of Justice. The audit encompasses grants from federal fiscal years 2017 to 2020. The draft report included nine recommendations, to assist VCCB with improving its grant management and administration and remedy questioned costs. This letter is the written response to the draft audit report and recommendations as requested by the Office of the Inspector General (OIG).

1. **Ensure that the VCCB develop an operational manual to include the procedures regarding the processes for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB.**

Response: The VCCB agrees with this recommendation. The draft report states that VCCB "had established procedures for reviewing applications, determining claimant eligibility, reviewing requests for payment of expenses incurred, and paying individual compensation claims" (page 3 of draft audit report). However, the VCCB will improve the program by developing written operational manuals that more formally memorializes the process. The VCCB will coordinate with OJP to develop these operational manuals and policies and procedures for processing claims (from receipt of application to payment), record retention requirements and other processes performed by the VCCB.

2. **Ensure the VCCB establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Form and retaining copies of submitted certifications and documentation supporting the reported information.**

Response: The VCCB agrees with this recommendation. The draft audit report identified issues related to the annual Crime Victim State Certification Forms (Certification Forms) for the years 2015 through 2020. Unfortunately, because of the loss of historical knowledge, the supporting documentation could not be obtained during the audit for five of the six Certification Forms. The VCCB agrees that it needs to establish controls and develop formalized procedures for preparing its annual Certification Forms. The VCCB will coordinate with OJP to develop a policy and procedure for the preparation of these annual reports. In addition, the VCCB will also develop a policy and procedure to ensure that the supporting documentation and information utilized to prepare the Certifications Forms are retained. The supporting documentation from the accounting records will be included in this policy and procedure.

The VCCB staff will be trained on the importance of saving the required documentation and information and how to retrieve it upon request.

3. **Work with the VCCB to determine if its 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments, and take necessary steps to recover any awarded funds as appropriate.**

Response: The VCCB agrees with this recommendation. The VCCB will coordinate with OJP to determine if the 2015-2020 Crime Victim State Certification Forms accurately reflected all activity and payments. In addition, the VCCB will coordinate with OJP and take necessary steps to recover any awarded funds as appropriate.

4. **Ensure that the VCCB take immediate steps to address the issues we identified by documenting procedures for compiling its annual and quarterly performance reports, and ensure that the information reported is accurate and fully supported.**

Response: The VCCB agrees with this recommendation. The VCCB will coordinate with OJP to develop policies and procedures for compiling annual and quarterly reports. In addition, staff will be trained on how to utilize the claims database to produce accurate annual and quarterly performance reports and ensure that the reports are fully supported. The VCCB will also develop a policy and procedure to ensure all supporting documentation and information utilized to prepare these reports are retained. The VCCB staff will be trained on the importance of saving this documentation and information and how to retrieve it upon request.

5. **Ensure that the VCCB establishes procedures for monitoring its compliance with grant special conditions.**

Response: The VCCB agrees with this recommendation. The draft report identified two grant special conditions that were not complied with- documentation showing that a required annual training conference was attended in 2017 and that the new Executive Director complete required training within 120 days of being identified as the point of contact for the grants.

VCCB will coordinate with OJP to develop procedures for complying with the required special conditions for grants. In addition, VCCB staff will be trained on the importance in complying with these special conditions and the importance of retaining documentation of compliance.

6. **Work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria, and to ensure that the VCCB updates its grant ledgers to reflect all activity including any adjustments for cancelled grant expenditures.**

Response: The VCCB agrees with this recommendation. The VCCB will coordinate with OJP and other Departmental personnel to ensure that records retention procedures are developed and implemented so that important documentation is retained in compliance with requirements. In addition, the VCCB will coordinate with OJP to ensure that grant ledgers are updated and accurately reflect all activity including adjustments for cancelled grant expenditures.

7. **Work with the VCCB to remedy \$242,288 in questioned costs related to unsupported victim compensation payments.**

Response: The VCCB agrees with the recommendation that "OJP work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria." As noted in the draft report, the VCCB has made many improvements in this area since 2020. The report states, "the VCCB's practice now is to obtain any required and necessary documented support for payments". The VCCB will continue to improve and in coordination with the OJP is developing policies and procedures that specify the type of documentation and information that is needed for each type of compensation, in particular, loss of economic support, loss of wages, transportation and travel.

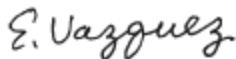
8. **Ensure that the VCCB follow applicable guidance regarding expense category limitations.**

Response: The VCCB agrees with this recommendation. The VCCB in coordination with the OJP is presently developing policies explicitly setting forth limits for different types of expenses. In addition, we are exploring ways on how the claims database can assist in identifying expenses that exceed limits. The VCCB staff will also be trained on the policies regarding limits for different types of compensation.

9. **Work with the VCCB to remedy \$6,540 in questioned costs related to unallowable victim compensation payments.**

Response: The VCCB agrees with this recommendation. The VCCB in coordination with the OJP will remedy the \$6,540 in questioned costs related to unallowable victim compensation payments. The VCCB in coordination with the OJP is presently developing policies explicitly setting forth the type of compensation that is allowable, including limits. The VCCB staff will also be trained on these policies and will be incorporated in user manuals that will be prepared.

Sincerely,



Liz Vazquez
Executive Director
Violent Crimes Compensation Board
Department of Public Safety
State of Alaska

cc: James Cockrell, Commissioner
Department of Public Safety
State of Alaska
Sent via email: james.cockrell@alaska.gov

Linda J. Taylor
Lead Auditor, Audit Coordination Branch Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs
US Department of Justice
Sent via email: Linda.Taylor2@usdoj.gov

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

September 16, 2021

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Compensation Grants Awarded to the State of Alaska, Violent Crimes Compensation Board, Anchorage, Alaska*

This memorandum is in reference to your correspondence, dated August 23, 2021, transmitting the above-referenced draft audit report for the State of Alaska, Violent Crimes Compensation Board (VCCB). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **nine** recommendations and **\$248,828** in questioned costs. The following is Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP ensure that the VCCB develop an operational manual to include the procedures regarding the processes for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it will improve its victim compensation program by developing written operational manuals that will memorialize their processes for processing claims, record retention requirements, and other processes performed by the VCCB. Accordingly, we will coordinate with the VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that improvements to its processes for handling victim compensation claims, from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB, are properly documented.

2. **We recommend that OJP ensure that the VCCB establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Form and retaining copies of submitted certifications and documentation supporting the reported information.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it will establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Forms. Accordingly, we will coordinate with VCCB to obtain a copy of written policies and procedures, developed and implemented, for accurately preparing its annual Crime Victim State Certification Form, and maintaining the supporting documentation for future auditing purposes.

3. **We recommend that OJP work with the VCCB to determine if its 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments, and take necessary steps to recover any awarded funds, as appropriate.**

OJP agrees with this recommendation. We will coordinate with the VCCB to determine if its fiscal years 2015 through 2020 Crime Victim State Certification Forms accurately reflected all activity and payments, and will take the necessary steps to recover any excessively awarded funds, as applicable.

4. **We recommend that OJP ensure that the VCCB take immediate steps to address the issues we identified by documenting procedures for compiling its annual and quarterly performance reports, and ensure that the information reported is accurate and fully supported.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it will: develop policies and procedures for compiling annual and quarterly reports; and train staff on how to utilize the claims database to produce accurate performance reports, which are fully supported. Accordingly, we will coordinate with VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that its annual and quarterly performance reports are properly compiled, accurate, and fully supported; and the supporting documentation is maintained for future auditing purposes.

5. **We recommend that OJP ensure that the VCCB establishes procedures for monitoring its compliance with grant special conditions.**

OJP agrees with this recommendation. We will coordinate with the VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it is properly monitoring compliance with grant special conditions.

6. **We recommend that OJP work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria, and to ensure that the VCCB updates its grant ledgers to reflect all activity including any adjustments for cancelled grant expenditures.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it will develop records retention procedures so that grant documentation is maintained, in accordance with Federal requirements. The VCCB also stated that it will ensure that the general ledgers for each grant are updated to accurately reflect all activity, including adjustments for canceled grant expenditures. Accordingly, we will coordinate with the VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that important and required documentation is retained in accordance with Department of Justice requirements. We will also coordinate with the VCCB to obtain their implemented procedures for ensuring that that general ledgers for each Federal award are properly and timely updated to reflect all activity, including any adjustments for canceled grant expenditures.

7. **We recommend that OJP work with the VCCB to remedy \$242,288 in questioned costs related to unsupported victim compensation payments.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it has made many improvements since 2020, and will continue to improve and develop appropriate policies and procedures to ensure victim compensation payments are adequately supported. Accordingly, we will review the \$242,288 in questioned costs, related to unsupported victim compensation claims, and will work with VCCB to remedy, as appropriate.

8. **We recommend that OJP ensure that the VCCB follow applicable guidance regarding expense category limitations.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it is developing policies explicitly setting forth limits for different types of expenses, and exploring ways on how the claims database can assist in identifying expenses that exceed those limits. Accordingly, we will coordinate with VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that applicable guidance regarding expense category limitations is followed.

9. **We recommend that OJP work with the VCCB to remedy \$6,540 in questioned costs related to unallowable victim compensation payments.**

OJP agrees with this recommendation. The VCCB stated, in its response, dated September 10, 2021, that it will coordinate with OJP to remedy the \$6,540 in questioned costs, related to unallowable victim compensation payments. Accordingly, we will review the \$6,540 in questioned costs, related to unallowable victim compensation payments, and will work with VCCB to remedy, as appropriate.

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

The OIG provided a draft of this audit report to the OJP and the VCCB. The OJP's response is incorporated in Appendix 4 and the VCCB's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, the OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The VCCB agreed with nine recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation for OJP:

- 1. Ensure that the VCCB develop an operational manual to include the procedures regarding the processes for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the VCCB to obtain copies of written policies and procedures, developed and implemented, to ensure that improvements to its processes for handling victim compensation claims, from receipt of application to final distribution of payments, record retention requirements, and other processes performed within the VCCB, are properly documented. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will improve its program by developing written operational manuals that more formally memorializes the process. The VCCB also stated that it will coordinate with OJP to develop the operational manuals and policies and procedures for processing claims from the receipt of application to payment, record retention requirements, and other processes performed by the VCCB.

This recommendation can be closed when we receive evidence that the VCCB has developed and implemented the use of an operational manual formalizing its processes and procedures for handling victim compensation claims from receipt of application to final distribution of payments, record retention requirements, and other related activities.

- 2. Ensure the VCCB establish controls and develop formalized procedures for preparing its annual Crime Victim State Certification Form and retaining copies of submitted certifications and documentation supporting the reported information.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with VCCB to obtain a copy of written policies and procedures, developed and implemented, for accurately preparing its annual Crime Victim State Certification Form, and maintaining the supporting documentation for future auditing purposes. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will coordinate with OJP to develop policy and procedure for the preparation of its annual certifications as well as a policy and procedures for ensuring that supporting documentation and information utilized to prepare the certifications Forms is retained. Further, the VCCB stated that supporting documentation from the accounting records will also be included.

This recommendation can be closed when we receive evidence that the VCCB has established controls and developed formalized procedures for preparing its annual Crime Victim State Certification Forms and procedures for the retention of submitted certifications and documentation supporting the reported information.

- 3. Work with the VCCB to determine if its 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the VCCB to determine if its fiscal years 2015 through 2020 Crime Victim State Certification Forms accurately reflected all activity and payments, and will take the necessary steps to recover any excessively awarded funds, as applicable. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will coordinate with OJP to determine if the 2015 – 2020 Crime Victim State Certification Forms accurately reflected all activity and payments and will also coordinate with OJP and take necessary steps for the recovery of any awarded funds as appropriate.

This recommendation can be closed when we receive evidence that in coordination with OJP the VCCB has determined if its state certifications forms for 2015 through 2020 accurately reflected all activity and payments, and if appropriate, taken necessary steps to rectify any errors in award amounts.

- 4. Ensure that the VCCB take immediate steps to address the issues we identified by documenting procedures for compiling its annual and quarterly performance reports and ensure that the information reported is accurate and fully supported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the VCCB to determine if its fiscal years 2015 through 2020 Crime Victim State Certification Forms accurately reflected all activity and payments, and will take the necessary steps to recover any excessively awarded funds, as applicable. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will coordinate with OJP to develop policies and procedures for compiling annual and quarterly reports. Additionally, the VCCB stated that staff will be trained on how to utilize the claims database to produce accurate annual and quarterly performance report and ensure that the reports are fully supported. Furthermore, the VCCB stated that it will develop a policy and procedure to ensure supporting documentation information utilized for preparing these reports is retained and that staff will be

trained on the importance of saving the documentation and information and on how to retrieve it upon request.

This recommendation can be closed when we receive evidence that the VCCB has documented its procedures for compiling its annual and quarterly performance reports and taken steps to ensure that the reports are accurate and fully supported.

5. Ensure that the VCCB establishes procedures for monitoring its compliance with grant special conditions.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it is properly monitoring compliance with grant special conditions. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will coordinate with OJP to develop procedures for complying with required special conditions for grants and that VCCB staff will be trained on the importance in complying with these special conditions and retaining documentation of compliance.

This recommendation can be closed when we receive evidence that the VCCB has developed and implemented procedures for monitoring its compliance with grant special conditions.

6. Work with the VCCB to ensure that records retention procedures are developed and implemented so that important and required documentation is retained in accordance with applicable criteria, and to ensure that the VCCB updates its grant ledgers to reflect all activity including any adjustments for cancelled grant expenditures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the VCCB to obtain its implemented procedures for ensuring that that general ledgers for each Federal award are properly and timely updated to reflect all activity, including any adjustments for canceled grant expenditures. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it will coordinate with OJP and other Departmental personnel to ensure that record retention procedures are developed and implemented so that important documentation is retained in compliance with requirements. Additionally, the VCCB stated that it will coordinate with OJP to ensure that grant ledgers are updated and accurately reflect all activity including adjustments for cancelled grant expenditures.

This recommendation can be closed when we receive evidence that the VCCB has developed and implemented record retention procedures to ensure that important and required documentation is retained in accordance with applicable criteria, and that its grant ledgers are updated and accurately reflect all activity include any adjustments for cancelled grant expenditures.

7. Work with the VCCB to remedy \$242,288 in questioned costs related to unsupported victim compensation payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it we will review the \$242,288 in questioned costs, related to unsupported victim compensation claims, and will work with VCCB to remedy, as appropriate. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that, in coordination with OJP, it is developing policies and procedures that specify the type of documentation and information that is needed for each type of compensation, in particular, loss of economic support, loss of wages, transportation and travel.

This recommendation can be closed when we receive evidence that OJP has remedied the \$242,288 in unsupported victim compensation payments.

8. Ensure that the VCCB follow applicable guidance regarding expense category limitations.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with VCCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that applicable guidance regarding expense category limitations is followed. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that in coordination with OJP it is presently developing policies explicitly setting forth limits for different types of expenses. The VCCB also stated that it was exploring ways on how the claims database can assist in identifying expenses that exceed limits and that VCCB staff will be trained on the policies regarding limits for different types of compensation.

This recommendation can be closed when we receive evidence that ensure the VCCB is following applicable guidance regarding expense category limitations.

9. Work with the VCCB to remedy \$6,540 in questioned costs related to unallowable victim compensation payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$6,540 in questioned costs, related to unallowable victim compensation payments, and will work with VCCB to remedy, as appropriate. As a result, this recommendation is resolved.

The VCCB agreed with our recommendation and stated in its response that it would work with OJP to remedy the questioned costs related to unallowable victim compensation payments. The VCCB also stated that in coordination with the OJP that it is presently developing policies explicitly setting forth the type of compensation that is allowable, including limits and that the VCCB staff will be trained on these polices and that the policies will be incorporated into user manuals.

This recommendation can be closed when we receive evidence that OJP has remedied the \$6,540 in unallowable victim compensation payments.