



Audit of the Office of Justice Programs  
Victim Compensation Grants Awarded to  
the Tennessee Department of Treasury,  
Nashville, Tennessee



AUDIT DIVISION

21-082

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**JUNE 2021**

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REDACTED FOR PUBLIC RELEASE

*A redaction was made to the full version of this report for privacy reasons. The redaction is contained only in Appendix 3, the grantee's response, and is of an individual's name.*



# EXECUTIVE SUMMARY

## Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Tennessee Department of Treasury, Nashville, Tennessee

### Objective

The objective of the audit was to evaluate how the Tennessee Department of Treasury (TDT) 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 TDT effectively designed and implemented its crime victim compensation program. This audit did not identify significant concerns during our testing of performance reporting or claim expenditures. However, we identified one instance where the TDT's annual certification form was not supported by underlying expenditure data, resulting in \$3,000 in questioned costs. Prior to our audit, the TDT had made a process change that corrected the cause of the certification error.

### Recommendations

Our report contains one recommendation to remedy \$3,000 in questioned costs. We requested a response to our draft report from OJP and the TDT, which can be found in Appendices 4 and 3, respectively. Our analysis of those responses is included in Appendix 5.

### Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three Victims of Crime Act (VOCA) victim compensation formula grants awarded by the Office of Justice Programs, Office for Victims of Crime (OVC) to the TDT in Nashville, Tennessee. The OVC awarded these formula grants, totaling \$14,002,000 from fiscal years (FY) 2017 to 2019, from the Crime Victims Fund (CVF) to provide financial support through the payment of compensation benefits to crime victims throughout Tennessee. As of September 2020, the TDT drew down all funds for the grants we reviewed.

### Program Accomplishments

The TDT raised the public's awareness to its victim compensation programs and established an adequate program to compensate victims and survivors of criminal violence.

### State Certification Forms

We found that the TDT overstated the total payouts in its FY 2016 State Certification Form, which resulted in an excess of \$3,000 in its FY 2018 award amount. The TDT corrected the issue that led to this finding by implementing a new reporting policy in FY 2017.

### Performance Reporting

The TDT maintained supporting documentation for the quarterly performance reports it submitted to the OVC and complied with the special conditions we tested.

### Grant Expenditures

We determined that compensations in all 87 approved claims selected for testing were allowable, adequately supported, and accurately calculated. In addition, the TDT properly adjudicated the 15 denied and appealed claims we tested.

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# Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Tennessee Department of Treasury (TDT) in Nashville, Tennessee. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2017 to 2019, these OVC grants totaled \$14,002,000.

**Table 1**

**Audited Grants  
Fiscal Years 2017 – 2019**

Award Number	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2017-VC-GX-0012	9/28/2017	10/1/2016	9/30/2020	\$4,974,000
2018-V1-GX-0027	8/09/2018	10/1/2017	9/30/2021	5,203,000
2019-V1-GX-0054	9/13/2019	10/1/2018	9/30/2022	3,825,000
<b>Total:</b>				<b>\$14,002,000</b>

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.<sup>1</sup> The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

The primary purpose of the victim compensation grant program is to compensate victims and survivors of criminal violence for: (1) medical expenses attributable to a physical injury resulting from a compensable crime, including expenses for mental health counseling and care; (2) loss of wages attributable to a physical injury resulting from a compensable crime; and (3) funeral expenses attributable to a death resulting from a compensable crime.<sup>2</sup>

## The Grantee

As the Tennessee state administering agency, the TDT is responsible for administering the VOCA victim compensation program. The TDT's mission is to invest in the well-being of Tennesseans through financial

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

<sup>2</sup> This program defines criminal violence to include drunk driving and domestic violence.

leadership, management, service, and education. The TDT serves all Tennesseans by helping to educate and empower them to make smart financial choices, and by providing public-serving programs in the areas of college savings, financial literacy, unclaimed property, criminal injuries compensation, and risk management. The Criminal Injuries Compensation Fund was established as a fund of last resort to financially assist innocent victims of violent crime in Tennessee that results in personal injury.

## OIG Audit Approach

The objective of the audit was to evaluate how the TDT 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 consider to be the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed Tennessee's Criminal Injuries Compensation Act of 1976 and interviewed TDT personnel to determine how they administered the VOCA funds. In addition, we obtained and reviewed TDT records reflecting grant activity.<sup>3</sup>

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<sup>3</sup> 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 Victims of Crime Act (VOCA) victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we assessed the Tennessee Department of Treasury's (TDT) overall process for making victim compensation payments. We assessed TDT's policies and procedures for providing compensation payments to victims, as well as the accuracy of state certification forms.

Overall, we determined that the TDT's implementation of its victim compensation program was appropriate and in compliance with VOCA Guidelines. We found the TDT complied with federal grant requirements, established an adequate program to compensate victims and survivors of criminal violence, and implemented procedures to bring awareness to the program. However, we noted that prior to FY 2017 the TDT lacked adequate controls to ensure the accuracy of its annual certification reports. By implementing a new reporting policy in FY 2017, the TDT corrected the control weakness.

## 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 Tennessee, the TDT was responsible for the victim compensation program, including meeting all financial and programmatic requirements. Within the TDT, Treasury Accounting (also known as Program Accounting) and the Division of Claims and Risk Management (Claims Division) are involved in administering the victim compensation program. Program Accounting is responsible for recording key financial information related to the program. The Claims Division is responsible for assigning cases, reviewing supporting documentation, determining eligibility, calculating benefits, and approving or denying payments. Claimants have the right to appeal a denied application with the Tennessee Claims Commission, a separate entity made up of three commissioners appointed by the Governor, and the TDT informs them of this option when communicating its determinations. The Tennessee Department of Finance and Administration, a state agency independent of the TDT, is responsible for issuing victim compensation payments.

When paying claims for victims, the TDT followed both VOCA Guidelines and Tennessee's Criminal Injuries Compensation Act of 1976 (state law). While Tennessee's state law largely aligns with VOCA Guidelines, there are minor differences. However, the TDT has internal policies and procedures in place to ensure that it requests reimbursement for only federally eligible claims. In assessing the TDT's implementation of its victim compensation program, we analyzed TDT's policies and procedures governing the decision-making process for individual compensation claims and TDT's efforts to make eligible victims aware of compensation program benefits. To enhance the public's awareness of the program, the TDT sends out flyers and materials to those that regularly come into contact with victims. In addition, it hosts training sessions across the state on VOCA requirements, targeting such audience as district attorneys' offices, police departments, children's advocacy groups, and rape crisis centers.

Based on our review, we found that the TDT adopted measures to raise the public's awareness of its victim compensation program. When administering the program, the TDT implemented appropriate procedures

for accepting applications, reviewing cases to establish eligibility, determining applicable compensation amounts, and processing payments. We also found that the TDT applied adequate segregation of duties when assigning claims, reviewing adjudications, and authorizing payments.

## Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the Office of Justice Programs (OJP) 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 from all funding sources to, or on behalf of, victims. 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.<sup>4</sup> 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 TDT uses an electronic claims system and an accounting system to track VOCA victim compensation grants. The claims system documents the adjudication process for all claims. The claims system is routinely updated by TDT staff and system data is not closed out. The accounting system is the statewide system used to document the details of all financial transactions, including VOCA expenditures and adjustments, and the data is regularly closed out for reporting purposes. Prior to FY 2017, the TDT used data from the claims system to populate the required annual certification form. Beginning in FY 2017, the TDT converted to using accounting system data to complete the certification form. TDT made this change because the claims system data continuously fluctuates as it is updated while the accounting system data is stable after each closeout period.

In 2019, OJP's Office of the Chief Financial Officer (OCFO) conducted a site visit with the TDT and reviewed the FY 2015 certification form. The OCFO found that the TDT overstated its eligible FY 2015 VOCA expenditures by \$138,000. Consequently, TDT's FY 2017 grant award based on 60 percent of FY 2015 expenditures was allocated and awarded an excess of \$83,000. The OCFO required repayment of the excess amount. The TDT made the repayment from FY 2019 grant funds because it had expended all FYs 2017 and 2018 grant funds at the time of the OCFO finding.

We assessed the TDT's controls for preparing the annual certification forms, which were used to calculate the award amounts granted in FYs 2017 through 2021, submitted to the OVC for FYs 2015 through 2019.<sup>5</sup> We also examined the annual certification forms, including the financial support for the payouts, refunds, and restitution and subrogation recoveries. Specifically, we compared the payment information in the state's certification forms for reporting periods FYs 2015 through 2019 with underlying accounting records to determine if any discrepancies existed.

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<sup>4</sup> 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.

<sup>5</sup> OJP's OCFO, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs, and the Office for Victims of Crime (OVC) makes the grant awards.

For the FYs 2015 and 2016 annual certification forms, the TDT's controls did not ensure that the VOCA payouts reported on certification forms agreed with underlying accounting records. While the overall refund, restitution, and subrogation amounts were accurate, the reported total amounts paid to or on behalf of crime victims from all funding sources were higher than the totals shown in the statewide accounting system. The OCFO's review discussed above covered the FY 2015 reporting issue and, consequently, we make no finding regarding the FY 2015 certification. The overstated payouts in the FY 2016 certification form resulted in an excess award amount of \$3,000 in Tennessee's FY 2018 victim compensation grant as shown in Table 2.

**Table 2**

**Reporting on TDT's FY 2016 State Certification Form**

State Certification Form Categories	TDT Reported Amount	OIG Calculations Based on Accounting Records	Difference
Payouts	\$12,467,030	\$12,461,682	\$5,348
Deductions	\$3,794,789	\$3,794,789	0
Total State Payouts Eligible for VOCA Match	\$8,672,240	\$8,666,892	\$5,348
60 Percent of Eligible Payouts to Determine FY 2018 VOCA Grant Award <sup>6</sup>	\$5,203,000	\$5,200,000	\$3,000
Actual FY 2018 VOCA Grant Award	\$5,203,000	\$5,200,000	\$3,000

Source: OIG analysis of TDT records

According to a TDT official, the reason for the discrepancies noted was the timing differences between the claims and accounting systems. We recommend that OJP remedy the \$3,000 in excess award associated with the FY 2016 annual certification form.

### Program Requirements and Performance Reporting

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

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<sup>6</sup> The victim compensation grant is rounded to the nearest thousand dollars when awarded.

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

## Annual Performance Reports

Each state administering agency must annually report to the Office for Victims of Crime (OVC) on activity funded by any VOCA awards active during the federal fiscal year. Annual performance reports were previously submitted through OJP's Grants Management System (GMS). In October 2020, GMS was replaced by JustGrants, DOJ's web-based portal for grants management. The OVC also requires states to submit quarterly performance data through the web-based Performance Measurement Tool. After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit it to OJP.

For the victim compensation grants, states must report the number of victims for whom a compensation 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 crime type.

To assess the accuracy of TDT's performance reports, for each of FYs 2017 through 2019 we reviewed one quarterly performance report that the TDT submitted to the OVC. We judgmentally selected three performance metrics from each of those reports, including the number of applications approved, the number of applications denied or closed, and the number of applications received for sexual assault forensic examinations. The TDT's supporting documentation reconciled to the information 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 TDT certified it would comply with these special conditions. We reviewed the special conditions for 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. The special conditions we tested included ensuring that:

- at least one key grantee official attended the annual VOCA National Training Conference;
- the grantee Point of Contact and all Financial Points of Contact completed the required DOJ Grants Financial Management Training within 120 days of award acceptance; and
- the grantee submitted the required Federal Financial Reports (FFR) and performance/progress reports in a timely fashion.

We found that the TDT complied with the tested special conditions.

## Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of the TDT's financial management of the VOCA victim compensation grants, we reviewed the process the TDT used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. We reviewed the Single Audit Reports for FYs 2017 to 2019 and did not identify any findings related to the Crime Victims Fund managed by the TDT. We also interviewed TDT personnel who were responsible for financial aspects of the grants, reviewed TDT written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we determined that the TDT generally implemented adequate controls over financial management of grant awards and claim payments associated with managing the victim compensation program.

## Grant Expenditures

State administering agency VOCA compensation expenses fall into two overarching categories: (1) compensation claim payments – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. The TDT elected not to charge administrative expenses to the VOCA victim compensation grants. Therefore, to determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of compensation claim payments by reviewing accounting records and verifying support for select transactions.

### Victim Compensation Claim Expenditures

In Tennessee, victims of crime or their representatives submit claims for reimbursement of expenses such as medical, funeral costs, or loss of wages incurred as a result of victimization. TDT staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate the TDT's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims that had been approved, denied, and appealed. We determined whether the approved payments were accurate, allowable, and adequately supported and whether denials were adjudicated in accordance with applicable criteria. For the VOCA victim compensation awards, the TDT initially paid all claims with state funds and reimbursed itself with VOCA funds in the following fiscal year. The claims paid with state funds far exceeded the grant award amount. Instead of tying individual claims to their source of funding, the TDT classifies claims as VOCA allowable or unallowable. Because of this practice, we were unable to identify with certainty which claims were funded with victim compensation grants. However, we were able to determine whether the expenses were VOCA allowable. We judgmentally selected 102 claims totaling \$946,412 to test. Table 3 shows the types of claims we reviewed.

**Table 3**

**Victim Compensation Claims Reviewed**

Award Number	Approved Claims	Denied Claims	Appealed Claims	Total Claims Reviewed
2017-VC-GX-0012	28	3	-	31
2018-V1-GX-0027	29	5	-	34
2019-V1-GX-0054	30	5	2	37
<b>Total:</b>	<b>87</b>	<b>13</b>	<b>2</b>	<b>102</b>

Source: OIG analysis of TDT records

The claims we reviewed included costs in the categories of attorney fees, travel expenses, crime scene cleanup, sexual assault forensic exams, economic support, pain and suffering, funeral services, lost wages, and medical or mental health services.

All of the 87 approved claims were accurate, allowable, and adequately supported. In addition, the 15 denied and appealed claims were properly adjudicated in accordance with applicable criteria. Further, we reviewed 6 of the 87 approved claims to test payment timeliness and determined the TDT issued timely payments for these claims.

**Administrative Expenditures**

While the state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program, the TDT did not charge administrative expenditures to the grant.

**Drawdowns**

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days. To assess whether the TDT managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the TDT's accounting system and accompanying financial records.

For the VOCA victim compensation awards, the TDT tracked expenditures eligible for federal reimbursement by month and did not initiate drawdown requests until the following fiscal year. By then, the total amount of the claims for the previous fiscal year, all of which had been covered with state funds, had far exceeded the grant award amount. Consequently, the TDT drew the entire award for that fiscal year as reimbursement for a portion of the claims paid with state funds. For FY 2017, the TDT drew down all funds in one draw. For FYs 2018 and 2019, the TDT drew down all funds in one day, but used two draws because OJP requirements did not allow an entire award to be drawn at one time. Table 4 shows the total amount drawn down for each grant as of September 21, 2020.

**Table 4**

**Amount Drawn Down for Each Grant as of September 21, 2020**

<b>Award Number</b>	<b>Total Award</b>	<b>Award Period End Date</b>	<b>Amount Drawn Down</b>	<b>Amount Remaining</b>
2017-VC-GX-0012	\$4,974,000	9/30/2020	\$4,974,000	\$0
2018-V1-GX-0027	\$5,203,000	9/30/2021	\$5,203,000	\$0
2019-V1-GX-0054	\$3,825,000	9/30/2022	\$3,825,000	\$0
<b>Total:</b>	<b>\$14,002,000</b>		<b>\$14,002,000</b>	<b>\$0</b>

Source: OJP

During this audit, we did not identify significant deficiencies related to the recipient’s process for developing drawdown requests.

### **Financial Reporting**

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the TDT submitted accurate FFRs, we compared the four most recent reports to the TDT’s accounting records for each grant. We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

## Conclusion and Recommendations

Overall, we determined that the TDT's implementation of its victim compensation program was appropriate and in compliance with VOCA Guidelines. We found the TDT complied with federal grant requirements, established an adequate program to compensate victims and survivors of criminal violence, and implemented procedures to bring awareness to the program. However, we identified one instance where the TDT's annual certification form was not supported by underlying expenditure data. Specifically, at the time of preparing the FY 2016 annual certification form, the TDT lacked adequate controls to ensure that the information on the form matched its accounting data. By implementing a new reporting policy in FY 2017, the TDT corrected the control weakness. However, the issue we identified resulted in an excess award amount of \$3,000 in Tennessee's FY 2018 victim compensation grant. Therefore, we provide one recommendation to OJP to remedy this amount.

We recommend that OJP:

1. Remedy the \$3,000 in excess award funds associated with the FY 2016 annual certification form.

# APPENDIX 1: Objectives, Scope, and Methodology

## Objectives

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

## Scope and Methodology

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

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2017-VC-GX-0012, 2018-V1-GX-0027, and 2019-V1-GX-0054 from the Crime Victims Fund (CVF) awarded to the TDT. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$14,002,000 to the TDT, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2016, the project start date for VOCA compensation grant number 2017-VC-GX-0012, through September 30, 2019. As of September 21, 2020, the TDT drew down all of its awarded amount from the three audited grants. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

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

We obtained information from OJP's Grants Management System as well as TDT's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.

## Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of the TDT to provide assurance on its internal control structure as a whole. TDT's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. §200. Because we do not express an opinion on the TDT's internal control structure as a whole, we offer this statement solely for the information and use of the TDT 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
<b>Control Activity Principles</b>
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.
<b>Information &amp; Communication Principles</b>
Management should use quality information to achieve the entity's objectives.

We assessed the design, implementation, and operating effectiveness of these internal controls and did not identify any deficiencies that we believe could affect the TDT's ability to operate its victim compensation program effectively and efficiently, to present pertinent financial and performance information accurately, and to ensure compliance with laws and regulations. The internal control deficiency we found is discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## APPENDIX 2: Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs:		
Excess FY 2018 Funds Awarded	<u>\$3,000</u>	5
Questioned Costs <sup>7</sup>	<b>\$3,000</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b><u>\$3,000</u></b>	

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<sup>7</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

# APPENDIX 3: The Tennessee Department of Treasury Response to the Draft Audit Report

## STATE OF TENNESSEE



**DAVID H. LILLARD, JR.**  
STATE TREASURER

**TREASURY DEPARTMENT**

STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0225

615.741.2956  
David.Lillard@tn.gov

May 20, 2021

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

*Re: Tennessee Department of Treasury Response to Office of Inspector General Audit –  
Tennessee Criminal Injuries Compensation Program*

Emailed all parties 5-20-2021

Dear Mr. Polk:

Thank you for your May 6, 2021 transmittal letter and draft report relative to the Office of Inspector General's comprehensive audit of the Tennessee Criminal Injuries Compensation Program and our handling of the Victims of Crime Act (VOCA) Grant funding utilized by the program. We have thoroughly reviewed the report covering fiscal years 2017-2019, and I have enclosed the signed management representation letter as requested and offer the following in response to the audit report.

We concur that a reconciliation difference occurred in our reported expenditures on the FY2016 State Certification Form which resulted in an excess VOCA compensation award totaling \$3,000.00. We also concur that the issue leading to this discrepancy was rectified prior to this audit. Our response to the recommendation is to continue monitoring the control mechanisms in place to ensure accurate submissions. These efforts will include:

1. Written updates to procedures when any operational changes take place to ensure financial reconciliations are approached consistently and that employees in grant support positions are trained on the procedures and any changes to these procedures, including management documentation to verify and track reviews, updates and training.

Timeline: Annual review of procedures beginning July 2021, as well as staff training as warranted.

2. Dual review of reportable data prior to submission of the Certification Form.

Timeline: Review of reconciliations by both the Program Accounting Manager and an Accounting Director prior to Certification Form submissions.

While an offset to an upcoming grant is our preferred method of repaying the \$3,000.00 owed, we await instructions for refunding this sum.

Thank you and should you need any additional information or have questions, please do not hesitate to contact me.

Sincerely yours,



David H. Lillard, Jr.  
Tennessee State Treasurer

Enclosure

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

Steve Summerall, Assistant Treasurer for Program Services  
Tennessee Department of Treasury

Alison Cleaves, Assistant Treasurer for Legal, Compliance, and Audit  
Tennessee Department of Treasury

Rodney Escobar, Director of Claims and Risk Management  
Tennessee Department of Treasury

Earle Pierce, Director of Internal Audit  
Tennessee Department of Treasury

Amy Dunlap, Assistant Director of Claims and Risk Management  
Tennessee Department of Treasury

Connie Gibson, Deputy Director of Program Accounting  
Tennessee Department of Treasury

██████████, Manager of Program Accounting  
Tennessee Department of Treasury

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

May 26, 2021

MEMORANDUM TO: Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Compensation Grants Awarded to the Tennessee Department of Treasury, Nashville, Tennessee*

This memorandum is in reference to your correspondence, dated May 6, 2021, transmitting the above-referenced draft audit report for the Tennessee Department of Treasury (TDT). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **one** recommendation and **\$3,000** in questioned costs. The following is Office of Justice Programs' (OJP) analysis of the draft audit report recommendation. For ease of review, the recommendation is restated in bold and are followed by our response.

- 1. We recommend that OJP remedy the \$3,000 in excess award funds associated with the FY 2016 annual certification form.**

OJP agrees with this recommendation. In its response, dated May 20, 2021, the TDT agreed that a reconciliation difference occurred in its reported expenditures on the fiscal year (FY) 2016 Crime Victim Compensation State Certification Form, which resulted in the TDT receiving \$3,000 in excess award funds under Grant Number 2018-V1-GX-0027. The TDT stated that, while an offset of an upcoming grant is their preferred method of repaying the \$3,000 in funds owed, they would await further instructions from OJP for remedying those funds. Accordingly, we will coordinate with the TDT to remedy the \$3,000 in excess funds, associated with the FY 2016 annual certification form, awarded under Grant Number 2018-V1-GX-0027.

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: Amy L. Solomon  
Principal Deputy Assistant Attorney General

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

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

Katherine Darke Schmitt  
Acting Director  
Office for Victims of Crime

Kathrina S. Peterson  
Deputy Director  
Office for Victims of Crime

Catherine Pierce  
Senior Advisor  
Office for Victims of Crime

James Simonson  
Associate Director for Operations  
Office for Victims of Crime

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

Jalila Sebbata  
Grants Management Specialist  
Office for Victims of Crime

Charlotte Grzebien  
Deputy General Counsel

Phillip K. Merkle  
Acting Director  
Office of Communications

cc: Rachel Johnson  
Acting Chief Financial Officer

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

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

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

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

OJP Executive Secretariat  
Control Number IT20210506124406

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Tennessee Department of Treasury (TDT). OJP's response is incorporated in Appendix 4 and the TDT's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP agreed with our recommendation, and as a result, the status of the audit report is resolved. The TDT concurred with our recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendation for OJP:**

- 1. We recommend that OJP remedy the \$3,000 in excess award funds associated with the FY 2016 annual certification form.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the TDT to remedy the \$3,000 in excess funds, associated with the fiscal year (FY) 2016 annual certification form, awarded under Grant Number 2018-V1-GX-0027. As a result, this recommendation is resolved.

The TDT concurred with our recommendation and stated in its response that a reconciliation difference occurred in its reported expenditures on the FY 2016 State Certification Form, which resulted in an excess VOCA compensation award totaling \$3,000. The TDT also stated that it concurred that the issue leading to this discrepancy was rectified prior to this audit. The TDT stated that it will continue monitoring the control mechanisms in place to ensure accurate submissions. The TDT stated these efforts will include:

- Written updates to procedures when any operational changes take place to ensure financial reconciliations are approached consistently and that employees in grant support positions are trained on the procedures and any changes to these procedures, including management documentation to verify and track reviews, updates and training.
- Dual review of reportable data prior to submission of the Certification Form.

The TDT stated that while an offset to an upcoming grant is its preferred method of repaying the \$3,000 owed, it will await instructions for refunding this sum.

This recommendation can be closed when we receive documentation that OJP remedied the \$3,000 in questioned costs.