



Audit of the Office of Justice Programs Victim
Compensation Formula Grants Awarded
to the California Victim Compensation Board,
Sacramento, California



AUDIT DIVISION

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Executive Summary

Audit of the Office of Justice Programs Victim Compensation Formula Grants Awarded to the California Victim Compensation Board, Sacramento, California

Objective

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 Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the California Victim Compensation Board (CalVCB) in Sacramento, California. The objective of the audit was to evaluate how the CalVCB 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 CalVCB utilized and managed VOCA funding to enhance its victim compensation program. However, we identified areas for improvement.

We found that the CalVCB did not accurately complete its FY 2018 Crime Victim Compensation State Certification Form, which, if the condition is not corrected, may result in CalVCB being improperly awarded more than it should be in FY 2020.

The CalVCB also did not maintain adequate documentation to support victim compensation payments, totaling \$75,689. Additionally, the CalVCB paid \$8,712 for unallowable victim compensation payments. We also found several instances in which the CalVCB failed to comply with California statutes. Lastly, we found that the CalVCB did not use a consistent methodology for calculating its Statewide Cost Allocation Plan expenditures, resulting in an inaccurate distribution of administrative costs.

Recommendations

Our report contains 11 recommendations to assist the CalVCB to improve its grant management and administration and to remedy questioned costs. We requested a response to our draft audit report from the CalVCB 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 OVC awarded three formula grants, totaling \$45,654,000 from fiscal years (FY) 2016 to 2018. These grants were funded by the Crime Victims Fund and awarded to provide financial support through the payment of compensation benefits to crime victims throughout California. As of August 2020, the CalVCB drew down a cumulative amount of \$29,069,158 for the three grants we reviewed.

Program Accomplishments – The CalVCB enhanced services for crime victims by outreach efforts to increase public awareness of available benefits and by appropriately distributing the VOCA funding it received.

State Certification Forms – We found that the CalVCB reported errors in its FY 2018 State Certification Form, which, if not corrected, could result in an excess award amount in its FY 2020 award.

Performance Reporting – The CalVCB maintained supporting documentation used to prepare its quarterly and annual performance reports that it submitted to the OVC and was in compliance with the special conditions we tested.

Grant Expenditures – The CalVCB did not maintain adequate documentation to support four victim compensation payments totaling \$75,689. Specifically, we found Claims Processors did not obtain required tax documentation and sufficient proof of income loss prior to paying victims' claims. We also found 14 unallowable victim compensation payments totaling \$8,712, including duplicate payments and overpayments for medical-related expenditures and victims' disability payments.

Further, 23 percent of the victim compensation payments we reviewed were not paid within 90 days as required by California statute. In addition, the CalVCB was not notifying victims within 180 days, in writing, of the reason for the failure to approve or deny an application. Lastly, we found that the CalVCB did not use a consistent methodology for determining its Statewide Cost Allocation Plan expenditures, resulting in inaccuracies.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM COMPENSATION GRANTS AWARDED TO THE
CALIFORNIA VICTIM COMPENSATION BOARD
SACRAMENTO, CALIFORNIA**

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM COMPENSATION GRANTS AWARDED TO THE CALIFORNIA VICTIM COMPENSATION BOARD, SACRAMENTO, CALIFORNIA

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 California Victim Compensation Board (CalVCB) in Sacramento, California. 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) 2016 through 2018, these OVC grants to the CalVCB totaled \$45,654,000.

Table 1
Audited Grants
Fiscal Years 2016 through 2018

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2016-VC-GX-0075	09/08/16	10/01/15	09/30/19	\$10,361,000
2017-VC-GX-0081	09/28/17	10/01/16	09/30/20	\$18,663,000
2018-V1-GX-0020	08/09/18	10/01/17	09/30/21	\$16,630,000
Total				\$45,654,000

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. The 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

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

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

The Grantee

As California's state administering agency, the CalVCB was responsible for administering the VOCA victim compensation program. The CalVCB operates under the California Government Operations Agency and provides reimbursement for crime-related expenses to eligible victims who suffer injury or the threat of physical injury as a direct result of a violent crime.³ CalVCB funding comes from a combination of federal grant funds and restitution paid by criminal offenders through fines, orders, and penalty assessments. In 2018, the CalVCB disbursed more than \$57 million to victims of crime.⁴

OIG Audit Approach

The objective of the audit was to evaluate how the CalVCB 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 CalVCB policies and procedures, including California State statutes and regulations, and interviewed CalVCB personnel to determine how they administered the VOCA funds. Additionally, we obtained and reviewed the CalVCB's records reflecting grant activity.⁵

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

³ In 2016, the Victims Compensation and Government Claims Board was renamed to the CalVCB.

⁴ The CalVCB's fiscal year is July 1 to June 30.

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 CalVCB's overall process for making victim compensation payments. We also assessed the CalVCB's policies and procedures for providing compensation payments to victims, as well as the accuracy of the State Certification Form.

Overall, we determined that the CalVCB's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found that the CalVCB complied with federal grant requirements and established an adequate program to compensate victims and survivors of criminal violence. However, we identified that the CalVCB lacked adequate controls to ensure its annual certification form was accurate.

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 California, the CalVCB was responsible for the victim compensation program, including meeting all financial and programmatic requirements. In assessing the CalVCB'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 CalVCB made to bring awareness to victims that were eligible for compensation program benefits.

Based on our review, we found that the CalVCB had established processes for accepting applications, determining eligibility, accepting and reviewing bills, and paying individual compensation claims. Further, we found that the CalVCB had adequate separation of duties for each of these processes. When paying victims' claims, the CalVCB operated under the Statutes and Regulations Governing the California Victim Compensation Board, which were the state-specific policies for the victim compensation program.

To enhance its state program and bring public awareness of available victim compensation benefits, we found that the CalVCB released public service announcements around key observances, such as National Crime Victim Rights' Week, throughout the year. Additionally, the CalVCB was on social media platforms to raise awareness and build relationships in the community. Further, the CalVCB provided regional training with the California Governor's Office of Emergency Services to educate grantees on the CalVCB's victim compensation program and the assistance that is available through the program. The CalVCB also prepared applications and publications, such as brochures, that were available in multiple languages. The CalVCB website contained instructions for applying for compensation, eligibility requirements, and examples of covered expenses.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the OVC with the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation formula grant funds to each state by calculating 60 percent of the eligible compensation claims paid out to victims during the fiscal year 2 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.

The CalVCB incorrectly reported both its payouts and revenue on its FY 2018 State Certification Form, which was used to calculate the award amount granted in FY 2020.⁷ Table 2 shows the discrepancies we identified on the CalVCB's FY 2018 State Certification Form. The CalVCB's Federal Grant Management Policies and Procedures Manual requires State Certification Forms to be completed annually by a financial point of contact to ensure that the expenditures reported are proper and in accordance with the terms and conditions of the federal award and approved project budgets. Further, the CalVCB required its Staff Services Manager, Deputy Executive Officer, and Executive Officer to review the State Certification Form and the CalVCB's Executive Officer to sign the form. With respect to the FY 2018 State Certification Form, it was compiled using tracking spreadsheets maintained by the CalVCB's Accounting Branch Manager rather than accounting records generated from its statewide accounting system called FI\$Cal. When we requested the CalVCB accounting records so we could compare with the tracking spreadsheets and FY 2018 State Certification Form, the CalVCB became aware of errors in its accounting system and misreporting on its FY 2018 State Certification Form. The CalVCB provided evidence that it corrected the errors in its accounting system, which occurred due to mistyping and the inclusion of disputed invoices. We believe that CalVCB officials prior to signing the annual certification, should utilize information generated from FI\$Cal when conducting its review to help mitigate the risk of inaccurate reporting on the form. We determined that the inaccuracies in the CalVCB's FY 2018 State Certification Form, if not corrected, could result in an excess award amount of approximately \$4,000 in the FY 2020 award. Therefore, we recommend that OJP work with the CalVCB to correct the errors on its FY 2018 state certification form to ensure its FY 2020 VOCA grant award amount is correct.

⁶ The eligible payout amount for award consideration is determined after deducting payments made with VOCA funds, subrogation and restitution recoveries, refunds, amounts awarded for property loss, and other reimbursements.

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

Table 2
Inaccurate Reporting on CalVCB's FY 2018 State Certification Form

State Certification Form Categories	CalVCB Reported Amount	OIG Calculated Amount	Difference
Payouts	\$53,269,603	\$53,262,552	\$7,051
Revenue/Deductions (-)	24,994,284	24,994,753	(469)
Total Payouts (=)	28,275,319	28,267,799	7,520
Recovery Costs (+)	3,429,754	3,430,571	(817)
Total State Payouts Eligible for Match VOCA Grant Award (=)	31,705,073	31,698,371	6,702
60 Percent Match to determine FY 2020 VOCA Grant Award	\$19,023,044	\$19,019,022	\$4,021

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

Recovery Costs include rebate program payouts, contracts for restitution specialists throughout California and salaries for CalVCB employees in the Liens, Overpayments, and Recovery Section.

Any differences are due to rounding.

Source: CalVCB and OIG Analysis

Victim Compensation Payments Made with State Funds

To assess the reliability of the CalVCB's State Certification Forms, which determine federal award amounts, we tested five state-funded victim compensation payments, totaling \$165,342. We found one claim for \$31,616 that was not adequately supported. Specifically, the CalVCB paid for in-home supportive services for the period covering July 2015 through July 2016.⁸ The CalVCB's Policy and Procedure Manual requires claimants to provide monthly invoices for such services. Instead of 13 invoices for the period in question, we found 1 invoice for \$31,616 covering all 13 months. Although the CalVCB accepted this invoice because a doctor had confirmed that the victim had an injury requiring constant care, this claim did not adhere to the CalVCB's policy requiring monthly invoices. The Deputy Executive Officer stated that the CalVCB is in the process of reviewing its policy language to better address these types of instances. We believe that the CalVCB should ensure that its state expenditures adhere to established policies and are adequately supported particularly because the CalVCB's VOCA grant awards are

⁸ In-home supportive services are provided to victims who are substantially confined to the home because of a crime-related injury and is an alternative to assisted living or nursing facilities.

calculated using total victim compensation payments, which include payments made with state and federal funds.

Program Requirements and Performance Reporting

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

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that the CalVCB: (1) implemented adequate procedures to compile annual performance reports, and (2) complied with tested special conditions.

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 Grants Management System (GMS). 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 upload it to GMS.

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; victim demographics; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type.

To assess the CalVCB's performance, we reviewed its FY 2019 quarterly and annual performance reports that were submitted to the OVC. We judgmentally selected three performance metrics from each of the FY 2019 quarterly reports, including the number of applications received, approved, and denied. We were generally able to reconcile the state's information to the totals the state reported to the OVC.

Compliance with Special Conditions

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

We judgmentally selected the following special conditions from each of the FY 2016 through 2018 VOCA victim compensation grants to review:

1. Both the Point of Contact and all Financial Points of Contact for the award must have successfully completed an "OJP financial management and grant administration training" by 120 days after the date of the recipient's acceptance of the award.
2. The recipient agrees that information on race, sex, national origin, age, and disability of recipients of compensation will be collected and maintained, where such information is voluntarily furnished by those receiving compensation.
3. The recipient agrees to ensure that at least one key grantee official has attended the annual VOCA National Training Conference.

We found that the grantee was in compliance with each of the three special conditions we tested.

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 CalVCB's financial management of the VOCA victim compensation grants, we reviewed the process that the CalVCB used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the CalVCB's financial management of the VOCA victim compensation grants, we also: (1) reviewed the State of California's Single Audit Reports for FYs 2013 through 2018, which did not have any findings related to our audit scope; (2) interviewed CalVCB personnel who were responsible for financial aspects of the grants; (3) reviewed the CalVCB written policies and procedures; (4) inspected award documents; and (5) reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we identified weaknesses in the CalVCB's administration of its grant funds. Specifically, the CalVCB did not maintain adequate documentation to support four victim compensation payments, totaling \$75,689. Additionally, the CalVCB paid \$8,712 for 14 unallowable victim compensation payments, including duplicate payments and overpayments for medical-related expenditures and victims' income and support loss payments.

Further, we determined 23 percent of the victim compensation payments we reviewed were not paid within 90 days as required by California statute. We also found the CalVCB was not notifying victims, in writing, when an application was not approved or denied within 180 days as required, including the reason for the failure to approve the claim in a timely manner. Lastly, the CalVCB did not use a consistent methodology for calculating its Statewide Cost Allocation Plan expenditures, resulting in an inaccurate distribution of administrative costs.

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.

To evaluate the CalVCB's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA Guidelines and the California State statutes and regulations governing the California Victim Compensation Board. We judgmentally selected 40 victim compensation payments (approximately 4 percent) totaling \$563,993. The transactions we reviewed included medical, mental health, income and support loss, relocation, and funeral and burial expenses.

Unsupported Victim Compensation Claim Payments

The CalVCB requires claimants seeking income and support loss payments to provide a disability statement from a treating medical or mental health provider. The statement must contain sufficient information to verify the period of disability and that the disability was the result of a qualifying crime.⁹ We found one income and support loss payment, totaling \$32,066 (Grant Number 2016-VC-GX-0075), for the disability period covering September 2016 through September 2018 that was not adequately supported. Specifically, the disability statement provided for support was dated December 2015, nearly 9 months earlier, and it did not specify the duration of the disability period. The CalVCB's Claim Processor did not ensure the documentation submitted contained sufficient information prior to paying the claim as required by California statute.

The CalVCB also requires claimants to be employed or receiving income at the time of a crime to be eligible for income and support loss payments.¹⁰ Additionally, claimants must provide the CalVCB evidence of their employment, such as tax documentation from the California Franchise Tax Board.¹¹ We found that the CalVCB did not obtain tax documentation for two income and support loss payments, totaling \$39,167 (Grant Number 2016-VC-GX-0075, \$7,147 and Grant Number 2017-VC-GX-0081, \$32,020). Claims Processors are required to ensure that tax documentation is requested from the California Franchise Tax Board and obtained prior to paying a claim. Without obtaining adequate documentation to

⁹ 2 California Code of Regulations (CCR) § 649.32(g)

¹⁰ 2 CCR § 649.32(a)

¹¹ 2 CCR § 649.32(d)

support a victim compensation claim, the CalVCB is at risk of paying unallowable or fraudulent claims.

According to the DOJ Grants Financial Guide, grantees are required to retain all financial records and supporting documents pertinent to the award for a period of 3 years from the date of submission of the final expenditure report. We found that the CalVCB did not maintain documentation to support the rates paid for one income loss payment, totaling \$4,456 (Grant Number 2016-VC-GX-0075). We believe it is important for the CalVCB to maintain adequate documentation to support its victim compensation claims paid in accordance with the DOJ Grants Financial Guide. Therefore, we recommend that OJP remedy \$75,689 in unsupported victim compensation payments. We also recommend that OJP work with the CalVCB to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.

We also found that the CalVCB could not support \$3,477 in medical rates paid. The CalVCB contracts with medical-bill review service providers to determine the appropriate rates payable for victim compensation invoices received.¹² Although the CalVCB could not support \$3,477 in medical rates paid, the rates appeared to be reasonable in relation to other medical bills that we reviewed during our testing. We believe that the CalVCB should maintain adequate documentation to support the medical rates paid to service providers in accordance with the DOJ Grants Financial Guide and to ensure the rates are accurate. Therefore, we recommend that OJP work with the CalVCB to ensure that supporting documentation is being maintained to support the medical rates being paid to the service providers.

Unallowable Victim Compensation Payments

According to the CalVCB's Policy and Procedure Manual, to calculate a disability payment amount, staff must obtain the start and stop dates of a victim's income and support loss period. Those dates are entered into the CaRES2 database, which automatically calculates the total number of days to be paid.¹³ The total number of days is assigned a unit type, in weeks, months, or years depending on how the victim is compensated by an employer. The total number of units is multiplied by the victim's income for the payment period to determine the disability payment amount.

Of our sampled payments selected for testing, we found five income and support loss payments with discrepancies between the disability amount calculated by CaRES2 and the OIG recalculated amounts. The discrepancies totaled \$1,796 (Grant Number 2016-VC-GX-0075, \$1,306 and Grant Number 2017-VC-GX-0081, \$490) for the five victim compensation payments. For example, one disability payment covered a total of 403 days and was assigned a unit type in years based on the victim's annual compensation. The CaRES2 database utilized 360 days

¹² The CalVCB has approved federal Medicare rates as the maximum rates payable to victims.

¹³ The California Compensation and Restitution System (CaRES2) is the second iteration of a web-based claims processing, reporting, tracking and document management system used by CalVCB.

(403 days/360 days) for approximately 1.12 units, instead of 365 days for approximately 1.10 units, which would be a typical calculation for one year. Based on the victim's annual salary of \$53,422, there was an overpayment of \$1,068. The Staff Services Manager did not know how the CaRES2 database calculated the number of units in a payment period, such as years, and as a result, could not explain the potential overpayment for the disability period. We found similar discrepancies in the remaining four payments when calculating the unit type in weeks and months. We recommend that OJP work with the CalVCB to ensure that its CaRES2 database is accurately calculating victim income and support loss payments.

We also found two incorrectly calculated victim compensation payments, totaling \$4,657. Specifically, one payment was for a victim's lost income and the CalVCB incorrectly calculated the regular time, overtime, and double time hours worked by the victim. Claims Processors must verify pay rates and hours worked to determine the rate of pay to be used for the disability period. We found that the CalVCB overstated the victim's hours worked by approximately 3.5 hours, which resulted in an overpayment of \$4,456 (Grant Number 2016-VC-GX-0075). We also found that the CalVCB paid \$319 for one medical-related procedure, which was \$201 above the maximum approved payment amount listed on the CalVCB's Medicare rate schedule (Grant Number 2016-VC-GX-0075). As previously mentioned, the CalVCB contracts with medical-bill review service providers to determine appropriate rates payable for medical-related victim compensation invoices received. A CalVCB official could not explain how these overpayments made by the service provider occurred because no documentation was maintained by the CalVCB to indicate how these amounts were determined. We recommend that OJP remedy \$6,453 in unallowable victim compensation payments.

Duplicate Victim Compensation Payments

According to 2 CFR § 200.53, an improper payment is any payment that should not have been made or that was made in an incorrect amount (including overpayments, underpayments, and duplicate payments). During our testing of the reliability of the CalVCB's computer-processed data, we identified \$2,259 in duplicate payments made with federal VOCA grant funds (Grant Number 2016-VC-GX-0075, \$2,234 and Grant Number 2017-VC-GX-0081, \$25). Specifically, we found seven invoices totaling \$2,178 that were incorrectly paid twice with federal VOCA grant funds. We also found another invoice for \$81 paid for mental health services. The payment was originally paid with California State restitution funds, and then incorrectly paid again with federal VOCA grant funds. We asked a CalVCB official how an invoice could be incorrectly paid twice. The CalVCB's Staff Services Manager stated that it uses CaRES2, where all victim compensation invoices received are scanned and approved for payment. The Staff Services Manager stated that while CaRES2 can identify duplicate invoices, the system does not prevent staff from processing and approving duplicate invoices for payment. Additionally, duplicate invoices may be submitted by a provider with slightly different information, which can prevent CaRES2 from identifying the bill as an exact duplicate. To prevent duplicate payments, Claims Processors are required

to review an invoice before approving it for payment, and this review should include verification that the invoice has not been previously paid. We determined that after a Claims Processor reviews and approves an invoice for payment, the CalVCB does not require a second level review and approval of an invoice to automatically occur. Instead, new Claims Processors typically have 100 percent of their work reviewed and the percentage of work reviewed becomes less as staff gain more experience. Two CalVCB staff we spoke to stated that some Claims Processors' work does not receive a secondary review by a Supervisor. We believe that establishing internal controls, such as a secondary review, can help mitigate the risk of improperly paying duplicate invoices. Therefore, we recommend that OJP work with the CalVCB to develop and implement controls to help mitigate the risk of duplicate payments. We also recommend that OJP remedy \$2,259 in duplicate victim compensation payments.

Untimely Victim Compensation Payments

The CalVCB is required to process and pay invoices within 90 days from receipt of a claim.¹⁴ Based on the victim compensation payments reviewed, we found 9 of the 40 invoices (23 percent) were not processed within 90 days. As shown in Table 3, invoice number 5 was paid almost a year after the claim had been received.

Table 3
CalVCB Claims Paid Late

Sample Invoice Number	Number of Days until Claim was Paid	Number of Days Late
1	123	33
2	327	237
3	91	1
4	150	60
5	310	220
6	410	320
7	228	138
8	149	59
9	124	34

Source: CalVCB and OIG Analysis

¹⁴ California Government Code 13957.2 (c)

The CalVCB's Staff Services Manager stated that a delay in processing invoice number 2 occurred because there was a delay in the adjudication process, such as awaiting documentation that was needed to approve the claim. Also, a delay in processing invoice number 3 occurred because the CalVCB was waiting to see if Medi-Cal would pay for the claim.¹⁵ The CalVCB's Staff Services Manager could not explain the reason for the delay in paying the remaining seven claims listed in Table 3.

After the initial claim reimbursement is made, subsequent reimbursements for psychological, psychiatric, and mental health counseling services must be paid within 1 month from receipt of the claim.¹⁶ We found two subsequent victim compensation claims for mental health counseling services that were not paid in a timely manner. Specifically, the two claims were paid in 125 and 81 days, respectively. Since providing financial assistance and reimbursement to crime victims is the primary purpose of the VOCA grants, we believe it is important that claim payments are processed in a timely manner. Therefore, we recommend that OJP ensure that the CalVCB pays victims' compensation claims in a timely manner as required by California statute.

Untimely Adjudications

According to California's statute, the CalVCB should approve or deny victim compensation applications no later than 180 calendar days after an application is received and accepted, and if the CalVCB fails to approve or deny an application within the 180 days, then it is required to advise the applicant and his or her representative, in writing, of the reason for the failure to approve or deny the application.¹⁷ We found two applications that were not adjudicated in a timely manner. The two applications were adjudicated in 223 and 196 calendar days, respectively. Additionally, we could not find evidence that the CalVCB had notified the applicants, in writing, of the reasons for the failure to approve or deny the application within 180 days. We asked the CalVCB why the claimants were not notified when the application was not adjudicated within 180 days. The CalVCB's Deputy Executive Officer stated that it did not currently have a practice of advising claimants of delays and CalVCB is in the process of addressing this issue. Therefore, we recommend that OJP work with the CalVCB to ensure that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.

Denied Claims

We also tested a sample of denied claims to ensure that the CalVCB appropriately adjudicated each claim in accordance with state statutes and VOCA Guidelines. We judgmentally selected for review five claims that the CalVCB denied

¹⁵ The CalVCB is the payor of last resort and will cover costs not covered by other sources.

¹⁶ California Government Code 13957.7 (c)(2)

¹⁷ California Government Code 13958

and five denied claims that were appealed. To determine whether the CalVCB's decisions were adequately supported, we reviewed documentation including applications for benefits, police reports from the law enforcement agencies, and other supporting documentation. Based on our review, we found that all 10 claims were appropriately adjudicated.

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 CalVCB's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 4.

Table 4
Administrative Expenditures as of September 30, 2019

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2016-VC-GX-0075	\$10,361,000	\$271,884	3%
2017-VC-GX-0081	18,663,000	104,000	1%
2018-V1-GX-0020	16,630,000	298,000	2%

Source: OIG Analysis

We compared the total administrative expenditures charged to each of the victim compensation grants with the CalVCB's general ledger. We found that the state has complied with the 5 percent administrative cost limit on grant number 2016-VC-GX-0075, and is on track to comply with the 5 percent administrative cost limit on grant numbers 2017-VC-GX-0081 and 2018-V1-GX-0020.

We also judgmentally selected six administrative expenditures, totaling \$312,125, to ensure the expenditures were allowable and supported. Of the six administrative expenditures, three were Statewide Cost Allocation Plan (SWCAP) expenditures, totaling \$240,960.¹⁸ The remaining three expenditures, totaling \$71,165, were for claim processing services provided by various California counties.¹⁹ We found that each of the six expenditures we tested were allowable and supported. However, we found inconsistencies in how the CalVCB calculated its SWCAP allocations as described below.

¹⁸ The State of California utilizes a SWCAP, as authorized by the Department of Health and Human Services, to charge statewide administrative indirect costs to its victim compensation program.

¹⁹ Since 1984, the CalVCB has entered into Joint Powers agreements with 18 counties for services to provide verified victim compensation claims. After California county offices review the victims' claims received, the claims are sent to the CalVCB for payment.

Inaccurately Calculated SWCAP Expenditures

We found inconsistencies in how the CalVCB calculated its SWCAP expenditures for FYs 2017 and 2018.²⁰ As shown in Table 5, these inconsistencies resulted in the CalVCB under allocating its FY 2017 SWCAP amount by \$4,583 and its FY 2018 SWCAP amount by \$8,000. We also determined that the CalVCB incorrectly computed its FY 2019 SWCAP amount by over allocating the SWCAP expenditure by \$2,000.

Table 5
CalVCB's SWCAP Allocations for FYs 2016 through 2018

Award Number	CalVCB Calculated SWCAP	OIG Recalculated SWCAP	Variance
2016-VC-GX-0075	\$38,960	\$43,543	(\$4,583)
2017-VC-GX-0081	104,000	112,000	(\$8,000)
2018-V1-GX-0020	98,000	96,000	2,000
Total			(\$10,583)

Source: CalVCB and OIG Analysis

We asked a CalVCB official about the inconsistencies occurring when staff calculated SWCAP expenditures. The CalVCB's Accounting Branch Manager stated that in July 2015, the CalVCB brought its accounting function in-house and transitioned to a statewide accounting system called FI\$Cal. During the transition many procedures had to be written, including standard procedures for calculating its SWCAP allocation. Based on our review of the CalVCB's procedures, including examples on how to calculate SWCAP expenditures, we noted the same inconsistencies in calculating SWCAP expenditures as found in our transaction testing. For example, when calculating the SWCAP expenditure for grant number 2016-VC-GX-0075, the CalVCB did not include the prior year SWCAP expenditure in the total amount of administrative federal VOCA expenditures. For grant number 2017-VC-GX-0081, the CalVCB did not include the prior year SWCAP expenditure in both the total amount of administrative federal VOCA expenditures and the total amount of federal VOCA expenditures. Without an accurate methodology to calculate SWCAP expenditures, the CalVCB is at risk of over allocating federal VOCA administrative expenditures. We recommend that OJP ensure that the CalVCB reviews its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

²⁰ The CalVCB calculates its SWCAP allocation amount by dividing the total amount of administrative federal VOCA expenditures by the total amount of federal VOCA expenditures to determine the percentage of administrative expenditures to the total federal VOCA expenditures. This computed percentage is then multiplied by the SWCAP appropriation amount to determine the dollar amount payment to be allocated to the prior year federal VOCA 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 CalVCB managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the CalVCB's accounting system and accompanying financial records. Table 6 shows the total amount drawn down for each grant as of August 28, 2020.

Table 6
Amount Drawn Down for Each Grant as of August 28, 2020

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2016-VC-GX-0075	\$10,361,000	09/30/19	\$10,361,000	\$0
2017-VC-GX-0081	18,663,000	09/30/20	18,410,158	252,842
2018-V1-GX-0020	16,630,000	09/30/21	298,000	16,332,000
Total:	\$45,654,000		\$29,069,158	\$16,584,842

Source: OJP

We determined that the CalVCB expended funds within the grant award periods and that drawdowns were requested on a reimbursement basis.

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 CalVCB submitted accurate Federal Financial Reports (FFRs), we compared each of the 36 FFRs submitted for the FY 2016, 2017 and 2018 grants to the CalVCB's accounting records. We determined that quarterly and cumulative expenditures for the reports reviewed matched the CalVCB's accounting records for each of the three grants.

CONCLUSION AND RECOMMENDATIONS

We determined that the CalVCB's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. However, we identified several weaknesses in the CalVCB's administration of its grant funds. Specifically, the CalVCB lacked adequate controls to ensure that its annual certification form was accurate. As a result, the CalVCB reported errors in its FY 2018 State Certification Form, which if not corrected, could result in an excess award in the FY 2020 award.

We also found the CalVCB did not maintain adequate documentation to support four victim compensation payments, totaling \$75,689. Additionally, the CalVCB paid \$8,712 for 14 unallowable victim compensation payments, including duplicate payments and overpayments for medical-related expenditures and victims' income and support loss payments. We also found that 23 percent of the victim compensation payments we reviewed were not paid within 90 days as required by California statute.

Further, the CalVCB was not notifying victims, in writing, when an application was not approved or denied within 180 days, including the reason for the failure to approve the claim in a timely manner as required by the CalVCB. Lastly, we found the CalVCB did not use a consistent methodology for calculating its Statewide Cost Allocation Plan expenditures, resulting in an inaccurate distribution of administrative costs. We provide 11 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with the CalVCB to correct the errors on its FY 2018 state certification form to ensure its FY 2020 VOCA grant award amount is correct.
2. Remedy \$75,689 in unsupported victim compensation payments.
3. Work with the CalVCB to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.
4. Work with the CalVCB to ensure that supporting documentation is being maintained to support the medical rates being paid to service providers.
5. Work with the CalVCB to ensure that its CaRES2 database is accurately calculating victim income and support loss payments.
6. Remedy \$6,453 in unallowable victim compensation payments.
7. Work with the CalVCB to develop and implement controls to help mitigate the risk of duplicate payments.
8. Remedy \$2,259 in duplicate victim compensation payments.
9. Ensure that the CalVCB pays victims' compensation claims in a timely manner as required by California statute.

10. Work with the CalVCB to ensure that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.
11. Ensure that the CalVCB reviews its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how the CalVCB 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 2016-VC-GX-0075, 2017-VC-GX-0081, 2018-V1-GX-0020 from the Crime Victims Fund (CVF) awarded to the CalVCB. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$45,654,000 to the CalVCB, which serves as the state administering agency for the State of California with respect to victim compensation grants. Our audit concentrated on, but was not limited to, the period of October 1, 2015, the project start date for VOCA compensation grant number 2016-VC-GX-0075, through September 2019. As of August 28, 2020, the CalVCB had drawn down a total of \$29,069,158 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the CalVCB's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including victim compensation payments, administrative expenditures, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, state compensation criteria, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as the CalVCB 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.

While our audit did not assess the CalVCB's overall system of internal controls, we did review the internal controls of the CalVCB's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the CalVCB adequately managed the VOCA funds we audited, we conducted interviews with State of California financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of the CalVCB's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

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 CalVCB to provide assurance on its internal control structure as a whole. CalVCB 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 CalVCB's internal control structure as a whole, we offer this statement solely for the information and use of the CalVCB and the OVC.

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective:

Internal Control Components & Principles Significant to the Audit Objectives	
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should use quality information to achieve the entity's objectives.

We assessed the design, implementation, and/or operating effectiveness of these internal controls implemented at the time of our audit and identified deficiencies that we believe could affect the CalVCB's ability to effectively and efficiently operate, to facilitate reporting of accurate state financial performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to aspects of 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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>VOCA Grant Year</u>		<u>Amount</u>	<u>Page</u>
	<u>2016</u>	<u>2017</u>		
Questioned Costs:				
Unallowable Victim Compensation Payments	\$ 5,963	\$ 490	\$ 6,453	9
Duplicate Victim Compensation Payments	<u>2,234</u>	<u>25</u>	<u>2,259</u>	10
Unallowable Costs	\$ 8,197	\$ 515	\$ 8,712	
Unsupported Victim Compensation Payments	<u>\$43,669</u>	<u>\$32,020</u>	<u>\$75,689</u>	8
Unsupported Costs	\$43,669	\$32,020	\$75,689	
<i>Gross Questioned Costs</i> ²¹	\$51,866	\$32,535	\$84,401	
Less Duplicate Questioned Costs ²²	<u>4,482</u>	<u>490</u>	<u>4,972</u>	
NET QUESTIONED COSTS	<u>\$47,384</u>	<u>\$32,045</u>	<u>\$79,429</u>	

²¹ **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.

²² Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$4,456, \$490 of \$32,020, and \$26 of \$7,147 in income loss reimbursements that were both unallowable and unsupported.

**CALIFORNIA VICTIM COMPENSATION BOARD RESPONSE TO
THE DRAFT AUDIT REPORT**



October 22, 2020

David J. Gaschke
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
San Francisco Regional Audit Office

Dear Mr. Gadschke,

The California Victim Compensation Board (CalVCB) appreciates the opportunity to respond to the Office of the Inspector General's (OIG) Draft Audit report received by our office on October 1, 2020. The Draft Audit report covers the Office of Justice Programs (OJP) Victims of Crime Act Victim Compensation Formula Grant program for Federal Fiscal Years 2016-2018. The purpose of this letter is to provide a formal response to the recommendations contained in the Draft Audit Report. CalVCB will provide an update on the recommendations and responses 180 days after the final report is published.

CalVCB's responses are attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynda Gledhill".

Lynda Gledhill
Executive Officer
California Victim Compensation Program

cc:

Linda J. Taylor
Lead Auditor, Audit Coordination
Branch Audit and Review Division
Office of Audit, Assessment, and
Management Office of Justice
Programs

The Draft Audit Report contains 11 recommendations, and each recommends that OJP work with CalVCB:

Recommendation #1: Work with the CalVCB to correct the errors on its FY 2018 state certification form to ensure its FY 2020 VOCA grant award amount is correct.

Response #1: CalVCB agrees with this recommendation and will work with OJP to correct the errors on the FY 2018 state certification form.

Recommendation #2: Remedy \$75,689 in unsupported victim compensation payments.

Response #2: CalVCB agrees with this recommendation and will work with OJP to resolve any errors.

Recommendation #3: Work with the CalVCB to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.

Response #3: CalVCB agrees with this recommendation and will ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.

Recommendation #4: Work with the CalVCB to ensure that supporting documentation is being maintained to support the medical rates being paid to service providers.

Response #4: CalVCB agrees with the recommendation and will ensure that supporting documentation is being maintained to support the medical rates being paid to service providers.

Recommendation #5: Work with the CalVCB to ensure that its CaRES2 database is accurately calculating victim income and support loss payments.

Response #5: CalVCB agrees with the recommendation and will ensure that its CaRES2 database is accurately calculating victim income and support loss payments.

Recommendation #6: Remedy \$6,453 in unallowable victim compensation payments.

Response #6: CalVCB agrees with the recommendation and will work with OJP to remedy.

Recommendation #7: Work with the CalVCB to develop and implement controls to help mitigate the risk of duplicate payments.

Response #7: CalVCB agrees with the recommendation and will develop and implement controls to help mitigate the risk of duplicate payments.

Recommendation #8: Remedy \$2,259 in duplicate victim compensation payments.

Response #8: CalVCB agrees with the recommendation and will work with OJP to remedy the payments.

Recommendation #9: Ensure that the CalVCB pays victims' compensation claims in a timely manner as required by California statute.

Response #9: CalVCB agrees with the recommendation and will ensure that claims are paid in a timely manner.

Recommendation #10: Work with the CalVCB to ensure that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.

Response #10: CalVCB agrees with the recommendation and will ensure victims are appropriately notified in writing when an application is approved or denied.

Recommendation #11: Ensure that the CalVCB reviews its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

Response #11: CalVCB agrees with this recommendation and has already reviewed and updated its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

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

October 28, 2020

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
San Francisco 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 Formula Grants, Awarded to the California Victim Compensation Board, Sacramento, California*

This memorandum is in reference to your correspondence, dated October 1, 2020, transmitting the above-referenced draft audit report for the California Victim Compensation Board (CalVCB). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **11** recommendations and **\$79,429¹** in **net** 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 OJP's response.

- 1. We recommend that OJP work with the CalVCB to correct the errors on its FY 2018 state certification form to ensure its FY 2020 VOCA grant award amount is correct.**

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of its corrected Fiscal Year (FY) 2018 state certification form; and will make the appropriate adjustments to remedy any errors in the FY 2020 VOCA grant award amount, as applicable.

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

- 2. We recommend that OJP remedy \$75,689 in unsupported victim compensation payments.**

OJP agrees with the recommendation. We will review the \$75,689 in questioned costs, charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081, and will work with the CalVCB to remedy, as appropriate.

- 3. We recommend that OJP work with the CalVCB to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.**

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that all grant-related records are maintained in accordance with the Department of Justice (DOJ) Grants Financial Guide.

- 4. We recommend that OJP work with the CalVCB to ensure that supporting documentation is being maintained to support the medical rates being paid to service providers.**

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate documentation is maintained to support the medical rates paid to service providers.

- 5. We recommend that OJP work with the CalVCB to ensure that its CaRES2 database is accurately calculating victim income and support loss payments.**

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that its CaRES2 database is accurately calculating victim income and support loss payments; and that adequate supporting documentation is maintained to support the data.

- 6. We recommend that OJP remedy \$6,453 in unallowable victim compensation payments.**

OJP agrees with the recommendation. We will review the \$6,453 in questioned costs, charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081, and will work with the CalVCB to remedy, as appropriate.

- 7. We recommend that OJP work with the CalVCB to develop and implement controls to help mitigate the risk of duplicate payments.**

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it does not provide duplicate payments to victims.

8. We recommend that OJP remedy \$2,259 in duplicate victim compensation payments.

OJP agrees with the recommendation. We will review the \$2,259 in questioned costs, charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081, and will work with the CalVCB to remedy, as appropriate.

9. We recommend that OJP ensure that the CalVCB pays victims' compensation claims in a timely manner as required by California statute.

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it pays victims' compensation claims in a timely manner, as required by California statute.

10. We recommend that OJP work with the CalVCB to ensure that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it notifies victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner, as required by California statute.

11. We recommend that OJP ensure that the CalVCB reviews its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

OJP agrees with the recommendation. We will coordinate with the CalVCB to obtain a copy of its written policies and procedures, revised as needed, for calculating Statewide Cost Allocation Plan (SWCAP) expenditures, to ensure that its methodology for distributing administrative costs is accurate.

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: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

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Deputy Assistant Attorney General
for Operations and Management

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Senior Advisor
Office of the Assistant Attorney General

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Louise Duhamel
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OJP Executive Secretariat
Control Number IT20201002071430

OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft of this audit report to the California Victim Compensation Board (CalVCB) and the Office of Justice Programs (OJP). The CalVCB'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 and the CalVCB agreed with each of the 11 recommendations. Thus, the status of the report is resolved. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Work with the CalVCB to correct the errors on its FY 2018 state certification form to ensure its FY 2020 VOCA grant award amount is correct.**

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of its corrected FY 2018 state certification form and will make appropriate adjustments to remedy any errors in the FY 2020 VOCA grant award amount, as applicable. Additionally, the CalVCB stated that it will work with OJP to correct the errors in its FY 2018 state certification form. This recommendation can be closed when we receive evidence that the errors on the FY 2018 state certification form have been corrected and any applicable adjustments to the FY 2020 award have been made.

- 2. Remedy \$75,689 in unsupported victim compensation payments.**

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will review the \$75,689 in questioned costs charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081 and will work with the CalVCB to remedy, as appropriate. Additionally, the CalVCB stated that it will work with OJP to resolve any errors. This recommendation can be closed when we receive evidence that OJP has remedied \$75,689 in unsupported victim compensation payments.

- 3. Work with the CalVCB to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.**

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide. Additionally, the CalVCB stated that it will ensure that all grant-related records are maintained in accordance with the DOJ

Grants Financial Guide. This recommendation can be closed when we receive evidence that the CalVCB has ensured that all grant-related records are maintained in accordance with the DOJ Grants Financial Guide.

4. Work with the CalVCB to ensure that supporting documentation is being maintained to support the medical rates being paid to service providers.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate documentation is maintained to support the medical rates paid to service providers. Additionally, the CalVCB stated that it will ensure that supporting documentation is being maintained to support the medical rates being paid to service providers. This recommendation can be closed when we receive evidence that the CalVCB has ensured that supporting documentation is maintained to support the medical rates paid to service providers.

5. Work with the CalVCB to ensure that its CaRES2 database is accurately calculating victim income and support loss payments.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that its CaRES2 database is accurately calculating victim income and support loss payments and that adequate supporting documentation is maintained to support the data. Additionally, the CalVCB stated that it will ensure that its CaRES2 database is accurately calculating victim income and support loss payments. This recommendation can be closed when we receive evidence that the CalVCB has ensured that its CaRES2 database is accurately calculating victim income and support loss payments.

6. Remedy \$6,453 in unallowable victim compensation payments.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will review the \$6,453 in questioned costs charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081 and will work with the CalVCB to remedy, as appropriate. Additionally, the CalVCB stated that it will work with OJP to remedy these questioned costs. This recommendation can be closed when we receive evidence that OJP has remedied \$6,453 in unallowable victim compensation payments.

7. Work with the CalVCB to develop and implement controls to help mitigate the risk of duplicate payments.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure

that it does not provide duplicate payments to victims. Additionally, the CalVCB stated that it will develop and implement controls to help mitigate the risk of duplicate payments. This recommendation can be closed when we receive evidence that the CalVCB has developed and implemented controls to help mitigate the risk of duplicate payments.

8. Remedy \$2,259 in duplicate victim compensation payments.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will review the \$2,259 in questioned costs charged to Grant Numbers 2016-VC-GX-0075 and 2017-VC-GX-0081, and will work with the CalVCB to remedy, as appropriate. Additionally, the CalVCB stated that it will work with OJP to remedy the questioned costs. This recommendation can be closed when we receive evidence that OJP has remedied \$2,259 in duplicate victim compensation payments.

9. Ensure that the CalVCB pays victims' compensation claims in a timely manner as required by California statute.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it pays victims' compensation claims in a timely manner. Additionally, the CalVCB stated that it will ensure that claims are paid in a timely manner. This recommendation can be closed when we receive evidence that CalVCB has ensured that it pays victims' compensation claims in a timely manner.

10. Work with the CalVCB to ensure that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, developed and implemented, to ensure that it notifies victims, in writing, when a applications is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner, as required by California statute. Additionally, the CalVCB stated that it will ensure victims are appropriately notified, in writing, when an application is approved or denied. This recommendation can be closed when we receive evidence that the CalVCB has ensured that it notify victims, in writing, when an application is not approved or denied within 180 days, including the reason for the failure to approve or deny the application in a timely manner as required by California statute.

11. Ensure that the CalVCB reviews its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.

Resolved. OJP and the CalVCB agreed with our recommendation. In its response, OJP stated that it will coordinate with the CalVCB to obtain a copy of written policies and procedures, revised as needed, for calculating Statewide Cost Allocation Plan (SWCAP) expenditures, to ensure that its methodology for distributing administrative costs is accurate. In the CalVCB's response, it stated that it has already reviewed and updated its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate. This recommendation can be closed when we receive evidence that the CalVCB has updated its procedures for calculating SWCAP expenditures to ensure that its methodology for distributing administrative costs is accurate.