



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the North Carolina
Victim Compensation Commission,
Raleigh, North Carolina

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22-095

AUGUST 2022



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the North Carolina Victim Compensation Commission, Raleigh, North Carolina

Objective

The objective of the audit was to evaluate how the North Carolina Victim Compensation Commission (NCVCC) 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 NCVCC was able to compensate victims and survivors of criminal violence but needs to improve controls to administer the program more effectively. This audit did not identify significant concerns regarding the NCVCC's grant planning and execution, drawdowns, and financial reporting. However, we identified concerns with the NCVCC's controls over performance reporting and grant expenditures.

Recommendations

Our report contains three recommendations to the Office of Justice Programs (OJP) to assist the NCVCC in improving its grant management and administration and de-obligating unspent funds to be put to better use. We requested a response to our draft audit report from the NCVCC 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 four Victims of Crime Act (VOCA) victim compensation formula grants awarded by the Office of Justice Programs Office for Victims of Crime (OVC) to the NCVCC in Raleigh, North Carolina. The OVC awarded these formula grants, totaling \$10,269,000 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 North Carolina. As of March 2022, the NCVCC drew down a cumulative amount of \$4,139,990 for all the grants we reviewed.

Grant Program Planning and Execution

Overall, we determined that the NCVCC's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found the NCVCC established an adequate program to compensate victims and survivors of criminal violence.

Program Requirements and Performance Reporting

Based on our overall assessment in the areas of program requirements and performance reporting, we determined that the NCVCC did not implement adequate procedures to compile and submit accurate annual performance reports.

Grant Financial Management

We determined that the NCVCC generally implemented adequate controls over drawdowns and financial reporting. However, we determined that the NCVCC needs to improve its controls over grant expenditures.

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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 North Carolina Victim Compensation Commission (NCVCC) in Raleigh, North 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) 2017 to 2020, these OVC grants totaled \$10,269,000.

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-0067	9/28/2017	10/1/2016	9/30/2020	\$2,006,000
2018-V1-GX-0051	8/9/2018	10/1/2017	3/31/2022 ^a	2,038,000
2019-V1-GX-0047	9/13/2019	10/1/2018	9/30/2022	2,754,000
2020-V1-GX-0038	9/17/2020	10/1/2019	9/30/2023	3,471,000
Total:				\$10,269,000

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

^a In July 2021, Congress enacted the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, Pub. L. No. 117-27, § 2(a), 135 Stat. 301 (VOCA Fix Act), which allowed no-cost extensions. On September 17, 2021, the grantee received a no-cost award extension through March 31, 2022.

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

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 North Carolina's state administering agency, the NCVCC is responsible for administering the VOCA victim compensation program. The NCVCC is an agency within the North Carolina Department of Public Safety (NCDPS). The NCDPS mission is to safeguard and preserve the lives and property of over 10 million citizens of North Carolina through prevention, protection, and preparation with integrity and honor.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed relevant NCVCC policies and procedures and interviewed NCVCC personnel to determine how they administered the VOCA funds. We further obtained and reviewed NCVCC 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 NCVCC's overall process for making victim compensation payments. We assessed NCVCC'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 NCVCC's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found the NCVCC established an adequate program to compensate victims and survivors of criminal violence. We did not identify any issues with its efforts to bring awareness to the program, and accuracy of the certification reports.

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 North Carolina, the NCVCC was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the NCVCC operated under the North Carolina Department of Public Safety victim compensation guidelines, which conveyed the state-specific policies for the victim compensation program. In assessing the NCVCC'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 NCVCC had made to bring awareness to victims eligible for compensation program benefits.

The NCVCC is responsible for assigning cases, reviewing supporting documentation, determining eligibility, calculating benefits, and approving or denying payments. Claimants have the right to appeal a denied application with the Victim Compensation Commission. The NCVCC has internal policies and procedures in place to ensure that it requests reimbursement only for federally eligible claims. To enhance the public's awareness of the program, the NCVCC staff visit colleges and universities and provide brochures. The NCVCC reaches out to the state and local law enforcement agencies, as well as district attorney's offices. In addition, the NCVCC performs outreach activities to agencies and programs that provide assistance to the underserved community.

Based on our review, we found that the NCVCC implemented appropriate procedures for accepting applications, reviewing cases to establish eligibility, determining applicable compensation amounts, and processing payments. We also found that NCVCC applied adequate segregation of duties when assigning claims, reviewing adjudications, and authorizing payments. In addition, it adopted measures to raise the public's awareness of its victim compensation program.

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.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 NCVCC controls for preparing the annual certification forms submitted to the OVC for FYs 2016 through 2019, which were used to calculate the award amounts granted in FYs 2018 through 2021.⁵ We reviewed the FY 2019 annual certification form, including the financial support for the payouts and revenues. We compared the payment information in the state's certification forms for reporting period FY 2019 with underlying accounting records to determine whether the reported information was supported.

Based on our testing, we found the amounts tested on the NCVCC's Crime Victim Compensation State Certification Form to be generally supported. However, for the FY 2019 certification form, the NCVCC overreported its VOCA grant fund payouts. The OVC identified an error and notified the NCVCC. The error was caused by the NCVCC incorrectly including a portion of its FY 2015 VOCA award payouts. In response to the OVC's notification, the NCVCC submitted a revised certification form. Because the error was identified and corrected, we make no recommendation regarding the accounting error.

Program Requirements and Performance Reporting

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

Based on our overall assessment in the areas of program requirements and performance reporting, we determined that the NCVCC did not implement adequate procedures to compile and submit accurate annual performance reports but complied with tested special conditions.

⁴ In July 2021, Congress enacted the VOCA Fix Act, which changed the formula from 60 to 75 percent and removed the requirement for state compensation programs to deduct subrogation and restitution recoveries from the eligible payout amount. Pub. L. No. 117-27, § 2(b).

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.

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 JustGrants.⁶ 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 tested whether the NCVCC's quarterly performance report accurately reflected the number of applications approved, the number of applications denied and closed, and the number of Sexual Assault Forensic Examination (SAFE) applications received. Our testing results are in Table 2 below.

Table 2

**Summary from NCVCC
Victim Compensation Program Performance Reports
FY 2017 – FY 2020**

Year	Performance Categories	Data Reported	Data Supported	Difference
3 rd Quarter FY 2017	Applications Approved	615	644	(29)
	Applications Denied/Closed	306	339	(33)
	SAFE Received	200	200	-
3 rd Quarter FY 2018	Applications Approved	675	784	(109)
	Applications Denied/Closed	299	277	22
	SAFE Received	230	230	-
3 rd Quarter FY 2019	Applications Approved	843	960	(117)
	Applications Denied/Closed	192	152	40
	SAFE Received	373	373	-
3 rd Quarter FY 2020	Applications Approved	609	660	(51)
	Applications Denied/Closed	199	154	45
	SAFE Received	599	315	284

Source: OIG Analysis of NCVCC Records

⁶ In October 2020, the Justice Grants System, also known as JustGrants, replaced OJP's former Grants Management System as the new grants management and payment management system.

The NCVCC's supporting documentation did not always reconcile with the information reported to the OVC. For FYs 2017 through 2020, the NCVCC underreported applications approved. An NCVCC official told us that the NCVCC process was to report the number of claims paid, rather than the number of claims approved. While approved claims would eventually be paid, and thus show up in a different reporting period, NCVCC should update their process to report the requested performance metric.

For FY 2017, the number of applications denied or closed were underreported. For FYs 2018 through 2020, the number of applications denied or closed were overreported. NCVCC officials told us that it reported the number of denials for the reporting period and is unsure why there is a difference. The official believed that some of the reported denials could have occurred in the quarter before and quarter after the reporting period.

In FY 2020, the number of sexual assault forensic exams reported was more than the number the NCVCC was able to support. NCVCC officials told us that the NCVCC reported the number of SAFE claims paid rather than the number of claims received. The NCVCC officials also told us that the SAFE applications for the claims that were paid would have been received in previous reporting periods.

Based on our review, we recommend that OJP ensures that the NCVCC develop and implement policies and procedures to ensure it accurately reports performance and maintains supporting documentation for its reported performance.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, the NCVCC certified it would comply with these special conditions. We reviewed the special conditions for the FY 2020 VOCA victim compensation program grant and identified special conditions that we deemed significant to grant performance, which are not otherwise addressed in another section of this report. The special conditions tested were the requirement that the NCVCC Point of Contact and all Financial Points of Contact receive OJP Financial Management training and the requirement that an NCVCC employee participate in the annual VOCA National Training Conference.

We found that NCVCC complied with the tested 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 NCVCC's financial management of the VOCA victim compensation grants, we reviewed the process the NCVCC used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate NCVCC's financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Reports for FYs 2017 to 2020 and did not identify any findings related to the VOCA funds managed by the NCVCC. We also interviewed NCVCC personnel who were responsible for financial aspects of the grants, reviewed NCVCC 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 NCVCC generally implemented adequate controls over drawdowns and financial reporting. However, we determined that the NCVCC 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. 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 North Carolina submit claims for reimbursement of expenses incurred because of victimization, such as medical and funeral costs or loss of wages. NCVCC staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate the NCVCC's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims and supporting documentation to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA Guidelines and the NCVCC. We judgmentally selected 61 claims from NCVCC's Victims Compensation Services program and 40 claims from the Rape Victims Assistance Program (RVAP).⁷ These claims totaled \$634,759. The transactions we reviewed include costs in the following categories: crime scene cleanup, sexual assault forensic kits and exams, funeral services, lost wages, and medical equipment and services.

We found that all 61 victim compensation claims tested were properly authorized and supported and included all required documentation.

We found that 2 of the 40 RVAP claims did not include Sexual Assault Nurse Examiners (SANE) forms. NCVCC policy requires that SANE forms be submitted by healthcare professionals when requesting payment for forensic medical examinations. However, an NCVCC official told us that the NCVCC accepts billing claims, in lieu of SANE forms, as support for payment of the forensic sexual assault exam. Although a billing claim supports that an exam was performed, a claim should only be reimbursed once the NCVCC receives all required documentation so that NCVCC complies with its victim compensation guidelines. As a result, we recommend that OJP ensure that the NCVCC implement procedures to ensure it receives all required documentation prior to reimbursing a claim.

⁷ The NCVCC's Victims Compensation Services provides financial assistance, including medical care, counseling, lost wages, and funerals, to victims of a crime. The NCVCC's Rape Victims Assistance Program provides for the cost of a forensic medical examination.

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. For the compensation grant program, we tested the NCVCC's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 3.

Table 3

Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2017-VC-GX-0067	\$2,006,000	\$100,296	4.9
2018-V1-GX-0051	\$2,038,000	\$108,622	5.3
2019-V1-GX-0047	\$2,754,000	\$55,075	2.0
2020-V1-GX-0038	\$3,471,000	-	-

Source: OIG

We found that the NCVCC did not always comply with the 5 percent administrative cost limit. We compared the total administrative expenditures charged to the grants against the general ledger and determined that the state had complied with the limits for the FY 2017 grant and was positioned to comply with the limits for the FY 2019 grant. However, we found that for the FY 2018 award, the NCVCC did exceed the 5 percent administrative cost cap by \$6,722. An NCVCC official told us that the NCVCC exceeded its administrative cost limit because the NCVCC applied administrative costs to the FY 2018 award that should have been applied to the FY 2019 award. Excess use of funds for administrative costs by a VOCA recipient limits the funds available for use in support of crime victims. In February 2022, the NCVCC provided documentation that it reclassified the \$6,722 in excess administrative costs and applied it to the FY 2019 award.

In addition to testing the NCVCC's compliance with the 5 percent administrative allowance, we also tested a sample of administrative transactions to ensure costs were allowable and adequately supported. We judgmentally selected 13 transactions from NCVCC's accounting records, including personnel, fringe, and administrative costs. We found that all transactions were allowable and supported.

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

For the VOCA victim compensation awards, the NCVCC draws grant funds on a reimbursement basis. It calculates drawdowns sufficient to reimburse posted expenditures from its general ledger. Table 4 shows the total amount drawn down for each grant as of March 21, 2022.

Table 4

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

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2017-VC-GX-0067	\$2,006,000	9/30/2020	\$1,997,602	\$0 ^a
2018-V1-GX-0051	\$2,038,000	3/31/2022 ^b	\$2,016,400	\$21,600
2019-V1-GX-0047	\$2,754,000	9/30/2022	\$125,988	\$2,628,012
2020-V1-GX-0038	\$3,471,000	9/30/2023	\$0	\$3,471,000
Total:	\$10,269,000		\$4,139,990	\$6,120,612

^a On August 16, 2021, OJP de-obligated the \$6,068 remaining on the FY 2017 award.

^b On September 17, 2021, the grantee received a no-cost award extension through March 31, 2022.

Source: OJP

On December 22, 2020, the NCVCC submitted a final Federal Financial Report (FFR), for the FY 2017 award, showing an unobligated balance of \$6,068. OJP de-obligated that balance on August 16, 2021. During this audit, we determined that for the FY 2017 award drawdowns exceeded expenditures by \$2,330. NCVCC officials told us that the overdraw was the result of a refund that was reversed in the accounting records after the final FFR was submitted. On December 3, 2021, the NCVCC submitted the amended FFR to the OVC, which showed an unobligated balance of \$8,397, that included the previous unobligated balance of \$6,068 plus the unsupported \$2,330.⁸ In February 2022, the NCVCC returned the \$2,330 to DOJ. Overall, we determined that the NCVCC generally implemented adequate controls over drawdowns. However, we recommend that OJP de-obligates the \$2,330 balance associated with the FY 2017 award.

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 NCVCC submitted accurate FFRs, we compared the eight most recent reports to the NCVCC's accounting records for FY 2017 and FY 2018 grants.

We determined that quarterly and cumulative expenditures for the reports reviewed generally matched the accounting records for each of the victim compensation grants we tested. Overall, we determined that the

⁸ The difference between the sum of \$6,068 and \$2,330 and the reported \$8,397 is due to rounding.

NCVCC generally implemented adequate controls over financial reporting. However, we found that one FFR did not match the NCVCC's accounting records for the FY 2017 award. For the quarter ending September 30, 2020, we identified that the NCVCC reported \$2,330 more in expenditures on its FFR than were reflected in the general ledger for the same time period. The general ledger showed that \$2,330 was reversed after the final FFR was submitted. An NCVCC official told us that the NCVCC would amend the final FFR. On December 3, 2021, the NCVCC submitted an amended FFR to the OVC.

Conclusion and Recommendations

Overall, we determined that the NCVCC's implementation of its victim compensation program was appropriate and in compliance with VOCA guidelines. We found the NCVCC 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 NCVCC did not implement adequate procedures to compile and submit accurate annual performance reports. The NCVCC also paid claims without receiving all required documentation. We provide three recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure the NCVCC develop and implement policies and procedures to ensure it reports accurate performance data and maintains supporting documentation for its reported performance data.
2. Ensure the NCVCC implement procedures to ensure it receives all required documentation prior to reimbursing a claim.
3. De-obligate the \$2,330 balance associated with FY 2017 award.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how the North Carolina Victim Compensation Commission (NCVCC) 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-0067, 2018-V1-GX-0051, 2019-V1-GX-0047, and 2020-V1-GX-0038 from the Crime Victims Fund awarded to the NCVCC. The Office of Justice Programs (OJP), Office for Victims of Crime awarded these grants totaling \$10,269,000 to the NCVCC, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of September 28, 2017, the project start date for VOCA compensation grant number 2017-VC-GX-0067, through March 21, 2022. As of March 21, 2022, NCVCC had drawn down a total of \$4,139,990 from the four audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the NCVCC's activities related to the audited grants, which included conducting interviews with state of North Carolina financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, progress reports, etc. 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 and JustGrants as well as the NCVCC 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 NCVCC to provide assurance on its internal control

structure. NCVCC'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 NCVCC's internal control structure, we offer this statement solely for the information and use of the NCVCC and DOJ.⁹

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

⁹ 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
Funds to be Put to Better Use:¹⁰			
Unspent Grant Funds	2017-VC-GX-0067	\$2,330	9
Total Funds to be Put to Better Use		\$2,330	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$2,330</u>	

¹⁰ **Funds to be Put to Better Use** are future funds that could be used more efficiently if management took actions to implement and complete audit recommendations.

APPENDIX 3: The North Carolina Victim Compensation Commission Response to the Draft Audit Report



North Carolina Department of Public Safety

Victim Services

Roy Cooper, Governor
Eddie Buffaloe, Jr., Secretary

Caroline Valand, Deputy Secretary
Liddie Shropshire, Director

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

The North Carolina Crime Victim Compensation Commission received the draft audit report dated April 28, 2022. The draft report contains two recommendations and a \$2,330 balance to de-obligate associated with FY 2017 award. This letter is the response to the OIG Draft Audit report.

Recommendation 1: Ensure the NCVCC develops and implements policies and procedures to ensure it reports accurate performance data and maintains supporting documentation for its reported performance data.

Response: The NCVCC agrees with the recommendation. NCVCC's current reporting system is obsolete, and we are working with the NC Department of Information Technology to develop a technology solution to enhance reporting processes. As a temporary solution, we will generate supporting documentation at the time of each performance reporting period to ensure accurate reporting and that the documentation reconciles with the information reported.

Written and verbal directions on procedures to follow for performance reporting will be provided to the Compensation staff responsible for the completion of the performance reports; this will ensure reports are supported with appropriate documentation. The performance reporting procedures have been updated to reflect the enhanced procedures.

Recommendation 2: Ensure the NCVCC implements procedures to ensure it receives all required documentation before reimbursing a claim.

Response: The NCVCC agrees with the recommendation (two claims identified). The policy and procedures used to determine eligibility will be updated for clarity to include all documentation used to support reimbursement of the claim (including medical documentation of completion of a sexual assault forensic exam, law enforcement reports, and SANE form).

Written and verbal directions on procedures to follow to determine eligibility will be provided to the Rape Victim Assistance and Compensation staff; this will ensure reimbursements are supported with appropriate documentation. The procedure manual has been updated to reflect enhanced procedures.

MAILING ADDRESS:
4232 Mail Service Center
Raleigh, NC 27699-4232
Telephone: (919) 733-7974
Toll Free: 1-800-826-6200



www.ncdps.gov

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OFFICE LOCATION:
512 N. Salisbury St.
Raleigh, NC 27604-1159
Fax: (919) 715-4209

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
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May 16, 2022

Recommendation 3: De-obligate the \$2,330 balance associated with FY 2017 award.

Response: The NCVCC agrees with the recommendation.

NCDPS check number 1015671 was written to the USDOJ Office of Justice Programs on 11/24/2021. A portion of this check returned \$2,329.61 in 2017 VC funds to USDOJ as a result of refunds from the victim's claims. NCVCC agrees the OJP will de-obligate the returned funds.

Sincerely,



Liddie Shropshire
Director, Victim Services
North Carolina Department of Public Safety

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

May 25, 2022

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

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Compensation Grants, Awarded to the North Carolina Victim Compensation Commission, Raleigh, North Carolina*

This memorandum is in response to your correspondence, dated April 28, 2022, transmitting the subject draft audit report for the North Carolina Department of Public Safety, Victim Compensation Commission (NCVCC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft audit report contains **three** recommendations and **\$2,330** in funds to be put to better use. 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 OJP's response.

- 1. We recommend that OJP ensure the NCVCC develop and implement policies and procedures to ensure it reports accurate performance data and maintains supporting documentation for its reported performance data.**

OJP agrees with the recommendation. In its response, dated May 16, 2022, the NCVCC stated that their current reporting system is obsolete, and they are working to develop a technology solution to enhance reporting processes. As a temporary solution, the NCVCC stated that they will generate supporting documentation at the time of each reporting period to ensure accurate reporting, and that the documentation reconciles with the information reported. The NCVCC further stated that they will provide verbal and written procedures to staff responsible for the completion of performance reports to ensure that reports are supported with appropriate documentation.

Accordingly, we will coordinate with the NCVCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its annual performance reports are accurate prior to submission, and the supporting documentation is maintained for future auditing purposes.

2. We recommend that OJP ensure the NCVCC implement procedures to ensure it receives all required documentation prior to reimbursing a claim.

OJP agrees with the recommendation. In its response, dated May 16, 2022, the NCVCC stated that the policies and procedures used to determine eligibility will be updated for clarity, to include all documentation used to support reimbursement of the claim, including medical documentation of completion of a sexual assault forensic exam, law enforcement reports, and Sexual Assault Nurse Examiners forms. NCVCC also stated that written and verbal directions on their enhanced and updated procedures to determine claim eligibility will be provided to staff, which will ensure reimbursements are supported with appropriate documentation.

Accordingly, we will coordinate with NCVCC to obtain a copy of the written policies and procedures, developed and implemented, to ensure that all required documentation is received prior to reimbursing victim compensation claims, and the supporting documentation is maintained for future auditing purposes.

3. We recommend that OJP deobligate the \$2,330 balance associated with FY 2017 award.

OJP agrees with the recommendation. We will coordinate with OJP's Office of the Chief Financial Officer to deobligate the \$2,330 in funds to be put to better use, associated with Grant Number 2017-VC-GX-0067.

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

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

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

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

cc: Kristina Rose
Director
Office for Victims of Crime

Katherine Darke Schmitt
Acting Principal Deputy Director
Office for Victims of Crime

Kathrina S. Peterson
Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Joel Hall
Associate Director, State Victim Resource Division
Office for Victims of Crime

Jalila Sebbata
Grant Management Specialist
Office for Victims of Crime

Rachel Johnson
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

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

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

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

cc: Jorge L. Sosa
Director, Office of Operations – Audit Division
Office of the Inspector General

OJP Executive Secretariat
Control Number IT20220429115628

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the North Carolina Victim Compensation Commission (NCVCC). NCVCC'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 the audit report is resolved. The NCVCC also agreed with all three recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure the NCVCC develop and implement policies and procedures to ensure it reports accurate performance data and maintains supporting documentation for its reported performance data.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NCVCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its annual performance reports are accurate prior to submission and the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

The NCVCC agreed with our recommendation and stated in its response that its current reporting system is obsolete and is working with the North Carolina Department of Information Technology to develop a technology solution to enhance reporting processes. As a temporary solution, the NCVCC will generate supporting documentation at the time of each performance reporting period to ensure accurate reporting and that the documentation reconciles with the information reported. The NCVCC further stated that written and verbal directions on procedures to follow for performance reporting will be provided to staff responsible for the completion of the performance reports. This will ensure reports are supported with appropriate documentation. The NCVCC stated that the performance reporting procedures have been updated to reflect the enhanced procedures.

This recommendation can be closed when we receive documentation that the NCVCC implemented policies and procedures to ensure that its annual performance reports are accurate and supported.

- 2. Ensure the NCVCC implement procedures to ensure it receives all required documentation prior to reimbursing a claim.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with NCVCC to obtain a copy of the written policies and procedures, developed and implemented, to ensure that all required documentation is received prior to reimbursing victim compensation claims and the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

The NCVCC agreed with our recommendation and stated in its response that policy and procedures used to determine eligibility will be updated for clarity to include all documentation used to support reimbursement of the claim including medical documentation of completion of a sexual assault forensic exam, law enforcement reports, and Sexual Assault Nurse Examiners form. The NCVCC further stated that written and verbal directions on procedures to follow to determine eligibility will be provided to the Rape Victim Assistance and Compensation staff. This will ensure reimbursements are supported with appropriate documentation. The NCVCC further stated that the procedure manual has been updated to reflect enhanced procedures.

This recommendation can be closed when we receive documentation that the NCVCC implemented policies and procedures to ensure that all required documentation is received prior to reimbursing victim compensation claims.

3. De-obligate the \$2,330 balance associated with FY 2017 award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with OJP's Office of the Chief Financial Officer to de-obligate the \$2,330 in funds to be put to better use associated with Grant Number 2017-VC-GX-0067. As a result, this recommendation is resolved.

The NCVCC agreed with our recommendation and stated in its response that it returned the excess funds to the U.S. Department of Justice on November 24, 2021, as a result of refunds from victim claims.

This recommendation can be closed when we receive documentation that OJP has de-obligated the \$2,330 in funds associated with the FY 2017 award to be put to better use.