



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the South
Carolina Office of the Attorney General,
Columbia, South Carolina



AUDIT DIVISION

22-086

JUNE 2022



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the South Carolina Office of the Attorney General, Columbia, South Carolina

Objective

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

Results in Brief

As a result of our audit, we concluded that the SCAG had adequate procedures to process most claims and was able to compensate victims and survivors of criminal violence. This audit did not identify significant concerns regarding the SCAG's grant planning and execution, drawdown process, and financial reporting. However, we identified areas in need of improvement concerning the SCAG's controls over completing annual state certifications, performance reporting, and grant expenditures. As a result, we identified \$73,110 in questioned costs.

Recommendations

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

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of three Victims of Crime Act (VOCA) victim compensation formula grants awarded by the OJP, Office for Victims of Crime (OVC) to the SCAG in Columbia, South Carolina. The OVC awarded these formula grants, totaling \$10,650,000 from fiscal years (FY) 2018 to 2020, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout South Carolina. As of December 2021, the SCAG drew down a cumulative amount of \$9,955,557 for all of the grants we reviewed.

Grant Program Planning and Execution

We found the SCAG's complied with federal grant requirements and established an adequate program to compensate victims and survivors of criminal violence. However, the SCAG overreported recovery costs, resulting in an overstatement of the total eligible payout amount in its FY 2018 state certification. Consequently, the SCAG was awarded an excess of \$62,000 in FY 2020.

Program Requirements and Performance Reporting

Based on our overall assessment in the areas of program requirements and performance reporting, we determined that the SCAG did not implement adequate procedures to retain documentation to support its performance reports. As a result, we were unable to assess whether the SCAG's performance reports fairly reflected the performance of the compensation program in South Carolina.

Grant Financial Management

The SCAG did not have adequate accounting procedures to accurately account for grant expenditures. As a result, we identified \$11,110 in unsupported costs.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the South Carolina Office of the Attorney General (SCAG) in Columbia, South Carolina. 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) 2018 to 2020, these OVC grants totaled \$10,650,000.

Table 1

**Audited Grants
Fiscal Years 2018 – 2020**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2018-V1-GX-0064	8/09/2018	10/1/2017	9/30/2021	\$ 3,425,000
2019-V1-GX-0049	9/13/2019	10/1/2018	9/30/2022	3,953,000
2020-V1-GX-0054	9/17/2020	10/1/2019	9/30/2023	3,272,000
Total:				\$10,650,000

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

Source: OJP

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.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 injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.²

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

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

The South Carolina Office of the Attorney General

As the South Carolina state administering agency, the SCAG was responsible for administering the VOCA victim compensation program.³ The Department of Crime Victim Compensation (DCVC), an office in the SCAG's Crime Victim Service Division, is responsible for the administration of the program.⁴ The mission of the DCVC is to minimize the impact of crime in South Carolina by providing financial compensation to eligible crime victims and their families.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guides as our primary criteria. We also reviewed the South Carolina Crime Victim Services Act and relevant SCAG policies and procedures and interviewed SCAG personnel to determine how they administered the VOCA funds. We interviewed SCAG personnel and further obtained and reviewed SCAG records reflecting grant activity.⁵

³ The SCAG has been the designated SAA for the state South Carolina's victim compensation program since July 1, 2017, when the Governor changed the designation from the South Carolina Department of Public Safety to SCAG.

⁴ The SCAG's also manages the South Carolina's Crime Victim Assistance Program. The Office of the Inspector General audited that program in 2019; [Report Number GR-40-19-006](#), issued in September 2019 (*Audit of the Office of Justice Programs Victim Assistance Grant Awarded to the South Carolina Office of the Attorney General, Columbia, South Carolina*).

⁵ 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 SCAG's overall process for making victim compensation payments. We assessed SCAG's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we determined that the SCAG's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found the SCAG complied with federal grant requirements and established an adequate program to compensate victims and survivors of criminal violence. However, we identified issues with its policies and procedures and accuracy of its certification reports. In addition, we were not able to verify activities reported for efforts to bring awareness to the program.

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 South Carolina, the SCAG was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the SCAG operated under the South Carolina victim compensation guidelines, which conveyed the state-specific policies for the victim compensation program. In assessing the SCAG's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts the SCAG had made to bring awareness to victims eligible for compensation program benefits.

Based on our review, we found that the SCAG had established adequate processes for reviewing applications, determining claimant eligibility, reviewing requests for payment of expenses incurred, and paying individual compensation claims. Requests for payment are assigned to a field representative who examines the support for the claim and investigates the validity of the claim. The investigation includes an examination of police, court, and official records and reports concerning the crime and an examination of medical and hospital reports relating to the injury upon which the claim is based. Once the claim is adjudicated by the field representative, the team manager reviews and approves the eligibility determination. Claims are then reviewed by the Processing Department where claims analysts review the eligible claim and all necessary documentation, such as itemized medical billing forms, itemized dental billing forms, counseling invoices, and funeral invoices. Once the review is completed, a claim analyst creates an invoice which is reviewed by a quality assurance analyst before sending it to the South Carolina Comptroller General Office (CGO). The CGO reviews the payment request before sending it to the South Carolina Treasury office for final payment processing.

Efforts to Improve Awareness of the Program in South Carolina

We verified that the SCAG created informational brochures to enhance its state program and bring public awareness of available victim compensation benefits. SCAG officials also told us that they performed presentations and provided training on the victim compensation program to victim advocates, law

enforcement, and criminal justice professionals. We also found that the SCAG's website provides information about its victim compensation program and appropriate forms for victims and advocates, which they can use when applying for compensation. While we found the SCAG implemented procedures to bring awareness to the program, we could not validate specific performance data reported in relation to outreach activities to raise the public's awareness of the program. We discuss this further in the Program Requirements and Performance Reporting section of this report.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the OVC the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation grant funds to each state using a formula that takes into consideration the state's eligible compensation claims paid out to victims during the fiscal year 2 years prior.⁶ The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.⁷

We assessed the SCAG's controls for preparing the annual certification forms submitted to the OVC for FYs 2018 through 2019, which is used to calculate the award amounts granted in FYs 2020 through 2021. We reviewed the annual certification forms and the corresponding financial support for the payouts, deductions, and recovery costs reported in the certifications.

We determined that the reported amounts for SCAG payouts and deductions were supported by financial records. However, we found that the SCAG reported \$330,021 in recovery costs in the FY 2018 certification, but the financial records supported only \$227,191. States are allowed to include recovery costs to increase the total eligible payout amount used to calculate the formula award. As a result of the over-reported \$102,830 in recovery cost in FY 2018, the total eligible payout amount was overstated, and consequently the SCAG was awarded an excess of \$62,000 in FY 2020. According to VOCA Guidelines, in the event that an over-certification comes to the attention of OVC or the Office of the Comptroller, OJP, the necessary steps will be taken to recover funds that were awarded in error. Generally, it is the policy of OVC to reduce the amount of the subsequent year VOCA victim compensation award by the excess amount awarded.

We discussed this with SCAG officials who told us that there were no written procedures for the preparation of certifications and that the amount of recovery costs reported in FY 2018 was a projected amount rather

⁶ For certifications from fiscal years 2018 and prior, the eligible payout amount for award consideration was determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, amounts awarded for property loss, and other reimbursements, and adding any recovery costs. The award amount corresponding to certifications from these fiscal years consisted of 60 percent of the eligible payout. In July 2021, Congress enacted the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, H.R. 1652, 117th Congress, which changed the formula to 75 percent and removed the requirement for state compensation programs to deduct subrogation and restitution recoveries from the eligible payout amount. These changes went into effect immediately and were applied to FY 2019 certification forms and FY 2021 grant awards.

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

than actual. Subsequent to our discussion, the SCAG revised its policies and procedures for the preparation of the certifications, which we reviewed and believe adequately address the deficiency. As a result, we make no management improvement recommendation. However, we recommend OJP remedy the excess \$62,000 awarded in FY 2020.

Program Requirements and Performance Reporting

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

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP's grant management system. The OVC also requires states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit the report to OJP.

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

We assessed whether the SCAG's annual performance report to the OVC fairly reflected the performance figures of the victim compensation program. We attempted to validate performance measures reported for the applications received, approved, and denied in performance years 2018 through 2020. We also attempted to test reporting with regard to efforts to improve awareness of the program.

Table 2

**Summary from SCAG
Victim Compensation Program Annual Performance Report
FY 2018-2020**

Performance Year	Performance Measure Categories	Data Reported (Unverified)
2018	Received / Approved / Denied	3,411 / 1,662 / 168
2019	Received / Approved / Denied	3,338 / 2,542 / 169
2020	Received / Approved / Denied	2,487 / 1,122 / 51

Source: SCAG Grant Performance Records

We were unable to assess whether the SCAG performance reports regarding applications received, approved, and denied were supported. SCAG did not maintain the evidence of performance data generated

from the claim processing system, which was used to prepare the annual performance reports. We discussed this with SCAG officials. They made an attempt to retrieve information but were not successful due to system limitations. SCAG's claim processing system is designed to capture a summary snapshot of claims that had been entered into the system and processed at the moment the reports were generated. A SCAG official also stated that there were no SCAG policies and procedures requiring them to retain such support but going forward they will try to maintain such support.

We were also unable to assess whether the SCAG's annual performance report fairly reflected its performance regarding the public outreach efforts to improve awareness of the victim compensation program. In the report from FY 2018, the SCAG reported it had coordinated and conducted 64 training events across the state and trained 894 participants. In FY 2019, the SCAG reported it had coordinated and conducted 46 training events across the state and trained 943 participants. In FY 2020, the SCAG reported it had coordinated and conducted 24 training events across the state and trained 553 participants. The SCAG could not provide adequate support related to the training events we selected to review. SCAG officials told us that the documentation for the reported activities that we selected consisted of emails, which had not been retained.

The DOJ Grants Financial Guide requires grantees to retain all financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a federal award for a period of 3 years from the date of submission of the final expenditure report. The FY 2018 grant closed in September 2021. Therefore, the SCAG should have retained the support for every annual performance report within the audit scope. Retaining grant activity records would enable the SCAG to demonstrate that reported data accurately reflected its program performance. As a result, we were unable to assess whether the SCAG's annual performance report to the OVC fairly reflected the performance figures of the victim compensation program. Therefore, we recommend that OJP ensure that SCAG implements policies and procedures for the retention of grant documentation to maintain program performance support according to grant requirements.

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 SCAG's financial management of the VOCA victim compensation grants, we reviewed the process the SCAG used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate SCAG's financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Reports for FYs 2019 to 2020 and did not find significant deficiencies or material weaknesses specifically related to the SCAG. We also interviewed SCAG personnel who were responsible for financial aspects of the grants, reviewed SCAG 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 SCAG implemented adequate controls over financial reporting but could improve its controls over grant expenditures.

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. The SCAG did not charge administrative costs to the grants, as a result our test consisted of compensation claim payments only. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested the sample of transactions by reviewing accounting records and verifying support for select transactions.

Victim Compensation Claim Expenditures

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

To evaluate the SCAG'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 the South Carolina state victim compensation guidelines. We judgmentally selected 79 transactions totaling \$438,707 for expenditures made during the period of our audit October 1, 2017, through December 31, 2021.⁸ The transactions we reviewed included claims for medical, funeral, and counseling costs, as well as the loss of wages.

We found that the SCAG properly authorized and supported 75 of the 79 transactions. However, we found four transactions totaling \$11,110 for which costs charged to the FY 2016 grant were due to accounting errors. Specifically, the errors occurred when SCAG canceled and re-issued two payments totaling \$5,555 and recorded a new expenditure transaction. While attempting to reverse the two original transactions, SCAG duplicated the original transactions in the accounting records in addition to replacing the disbursements, resulting in \$11,110 in excess charges to the FY 2016 grant, which expired in September 2019.

In our opinion, these errors could have been identified by reconciling grant disbursement totals approved by the program office with the grant disbursement total in the accounting system for the life of the grant at the time the grant was closed. However, we found SCAG did not have policies and procedures to perform such a reconciliation.

We discussed the results of our evaluation with SCAG officials, who concurred with the findings. The officials told us that, to their knowledge, this was the first time this issue had been identified and the issue was the result of system errors. As a result, the SCAG was not aware that it had drawn down and retained excess funds. The officials also informed us that the SCAG is currently in the process of replacing the victim compensation claim processing system and plans to develop policies and procedures to reconcile the payout activity to the general ledger. They told us they believe that the new claim processing system will

⁸ The grant expenditures we selected to test included 11 transactions for expenditures made during the period of our audit related to grant number 2016-VC-GX-4049. These transactions were relevant to our review because the transactions were related to the certification for calculating 2018 program payouts.

provide the capabilities to enable reconciliation of the databases and when combined with the revised policies and procedures, will prevent this type error from occurring again.

We are concerned that the transactions we identified are more than an isolated exception and believe that the SCAG should perform further review of its grants to identify the scope of this deficiency. Consequently, we recommend OJP ensure that the SCAG: (1) performs an analysis to determine if other duplicated charges have been made to the grants; (2) implement controls to ensure that total costs charged to the grants are accurate; and (3) remedy the \$11,110 in unsupported costs charged to the grant.

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

For the VOCA victim compensation awards, the SCAG drew down funds on a reimbursement basis and made drawdown requests that were supported by the general ledger. However, we found that the SCAG did not always request reimbursement within a reasonable timeframe. As of November 1, 2021, the SCAG had incurred costs for the three grants totaling \$3,156,974 that it had not submitted reimbursement requests for, even though it had reported those costs on its Federal Financial Reports (FFR). For example, for grant number 2018-V1-GX-0064, the SCAG's June 2019 FFR included \$153,621 that had not been drawn down as of November 1, 2021 (855 days later). Table 3 shows the total amount drawn down for each grant as of November 1, 2021.

Table 3

Amount Drawn Down for Each Grant as of November 1, 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2018-V1-GX-0064	\$3,425,000	9/30/2021	\$3,231,367	\$193,633
2019-V1-GX-0049	\$3,953,000	9/30/2022	\$3,529,187	\$423,813
2020-V1-GX-0054	\$3,272,000	9/30/2023	\$0	\$3,272,000
Total:	\$10,650,000		\$6,760,554	\$3,889,446

Source: SCAG and OJP

We discussed this with SCAG officials, who told us they did not have policies and procedures that established the frequency or timeframe to perform drawdowns once costs were incurred and reported. Although this issue does not have an adverse consequence to the fiscal management of the grant, because

the funds remained with the granting agency, we believe it could have an impact on the victim compensation program in South Carolina in the future, since the compensation to victims depends on the availability of funds to make those payments. Whenever availability of funds is not properly tracked, there is a risk that SCAG could make decisions regarding a victim's claim based on an inaccurate understanding of the financial position of the program.

Subsequent to our discussion, the SCAG performed drawdowns totaling \$3,195,003, which included the \$3,156,974, and revised its policies and procedures to perform drawdowns quarterly, which we reviewed and believe adequately address the deficiency. Consequently, we do not make a recommendation.

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 SCAG submitted accurate FFRs, we compared the four most recent reports to the SCAG's accounting records for each grant.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

Conclusion and Recommendations

Overall, we determined that the SCAG's implementation of its victim compensation program was appropriate and in compliance with VOCA guidelines. We found the SCAG generally complied with federal grant requirements, established an adequate program to compensate victims and survivors of criminal violence, and implemented procedures to bring awareness to the program. However, we found that the SCAG: (1) overstated the FY 2018 annual certification; (2) did not retain program performance documentation as required; (3) did not have policies and procedures for management of grant drawdowns, and; (4) did not have adequate accounting procedures to identify accounting errors to properly account for grant funds for accounting of grant expenditures. We provide four recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Remedy the excess \$62,000 awarded in FY 2020.
2. Ensures the SCAG implements policies and procedures for retention of grant documentation to maintain program performance support according to grant requirements.
3. Ensures the SCAG: (a) performs an analysis to determine if other duplicated charges have been made to the grants; (b) implement controls to ensure that total costs charged to the grants are accurate.
4. Remedy the \$11,110 in unsupported costs charged to the FY 2016 grant.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of the audit was to evaluate how the South Carolina Office of the Attorney General (SCAG) 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 2018-V1-GX-0064, 2019-V1-GX-0049, and 2020-V1-GX-0054 from the Crime Victims Fund (CVF) awarded to the SCAG.⁹ The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$10,650,000 to the SCAG, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2017, the project start date for VOCA compensation grant number 2018-V1-GX-0064, through December 2021. As of December 2021, the SCAG had drawn down a total of \$9,955,557 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the SCAG's activities related to the audited grant(s), which included conducting interviews with state of South Carolina financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for state certifications, drawdowns, grant expenditures, financial reports, and performance 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. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner. 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, OJP's JustGrants, and from the Justice Department Enterprise Data Integration system, as well as the SCAG accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those

⁹ While planning our selection of grant expenditures to test, we identified a large volume of transactions from grant 2016-VC-GX-4049; we tested 11 transactions from this grant.

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 objective. We did not evaluate the internal controls of SCAG to provide assurance on its internal control structure as a whole. SCAG 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 SCAG's internal control structure as a whole, we offer this statement solely for the information and use of the SCAG and OJP.¹⁰

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 SCAG'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.

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

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs:			
Excess FY 2020 Funds Awarded	2020-V1-GX-0054	\$62,000	4
Unsupported Costs	2016-VC-GX-4049	<u>11,110</u>	7
Total Questioned Costs¹¹		\$73,110	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$73,110</u>	

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

APPENDIX 3: The South Carolina Office of the Attorney General's Response to the Draft Audit Report



ALAN WILSON
ATTORNEY GENERAL

June 7, 2022

B. Allen Wood
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
75 Ted Turner Drive Southwest, Suite 1130
Atlanta, Georgia 30303

Dear Mr. Wood:

It was a pleasure working with you during audit of the Crime Victim Compensation Program Audit. Please see audit responses to your letter dated May 18, 2022.

Audit Response Overstatement of Annual Certification:

The South Carolina Attorney General's Office agrees with the finding regarding the overstatement on the FY 2018 annual certification form. The agency has enacted a procedure to generate payroll reports for the Department of Crime Victim Compensation Recovery Staff to ensure accurate reporting of recovery costs. On April 29, 2022, we completed the revised FY 2020 annual certification and generated the payroll records for each staff to calculate the recovery costs. We agree to return the \$62,000 to the Office of Justice Programs, for the overstatement of the recovery costs on the FY 2018 annual certification.

Audit Response Failure to Retain Program Performance Reporting Documentation:

The South Carolina Attorney General's Office agrees with the finding regarding the retention of program performance documentation. As March 31, 2022, the agency enacted policies and procedures to generate and retain all documentation required to support the information reported on the quarterly PMT report. In addition, we created a spreadsheet for outreach/training staff to track all trainings and outreach efforts, along with the participation list if available.

Audit Response Failure to Maintain Schedule for Grant Drawdowns:

The South Carolina Attorney General's Office agrees with the finding regarding inadequate policies and procedures for the management of drawdowns. The agency has enacted policies and procedures to ensure that drawdowns are performed quarterly. Additionally, we will review the payment transaction reports weekly/monthly in the accounting system and compare them to the IQ system to ensure that there are no duplication of payments. Currently, we are working towards the implementation of a new claims management system that will allow us to place more stringent controls in place to identify errors and perform reconciliations.

Audit Response Victim Compensation Claim Expenditures Reconciliations:

The South Carolina Attorney General's Office agrees with the finding regarding not having adequate accounting procedures in place for identifying accounting errors. The agency has enacted policies and procedures to ensure that drawdowns are performed quarterly. In addition, we will review the payment transaction reports weekly/monthly in the accounting system and compared them to the IQ system to ensure that there are no duplication of payments. Currently, we are working towards the implementation of a new claim management system that will allow us to place more stringent controls in place to identify errors and perform reconciliations. We agree to return \$11,110 in unsupported costs to the Office of Justice Programs.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "BJ Nelson", with a stylized flourish at the end.

Barbara Jean "BJ" Nelson
Director of Crime Victim Services
South Carolina Attorney General's Office

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

June 16, 2022

MEMORANDUM TO: B. Allen Wood
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

FROM: [for] Ralph E. Martin *Jeffery A. Haley*
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Compensation Grants, Awarded to the South Carolina Office of the Attorney General, Columbia, South Carolina*

This memorandum is in reference to your correspondence, dated May 18, 2022, transmitting the above-referenced draft audit report for the South Carolina Office of the Attorney General (SCAG). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** recommendations and **\$73,110** questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. We recommend that OJP remedy the excess \$62,000 awarded in FY 2020.

OJP agrees with this recommendation. In its response, dated June 7, 2022, the SCAG agreed that its fiscal year (FY) 2018 annual certification form was overstated, which resulted in it receiving \$62,000 in excess funds, under its FY 2020 Victim Compensation Formula grant. The SCAG stated that it had enacted a procedure to generate payroll reports for the Department of Crime Victim Compensation Recovery staff to ensure accurate reporting of recovery costs going forward. In addition, the SCAG stated that, on April 29, 2022, they revised the FY 2020 annual certification form, and generated the payroll records for each staff to calculate the recovery costs. Finally, the SCAG agreed to return the \$62,000 in funds to OJP, for the overstating the recovery costs on their FY 2018 annual certification form.

Accordingly, we will coordinate with the SCAG, to remedy the \$62,000 in excess funds awarded under Grant Number 2020-V1-GX-0054, as appropriate.

2. **We recommend that OJP ensures the SCAG implements policies and procedures for retention of grant documentation to maintain program performance support according to grant requirements.**

OJP agrees with this recommendation. In its response, dated June 7, 2022, the SCAG stated that, as of March 31, 2022, it had enacted policies and procedures to generate and retain all documentation required to support the information reported on the quarterly Performance Management Tool (PMT) report. In addition, the SCAG stated that it created a spreadsheet for outreach/training staff to track all trainings and outreach efforts, along with the participation list, if available.

Accordingly, we will coordinate with the SCAG to obtain a copy of written policies and procedures, developed and implemented, to ensure that it maintains support for program performance data used at the time of reporting; and the documentation is maintained for future auditing purposes, in accordance with the Department of Justice Grants Financial Guide's record retention requirements.

3. **We recommend that OJP ensures the SCAG: (a) performs an analysis to determine if other duplicated charges have been made to the grants; and (b) implements controls to ensure that total costs charged to the grants are accurate.**

OJP agrees with this recommendation. In its response, dated June 7, 2022, the SCAG stated that it had enacted policies and procedures to ensure that drawdowns are performed quarterly. Additionally, the SCAG stated that it will review the payment transaction reports weekly/monthly in the accounting system, and compare them to the IQ system to ensure that there is no duplication of payments. Furthermore, SCAG stated that it is currently working towards the implementation of a new claims management system, that will allow them to have more stringent controls in place to identify errors and perform reconciliations.

Accordingly, we will coordinate with the SCAG to obtain: 1) documentation of its analysis to determine if duplicate charges were charged to its Victim Compensation Formula grants; and 2) a copy of written policies and procedures, developed and implemented, to ensure that the total costs charged to its grants are accurate.

4. **We recommend that OJP remedy the \$11,110 in unsupported costs charged to the FY 2016 grant.**

OJP agrees with this recommendation. In its response, dated June 7, 2022, the SCAG stated that it did not have adequate policies and procedures in place for identifying accounting errors, but would implement a new claim management system that will allow them to have more stringent controls in place to identify errors and perform reconciliations. The SCAG also indicated that they agree to return \$11,110 in unsupported costs to the OJP.

Accordingly, we will coordinate with SCAG to remedy the \$11,110 in unsupported questioned costs charged to Grant Number 2016-VC-GX-4049, as appropriate.

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

Attachment

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Deputy Assistant Attorney General

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the South Carolina Attorney General Office (SCAG). SCAG's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations and as a result, the status of this audit report is resolved. The SCAG also agreed with all recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. Remedy the excess \$62,000 awarded in FY 2020.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with SCAG to we will coordinate with the SCAG to remedy the \$62,000 in excess funds awarded under Grant Number 2020-V1-GX-0054, as appropriate.

The SCAG also agreed with our recommendation and stated that it will return the \$62,000 to OJP for overstating the recovery costs on the FY 2018 annual certification.

This recommendation can be closed when we receive documentation to support that the SCAG has remedied the \$62,000 in excess funds awarded.

2. Ensures the SCAG implements policies and procedures for retention of grant documentation to maintain program performance support according to grant requirements.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with the SCAG to obtain a copy of written policies and procedures, developed and implemented, to ensure that it maintains support for program performance data used at the time of reporting; and the documentation is maintained for future auditing purposes, in accordance with the Department of Justice Grants Financial Guide's record retention requirements.

The SCAG also agreed with our recommendation and stated that as of March 31, 2022, it had enacted policies and procedures to generate and retain all documentation required to support the information reported in the Performance Report Tool (PMT). In addition, the SCAG stated that it created a spreadsheet for outreach and training staff to track all training and outreach efforts, along with the participation list if available.

This recommendation can be closed when we receive documentation that supports that the SCAG has developed and implemented policies and procedures that ensure appropriate retention of grant documentation.

3. **Ensures the SCAG : (a) performs an analysis to determine if other duplicated charges have been made to the grants; (b) implement controls to ensure that total costs charged to the grants are accurate.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with the SCAG to obtain: 1) documentation of its analysis to determine if duplicate charges were charged to its Victim Compensation Formula grants; and 2) a copy of written policies and procedures, developed and implemented, to ensure that the total costs charged to its grants are accurate.

The SCAG also agreed with our recommendation and stated it will review the payment transaction reports from the accounting system and compare them to information from its claim processing system to ensure that no duplication of payment has taken place. In addition, the SCAG stated that it is currently working towards the implementation of a new claims management system that will allow the implementation of more stringent controls to identify errors and perform reconciliations.

This recommendation can be closed when we receive documentation that the SCAG: (a) performed analysis to determine if other duplicated charges had been made to the grants, and (b) implemented the controls to ensure that total costs charged to the grants are accurate.

4. **Remedy the \$11,110 in unsupported costs charged to the FY 2016 grant.**

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will coordinate with the SCAG to remedy the \$11,110 in unsupported questioned costs charged to Grant Number 2016-VC-GX-4049, as appropriate.

The SCAG also agreed with our recommendation and stated that it agreed to return the \$11,110 in unsupported costs to OJP.

This recommendation can be closed when we receive documentation supporting that the SCAG has returned the \$11,110 in unsupported costs to OJP.