



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

MANAGEMENT ADVISORY MEMORANDUM

25-046

MARCH 2025

Notification of Concerns Identified in State
Administering Agencies' Administration
of Victims of Crime Act Victim Assistance
Formula Grant Funds

AUDIT DIVISION



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

March 24, 2025

Management Advisory Memorandum

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

A handwritten signature in blue ink that reads "Michael E. Horowitz".

From: Michael E. Horowitz
Inspector General

Subject: Notification of Concerns Identified in State Administering Agencies' Administration of Victims of Crime Act Victim Assistance Formula Grant Funds

The purpose of this memorandum is to advise you of concerns that may affect the ability of state administering agencies (SAA) and subrecipients to administer the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) Victims of Crime Act (VOCA) Victim Assistance formula grants. Since 2015, we have conducted over 80 audits of victim assistance formula grants provided to SAAs and their subrecipients. During these audits, we have identified certain subaward allocation methodologies in need of attention. For example, in June 2024, our office initiated an audit of the New York Office of Victims Services (New York OVS, the SAA for the state of New York) victim assistance funds subawarded to Safe Horizon, Inc. (Safe Horizon), a direct victim service provider located in New York, New York. Our audit determined that the methodology New York OVS used to award these funds to its subrecipient did not comply with federal regulations. Specifically, when establishing subaward amounts, New York OVS sometimes combined VOCA funds with other state funding sources into a single subaward without identifying the amount of funding originating from each individual source. This methodology resulted in a commingled accounting environment for subrecipients, thereby potentially causing several significant problems as described below.¹

We have reason to believe this non-compliant subaward funding approach, or similar models, may be in use at additional SAAs. This memorandum provides notification of our concerns that we believe are significant enough to warrant OJP's attention and consideration in its oversight of VOCA Victim Assistance formula grants provided to SAAs so that it can assess the potential systemic nature of our findings and take necessary corrective action.

¹ U.S. Department of Justice Office of the Inspector General, [Audit of the Office of Justice Program Victim Assistance Funds Subawarded by the New York Office of Victim Services to Safe Horizon, Inc. New York, New York](#), Audit Report 25-047 (March 2025), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-funds-subawarded-new-york-office-victim

New York OVS Subaward Allocation Methodology

In June 2024, we initiated an audit of a New York OVS victim assistance subaward (subaward number C11361GG) made to Safe Horizon for child advocacy services; this subaward totaled \$10,551,267. The subaward period was October 1, 2022, to September 30, 2025, with a 1-year budget approved each federal fiscal year. Our office previously audited New York OVS as the SAA of victim assistance funds and issued our report in [May 2023](#).²

In our current audit, we noted that the New York OVS/Safe Horizon subaward document does not identify the Federal Award Identification Number (FAIN), as required by 2 C.F.R. § 200.302. New York OVS provides its subrecipients with the FAIN subsequently in an award special condition during the first quarter of each federal fiscal year.

In addition, according to the New York OVS/Safe Horizon subaward document, the audited subaward consists of both federal VOCA funds and New York OVS state funds. However, the New York OVS/Safe Horizon award document does not identify the distribution of funding between the different funding sources. We found that Safe Horizon's award document indicates via a check box that the subaward consisted of both federal and state funds but did not identify how the \$10,551,267 subaward was distributed between federal and state sources. The only indication of the distribution of federal and state funds comes following a reimbursement request, as described below.

New York OVS subrecipients prepare and submit reimbursement requests against the overall award amount. After New York OVS personnel approve a reimbursement request, the responsible New York OVS grant manager informs the subrecipient of the reimbursed total it received, along with the distribution of federal and state funds applied to the request. Based on discussions with New York OVS officials, funding distributions are made at the beginning of each annual budget period based on available funding and the distribution percentages vary by subrecipient and by project.³

Impact on Financial Management

The Uniform Guidance requires that the financial management system of each non-federal entity expending federal financial assistance provide identification, in its accounts, of all federal awards received and expended and the federal programs under which the activity occurred. Furthermore, records must identify the amount, source, and expenditure of funds for federal awards and contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. The U.S. Department of Justice (DOJ) Grants Financial Guide also states that the accounting system should be able to account for award funds separately.

The approach of awarding subrecipients a subaward that combines federal and state sources without providing a breakdown of funds by source impacts subrecipients' ability to establish adequate accounting system records to track the federal and state sources separately in compliance with the Uniform Guidance.

² U.S. Department of Justice Office of the Inspector General, [Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the New York Office of Victim Services, Albany, New York](#), Audit Report 23-075 (May 2023), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-grants-awarded-new-york-office-victim

³ Some New York OVS subawards are funded only with VOCA funds; we saw these subawards during our 2023 audit of New York OVS. In addition, Safe Horizon received 5 separate subawards from New York OVS during the subaward period we audited, and some of those subawards were funded at 100 percent with VOCA funds. However, the audited subaward (C11361GG) was funded using VOCA and state funds across all budget categories.

As a result of the methodology employed by New York OVS when subawards consist of multiple funding sources, its subrecipients are not able to establish within their accounting system separate accounts to track expenditures separately by federal and state funds. We discussed this matter with New York OVS at the end of our audit of Safe Horizon. According to officials, New York OVS prefers that subrecipients record subaward expenditures under one accounting system code to avoid unallowable expenditures. New York OVS added that it requires its subrecipients to treat all subaward funds and expenditures as if they were all federal VOCA funds. According to New York OVS, its funding structure is designed to be efficient in the use of the available federal funding, flexible to annual changes in federal award levels, and responsive in accommodating its subrecipients' requests.

Single Audit Compliance

The approach of awarding subrecipients a subaward that combines federal and state sources may also impact subrecipients' ability to comply with the Single Audit Act of 1984, as amended. The Single Audit Act requires non-federal entities that expend federal financial assistance above a certain threshold (currently \$1,000,000 for fiscal years beginning on or after October 1, 2024) to receive an annual audit of the financial statements and federal expenditures.

If an SAA provides subawards to subrecipients without identifying the amount of money by funding source, subrecipients are not able to accurately compile the Schedule of Federal Expenditures as required by 2 CFR 200.510. For some subrecipients, an SAA's failure to identify federal versus non-federal funding within a subaward may impede the determination of when the federal expenditure threshold is met to trigger the single audit requirement.

In the state of New York, for single audit purposes, subrecipients may request from New York OVS an audit certification report that identifies how much the subrecipient was reimbursed in both federal and state funds. This report would allow the subrecipient to know the total amount of federal funds to report on its Schedule of Expenditures of Federal Awards. However, the subrecipient would not know which individual expenditure transactions were paid with federal funds.

Other Amalgamated Crime Victims Fund (CVF) SAA Subaward Examples

Dating back to 2015, our victim assistance formula grant audits have identified several varying SAA subaward allocation methodologies. While some SAAs fund subawards with only VOCA funds, other SAAs structure their subawards using a combined method whereby the subawards include funding from various federal, state, or other sources. The combined approach is an appropriate model so long as the SAA communicates to its subrecipients the breakdown of funding, including the FAIN. We have encountered SAAs that execute this combined funding model effectively in compliance with the Uniform Guidance. We also note that the decrease in deposits into the CVF and subsequent decrease to the CVF cap—which has served to lower CVF formula awards to SAAs—may have required some SAAs to be creative with their funding strategies. We have observed that some SAAs now supplement their victim assistance subawards with other funding sources.

For your reference, a similar situation to New York OVS was brought to your attention in our audit of the District of Columbia's Office of Victim Services and Justice Grants' (DC OVSJG) subawards to the [Network for](#)

[Victim Recovery of DC](#).⁴ In its response to us, OJP Office of the Chief Financial Officer (OCFO) confirmed that the subrecipient must be aware of the funding source expected for an expense prior to obligating funds for it. Further, OJP OCFO stressed that the SAA was not permitted to tell the subrecipient only upon reimbursement which funding source was used for an expense claimed by the subrecipient.

Also, in [April 2017](#) (page 36), we issued a Management Advisory Memorandum on the Minnesota Department of Public Safety Office of Justice Programs' (MN OJP) methodology for using amalgamated funding for its subawards without providing subrecipients with clear accounting of the funding sources.⁵ This issue was resolved by MN OJP by providing its subrecipients with information related to the specific amounts of federal and state funding provided in each subaward agreement. Additionally, MN OJP began requiring its subrecipients to certify their spending by funding source. An important distinction between the actions of MN OJP and New York OVS is that we found MN OJP had combined not only DOJ federal funds (including VOCA) and state money but also other non-DOJ federal grant funds. New York OVS limits its federal funding of victim assistance subawards to only OJP VOCA funds; no other federal funds are included.

Conclusion

We are providing this information to OJP to help ensure appropriate management of VOCA funds by SAAs when CVF subawards consist of funds from multiple sources. We believe that OJP should provide formal guidance to SAAs to ensure that VOCA subrecipients can completely and accurately account for the VOCA funds received. In addition, OJP should require New York OVS to take corrective action for its active VOCA grants to ensure compliance with federal guidelines.

Recommendations

We recommend that OJP:

1. Develop and implement clear guidance for SAAs to help ensure SAAs provide subrecipients with the necessary federal funding information, which will ensure appropriate management of VOCA funds that is compliant with the Uniform Guidance and the DOJ Grants Financial Guide.
2. Ensure New York OVS's subaward allocation methodology is compliant with the Uniform Guidance and the DOJ Grants Financial Guide and assess the potential systemic nature of our finding present with other SAAs.

Please advise the Office of the Inspector General within 30 days of the date of this memorandum on what actions the OJP has taken or intends to take with regard to these recommendations. If you have any questions regarding the information in this memorandum, please contact me at (202) 514-3435, or Jason R. Malmstrom, Assistant Inspector General for Audit, at (202) 616-4633.

⁴ U.S. Department of Justice Office of the Inspector General, [Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the District of Columbia's Office of Victim Services and Justice Grants to the Network for Victim Recovery of DC, Washington, D.C.](#), Audit Report 24-075 (July 2024), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-funds-subawarded-district-columbias-0

⁵ U.S. Department of Justice Office of the Inspector General, [Audit of the Office of Justice Programs Victim Assistance and Victim Compensation Formula Grants Awarded to the Minnesota Department of Public Safety Office of Justice Programs Saint Paul, Minnesota](#), Audit Report GR-50-17-003 (August 2017), oig.justice.gov/reports/victim-assistance-and-victim-compensation-formula-grants-awarded-minnesota-department

cc: Iyauta I. Green
Director
Office of Audit, Assessment, and Management
Office of Justice Programs

Michael Freed
Acting Deputy Director
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Thomas Murphy
Senior Audit Liaison Specialist
Audit Coordination Branch, Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Melonie Threatt
Acting Team Leader
Audit Coordination Branch
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Brian Lea
Deputy Associate Attorney General

Jason Manion
Counselor
Office of the Associate Attorney General

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

Chad Mizelle
Chief of Staff to the Attorney General

Jordan Fox
Chief of Staff to the Deputy Attorney General

Kendra Wharton
Associate Deputy Attorney General

Jolene A. Lauria
Assistant Attorney General for Administration
Justice Management Division

Christopher C. Alvarez
Deputy Assistant Attorney General
Controller
Justice Management Division

Alan Hanson
Director
Appropriations Liaison Office
Justice Management Division
Nikita Purdy
Appropriations Liaison Officer
Justice Management Division

Daniel Lucas
Appropriations Liaison Officer
Justice Management Division

APPENDIX 1: THE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT MANAGEMENT ADVISORY MEMORANDUM



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

March 10, 2025

MEMORANDUM TO: Michael E. Horowitz
Inspector General
United States Department of Justice

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

FROM: Maureen A. Henneberg *Maureen A. Henneberg*
Deputy Assistant Attorney General

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

This memorandum provides a response to the Office of the Inspector General's (OIG) January 28, 2025, draft Management Advisory Memorandum entitled, *Notification of Concerns Identified in State Administering Agencies' Administration of Victims of Crime Act Victim Assistance Formula Grant Funds*. The Office of Justice Programs (OJP) appreciates the opportunity to review and comment on the draft Management Advisory Memorandum.

The draft Management Advisory Memorandum directed two recommendations to OJP. For ease of review, the recommendations directed to OJP are summarized below and followed by OJP's response.

We recommend that OJP:

- 1. Develop and implement clear guidance for State Administering Agencies to help ensure SAAs provide subrecipients with the necessary federal funding information which will ensure appropriate management of VOCA funds that is compliant with the Uniform Guidance and the DOJ Grants Financial Guide.**

The Office of Justice Programs agrees with this recommendation. The Office for Victims of Crime (OVC) will develop and implement training and technical assistance resources and other information, as appropriate, to clarify the requirements in existing guidance and law for State Administering Agencies (SAA), regarding federal funding information to be

provided to subrecipients to ensure appropriate management of VOCA funds, in compliance with the Uniform Guidance and the DOJ Grants Financial Guide.

In addition to the individualized technical assistance that OVC provides to grantees, OVC intends to highlight the Uniform Guidance and DOJ Grants Financial Guide requirements and continue working across the field to provide training and technical assistance on subaward allocation methodology compliance throughout Fiscal Year 2025. To that end, on April 22, 2025, OVC will facilitate a virtual training with VOCA SAAs on compliance with the subaward allocation methodology. The virtual session will include participation from the OIG. OVC also intends to provide grantee training on relevant subrecipient notification requirements, such as pass-through grant administration and braided funding.

- 2. Ensure New York Office for Victim Services subaward allocation methodology is compliant with the Uniform Guidance and the DOJ Grants Financial Guide and assess the potential systemic nature of our finding present with other SAAs.**

The Office of Justice Programs agrees with this recommendation. The Office for Victims of Crime and the Office of the Chief Financial Officer will ensure that the New York OVS's subaward allocation methodology complies with the Uniform Guidance and the DOJ Grants Financial Guide. Furthermore, OJP will assess whether the issue is present with other OVC SAAs.

Thank you for the opportunity to respond to this draft Management Advisory Memorandum, and for your continued collaboration to improve the administration of OJP grant programs.

If you have questions regarding this response, please contact Iyauta I. Green, Director, Office of Audit, Assessment, and Management, on 202-606-6952.

cc: Katherine Darke Schmitt
Acting Director
Office for Victims of Crime

Rachel Johnson
Chief Financial Officer
Office of the Chief Financial Officer

Rafael A. Madan
General Counsel

Iyauta I. Green
Director
Office of Audit, Assessment, and Management

Katherine Brown
Principal Deputy Director
Office of Communications

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

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

OJP Executive Secretariat
Control Number OCOM001372

APPENDIX 2: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE RECOMMENDATIONS

The Office of the Inspector General (OIG) provided a draft of this memorandum to the Office of Justice Programs (OJP). OJP's response is incorporated as Appendix 1 of this final memorandum. OJP agreed with each of the recommendations and, as a result, the recommendations are resolved. The following discussion provides the OIG analysis of OJP's response and a summary of the actions necessary to close the recommendations. The OIG requests that OJP provide an update on the status of its response to the recommendations within 90 days of the issuance of this memorandum.

Recommendations for OJP:

- 1. Develop and implement clear guidance for State Administering Agencies (SAA) to help ensure SAAs provide subrecipients with the necessary federal funding information, which will ensure appropriate management of Victims of Crime Act (VOCA) funds that is compliant with the Uniform Guidance and the Department of Justice (DOJ) Grants Financial Guide.**

Resolved. OJP agreed with our recommendation and stated in its response that the Office for Victims of Crime (OVC) will develop and implement training and technical assistance resources and other information to clarify the requirements in existing guidance and law for SAAs regarding federal funding information to be provided to subrecipients to ensure appropriate management of VOCA funds, in compliance with the Uniform Guidance and the DOJ Grants Financial Guide. In addition to the individualized technical assistance that OVC provides to grantees, OVC intends to highlight the Uniform Guidance and DOJ Grants Financial Guide requirements and continue working across the field to provide training and technical assistance on subaward allocation methodology compliance throughout Fiscal Year 2025. In addition, OVC stated it will facilitate a virtual training with SAAs on compliance with the subaward allocation methodology. OVC also intends to provide grantee training on relevant subrecipient notification requirements, such as pass-through grant administration and braided funding.

This recommendation can be closed when we receive evidence that OVC developed and implemented clear guidance for SAAs to help ensure SAAs provide subrecipients with the necessary federal funding information that is compliant with the Uniform Guidance and the DOJ Grants Financial Guide.

- 2. Ensure New York OVS's subaward allocation methodology is compliant with the Uniform Guidance and the DOJ Grants Financial Guide and assess the potential systemic nature of our finding present with other SAAs.**

Resolved. OJP agreed with our recommendation and stated in its response that OVC and Office of the Chief Financial Officer will ensure that New York OVS's subaward allocation methodology complies with the Uniform Guidance and the DOJ Grants Financial Guide. Furthermore, OJP stated it will assess whether the issue is present with other SAAs.

This recommendation can be closed when we receive evidence that New York OVS's subaward allocation methodology complies with the Uniform Guidance and the DOJ Grants Financial Guide and documentation on the potential systemic nature of our finding present with other SAAs.