



Audit of the Office of Justice Programs
Victim Compensation and Emergency Assistance
Grants Awarded to the State of Nevada
Department of Health and Human Services,
Carson City, Nevada



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EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation and Emergency Assistance Grants Awarded to the State of Nevada Department of Health and Human Services, Carson City, Nevada

Objective

The objective of the audit was to evaluate how the State of Nevada Department of Health and Human Services (NDHHS) 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, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

As a result of our audit, we concluded that the NDHHS distributed its Victims of Crime Act (VOCA) victim compensation and antiterrorism and emergency assistance program (AEAP) grant funding to service providers and provided enhanced services for crime victims. However, we identified significant areas of concerns. Specifically, we found the NDHHS: (1) did not clearly communicate program guidelines to victims of rape or sexual assault; (2) submitted inaccurate state certifications; (3) inadequately separated duties in key program functions; (4) reported inaccurate performance data to the Office for Victims of Crime (OVC); (5) did not ensure compliance with select special conditions of the grants; (6) did not properly track VOCA victim compensation and AEAP grant expenses; (7) incurred unallowable and unsupported costs; and (8) did not sufficiently monitor AEAP subrecipients to ensure compliance with grant requirements. We also identified \$361,096 in total questioned costs.

Recommendations

Our report contains 24 recommendations to assist the Office of Justice Programs (OJP) in ensuring NDHHS improves its grant management and remedies questioned costs. We also make three recommendations to assist OJP in improving its AEAP program.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of five VOCA victim compensation formula grants and one AEAP grant awarded by the OJP's OVC to the NDHHS in Carson City, Nevada. The OVC awarded these formula grants, totaling \$25,047,720 from fiscal years (FYs) 2016 to 2020, from the Crime Victims Fund (CVF) and the CVF's emergency reserve to provide financial support through payments of compensation benefits to crime victims throughout the state of Nevada. As of June 2021, the NDHHS drew down a cumulative amount of \$15,206,202 for all the grants we reviewed.

Program Accomplishments

The audit determined that the NDHHS used its VOCA victim compensation and AEAP grant funding to enhance services for crime victims and provide services for the Route 91 mass shooting victims as intended. However, the NDHHS did not clearly communicate program guidelines to victims of sexual assault, which, if not corrected, could result in victims of sexual assault not receiving victim compensation benefits available to them.

Planning and Execution

We found that the NDHHS submitted inaccurate state certifications, resulting in incorrect VOCA victim compensation award amounts for each of the fiscal years we reviewed. Additionally, if the FY 2019 state certification form, used to calculate the FY 2021 grant award, is not corrected, the NDHHS will potentially lose out on \$1,180,000 in VOCA victim compensation grant funding. We found the Victims of Crime Program (VOCP) listed inaccurate information on both its website and victim compensation application. The NDHHS also inadequately separated duties in key VOCP functions. For example, a Compensation Officer was acting as the VOCP's Program Manager, concurrently filling both roles, and determining applicants' eligibility for aid, making

eligibility determinations for payment, and reviewing and approving claims for payment.

Requirements and Performance Reporting

Each state administering agency must report to OVC on activity funded by any VOCA or AEAP awards active during the federal fiscal year. We found that the NDHHS did not maintain the VOCA victim compensation performance data used at the time of reporting to OVC, thereby limiting reconciliation of the reported data with its internal records. We also found the NDHHS's AEAP subrecipients: (1) failed to report performance data; (2) reported inaccurate performance data; and (3) did not maintain adequate documentation to support performance data used at the time of reporting to OVC. Further, the NDHHS reported AEAP claims on both its VOCA victim compensation and AEAP progress reports, resulting in over-reporting the number of victim compensation claims received and paid. For example, the NDHHS over-reported the amount of victim compensation claims paid by 39 percent in fiscal year 2018. In addition, the NDHHS was not in compliance with one of the special conditions we tested. Specifically, the NDHHS did not maintain certification of staff completing OJP's required training.

We also found OJP's AEAP performance metrics were unclear, and therefore, the NDHHS was uncertain how to report AEAP-funded claims on its performance reports. Further, OJP's AEAP performance report template lacked an identifying time frame for the reported performance information.

Financial Management

We determined that the NDHHS had significant internal control weaknesses. For example, the NDHHS did not have written grant policies for preparing, reviewing, and submitting its state certification form. As a result, the NDHHS incorrectly completed its state certification forms. Additionally, the NDHHS did not have adequate internal controls to ensure that federal funds were properly tracked and accounted for. Specifically, we found AEAP-related expenditures were improperly recorded in its accounting system and AEAP claims were not uniquely identified in its claims database. Additionally, the VOCP did not have adequate user rights and permissions established in its claims database to prevent unauthorized changes in the database. We found former staff had retained access to the claims database after their employment with the NDHHS had ended. We identified \$2,536 in duplicate victim compensation

payments. We also questioned \$24,521 in unallowable victim compensation payments and \$8,664 in unsupported victim compensation payments.

Each state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. We found that the NDHHS complied with the 5 percent requirement for each of the grant years we reviewed, but its administrative costs were based on budgetary estimates rather than actual costs incurred. As a result, we questioned \$190,400 in unsupported administrative costs.

Monitoring of Subrecipients

On October 1, 2017, the Route 91 Harvest Festival mass shooting occurred in Las Vegas, Nevada, killing 58 people and injuring more than 600 others. As a result of this tragedy, OJP awarded the NDHHS \$16,735,720 in supplemental funding to assist with the increased need for crime victim services. The NDHHS subawarded \$7 million to its VOCP to assist Route 91 victims with their immediate needs. The majority of the remaining grant funds were sole sourced to subrecipients to provide behavioral health services, victim advocate services, and legal assistance; cover operating costs for the Vegas Strong Resiliency Center; and reimburse costs for overtime and coroner expenses that occurred on the day of the shooting. As of June 2021, almost half of the AEAP grant funding remained unspent. We determined that the NDHHS does not have a detailed plan on how or when the remaining funds will be spent, nor a plan to properly oversee subrecipient spending.

The NDHHS's policy requires that a monitoring plan be developed for its subrecipients based on a risk assessment conducted for each subrecipient. High-risk subrecipients would receive increased monitoring based on the level of risk. The NDHHS hired a consultant to perform AEAP grant-specific on-site reviews of the subrecipients. However, we found that the consultant ended their employment with the NDHHS before completing all the reviews. We also found subrecipients designated high-risk by the NDHHS which did not receive enhanced monitoring as required by the NDHHS.

To evaluate the NDHHS's financial controls over AEAP grant expenditures, we tested subrecipient transactions and determined that the NDHHS and its subrecipients could not support \$120,486 in subrecipient expenditures. Additionally, we found \$14,489 in unallowable subrecipient costs charged to the grant.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of five victim compensation formula grants and one emergency assistance grant awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the State of Nevada Department of Health and Human Services (NDHHS) in Carson City, Nevada. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. The OVC also awards antiterrorism and emergency assistance program (AEAP) grants from the CVF's Antiterrorism Emergency Reserve to respond to acts of terrorism or mass violence. As shown in Table 1, from fiscal years (FYs) 2016 to 2020, these OVC grants totaled \$25,047,720. As of June 2021, the NDHHS has drawn down a cumulative amount of \$15,206,202 for all the grants we reviewed.

Table 1

**Audited Grants
Fiscal Years 2016 – 2020**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
VOCA Victim Compensation Grants				
2016-VC-GX-0032	08/22/16	10/01/15	09/30/19	\$2,049,000
2017-VC-GX-0079	09/28/17	10/01/16	09/30/20	691,000
2018-V1-GX-0015	08/09/18	10/01/17	09/30/21	1,068,000
2019-V1-GX-0001	09/13/19	10/01/18	09/30/22	2,252,000
2020-V1-GX-0042	09/17/20	10/01/19	09/30/23	2,252,000
AEAP Grant				
2019-V7-GX-0001	11/30/18	10/01/17	09/30/22	16,735,720
Total:				\$25,047,720

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years. The AEAP grant start date is the day the Route 91 Harvest Festival mass shooting occurred in Las Vegas.

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

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

proceeds from the CVF to states and territories. VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

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

The OVC also provides compensation and assistance to victims of acts of terrorism or mass violence from the Antiterrorism Emergency Reserve. The AEAP supplements the resources and services of entities responding to a mass violence event when a jurisdiction has been overwhelmed.³ Funding may be awarded to eligible state crime victim compensation and victim assistance programs. AEAP funds can be used to: (1) assist in the initial aftermath of an event; (2) reimburse victims for expenses related to their victimization; (3) provide training, assistance; and outreach to victims; (4) provide community needs and assessment planning; (5) pay for law enforcement and first responder overtime and coroner and medical examiner expenses; (6) and facilitate victim participation in the judicial process.

The Grantee

As the Nevada state administering agency, the NDHHS is responsible for administering the VOCA victim compensation program. The NDHHS's mission is to promote the health and well-being of Nevadans through the delivery or facilitation of essential services to ensure families are strengthened, public health is protected, and individuals achieve their highest level of self-sufficiency. The NDHHS is comprised of five divisions, offices, and programs, including the Division of Child and Family Services, which oversees the Nevada Victims of Crime Program (VOCP).⁴ The VOCP's mission is to provide financial assistance to qualified victims of crime in a timely, cost efficient, and compassionate manner.

On October 1, 2017, the Route 91 Harvest Festival in Las Vegas, Nevada, became the largest mass shooting event in U.S. history when a gunman killed 58 concert goers and injured more than 600 others. The shooting occurred on the last day of the 3-day event that sold approximately 24,000 tickets. In November 2018, OJP

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

³ The term mass shooting is not defined in VOCA or in the U.S. criminal code. Therefore, the OVC has developed a working definition. The term mass violence means an intentional violent criminal act, for which a formal investigation has been opened by the FBI or other law enforcement agency, that results in physical, emotional, or psychological injury to a sufficiently large number of people as to significantly increase the burden of victim assistance and compensation for the responding jurisdiction.

⁴ The VOCP was established by the Nevada legislature in 1969 and administered by the Department of Administration (DOA). The VOCP operated under the auspices of the Nevada State Board of Examiners, consisting of the Nevada Governor, Attorney General, and Secretary of State. In July 2019, the administration of the VOCP was moved from the DOA to the NDHHS.

awarded the NDHHS supplemental crime victim compensation funding to assist with the dramatically increased need for crime victim services.⁵

OIG Audit Approach

The objective of the audit was to evaluate how the NDHHS 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, (3) grant financial management, and (4) monitoring of subrecipients.

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), the OVC AEAP guidelines (AEAP Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We also reviewed relevant Nevada Revised Statutes, reviewed the NDHHS policies and procedures, and interviewed NDHHS personnel to determine how they administered the VOCA funds. Additionally, we interviewed subrecipient personnel and obtained and reviewed the NDHHS and subrecipient records reflecting grant activity.⁶

⁵ According to OJP's FY 2019 Guidance for Invited Applications for AEAP for Crime Victim Compensation and/or Assistance, the AEAP grant covers expenses retroactive to the date of the event. It is assumed that the organizations requesting retroactive expenses will fund qualified expenses up front and, if approved, be reimbursed under the AEAP grant.

⁶ 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 NDHHS's overall process for making victim compensation payments, including payments to victims of the Route 91 Harvest Festival mass shooting. We assessed the NDHHS's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we determined that the NDHHS's VOCP did enhance state victim compensation payments to eligible crime victims. However, we found instances in which the NDHHS was not in compliance with VOCA Guidelines or Nevada policies governing the VOCP. We found that the NDHHS submitted inaccurate state certifications, resulting in incorrect VOCA victim compensation awards for each of the fiscal years we reviewed. We also determined that the VOCP's website and victim compensation application had incorrect information listed. Further, the VOCP had inadequate separation of duties among staff responsible for key VOCP processes.

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 the State of Nevada, the NDHHS was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, the NDHHS operated under the Nevada Revised Statutes, which provides the state-specific policies for the victim compensation program. In assessing the NDHHS'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 NDHHS had made to bring awareness to victims eligible for compensation program benefits.⁷

Based on our review, we found that the NDHHS has an established process for the intake, review, and payment or denial of individual compensation claims. However, we found that the NDHHS did not have adequate separation of duties in key VOCP functions. Specifically, we found a Compensation Officer acting as the VOCP's Program Manager since May 2020. In that role, the acting Program Manager continued to perform compensation officer duties including: (1) conducting investigations to determine applicants' eligibility for aid; (2) making eligibility determinations for victim compensation payments; and (3) rendering eligibility decisions in writing to applicants. According to the NDHHS's State Plan, the Program Manager is responsible for providing oversight and guidance to the Compensation Officers and for monitoring adherence to VOCP policies. Additionally, a victim compensation claim submitted for payment does not become an approved claim until both the Compensation Officer and the Program Manager have reviewed and approved the claim. We found instances in which the acting Program Manager was the only individual to review and approve claims for payment. To reduce the risk of fraud and ensure the proper oversight of the VOCP, the same individual should not carry out Compensation Officer and Program Manager duties

⁷ In July 2019, upon moving the VOCP from the DOA to the NDHHS, the NDHHS was required to adopt a Nevada State Plan for Services for Victims of Crime (State Plan), to include revising procedures governing claims for victim compensation, and imposing requirements for the development of state and local emergency management plans.

concurrently. An NDHHS official stated that the individual is no longer performing both job functions. However, without internal controls to ensure adequate separation of duties, the NDHHS is at greater risk for errors and fraud. Therefore, we recommend that OJP ensure the NDHHS implement controls to ensure adequate separation of duties for the VOCP.

To enhance its state program and bring public awareness of available victim compensation benefits, the NDHHS performs training and outreach services to advocates and service providers. An NDHHS official also stated that one of its goals is to enhance victim outreach services in rural communities. The NDHHS's website contains information on victim compensation eligibility requirements, compensation benefits that can be awarded, and instructions for applying by mail, fax, or email. However, we noted that one of the victim applications listed the wrong address for the VOCP, had missing titles and headings on the application, and had inconsistent types of crimes to be reported. We also determined the VOCP's policies listed on its website were outdated and the website incorrectly states that the Nevada "Board of Examiners is the governing authority over the VOCP" instead of the NDHHS. When we asked an NDHHS official who is responsible for ensuring that the VOCP website is up-to-date and accurate, the VOCP Coordinator explained that changes to its website are made by the IT helpdesk. VOCP staff are responsible for making any needed changes to its victim application, and those changes are then reviewed and approved by the Program Office and Program Coordinator. Without accurate information available to victims, the VOCP cannot effectively provide outreach to victims. Therefore, we recommend that OJP ensure the NDHHS's VOCP website, including its victim applications, contain accurate information for the public.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the OVC the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation 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.⁸ The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

We assessed NDHHS's controls for preparing the annual certification forms submitted to the OVC for FYs 2014 through 2019, which were or will be used to calculate the award amounts granted in FYs 2016 through 2021.⁹ We reviewed the annual certification forms, including the financial support for victim compensation payouts and revenues, which are used to determine the state certified eligible amounts. As shown in Table 2, we found errors in the state certified eligible amounts reported on its FYs 2014 through 2019 state certification forms.

⁸ 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.

⁹ The OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

Table 2

**NDHHS's State Certification Errors
Fiscal Years 2016 – 2021**

State Certified Eligible Amounts						
	FY 2014 Form	FY 2015 Form	FY 2016 Form	FY 2017 Form	FY 2018 Form	FY 2019 Form
NDHHS Certification	\$3,414,535	\$1,151,856	\$1,780,312	\$3,752,769	\$3,752,769	\$2,247,003
OIG Calculation	1,736,686	1,877,685	3,156,637	1,696,259	5,727,934	4,213,063
Difference	\$1,677,849	(\$725,829)	(\$1,376,325)	\$2,056,510	(\$1,975,165)	(\$1,966,060)
VOCA Victim Compensation Formula Grant Award Amounts						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Award Amounts	\$2,049,000	\$691,000	\$1,068,000	\$2,252,000	\$2,252,000	\$1,348,000
OIG Calculation	1,042,000	1,127,000	1,894,000	1,018,000	3,437,000	2,528,000
Difference	\$1,007,000	(\$436,000)	(\$826,000)	\$1,234,000	(\$1,185,000)	(\$1,180,000)

Source: OJP and OIG Analysis

We determined that the NDHHS did not have adequate controls in place to ensure the amounts reported on its annual certification forms were accurate. Specifically, when the VOCP moved from the Department of Administration (DOA) to the NDHHS in July 2019, supporting documentation for the state certification forms was not maintained as required by federal and NDHHS's policy.¹⁰ As a result, an NDHHS official attempted to re-create the support for the payouts and revenues reported in the state certification forms. The NDHHS official determined that inconsistent and inaccurate methods were used in calculating payouts and revenues, resulting in incorrect amounts reported on the state certification forms. We also found errors in our review of the state certification forms. Specifically, we found the VOCP reported the total amount of VOCA victim compensation grant funds received rather than the amount of grant funds expended for federal fiscal years 2014, 2015, and 2016. Further, we found differences in the state-certified amounts compared to accounting records for the following categories: (1) payouts; (2) subrogation; (3) restitution;

¹⁰ According to the DOJ's Grants Financial Guide, grantees are required to retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date of submission of the final expenditure report.

Based on NDHHS's policy, grant records, such as financial reports and accounting records, should be maintained 3 fiscal years from the submission of the final expenditure report, or for the retention period required by the granting agency, whichever is longer.

(4) provider reimbursements; (4) earned interest; (5) civil penalties; and (6) miscellaneous revenue. Lastly, we determined the NDHHS did not include AEAP victim-related payments in its FY 2019 state certification form.¹¹ OJP found similar errors when conducting enhanced desk reviews of the NDHHS. We discuss this issue further in the OJP Desk Monitoring section of this report.

Although the DOA did have written policies and procedures for the administration and implementation of its VOCA victim compensation grant, including guidelines for preparing the state certification form, we found these policies mirrored OJP's VOCA Guidelines, and were not specific to the VOCP. We also determined that the NDHHS's State Plan does not include grant-specific policies and procedures, including how to prepare a state certification form. Without proper internal controls, we found that the VOCP duplicated the payouts and revenues reported on its FYs 2017 and 2018 state certification forms. When we asked the Deputy Administrator how the reports could have been duplicated and the error was not caught during the review process, the official stated they were uncertain how the error had occurred. The Deputy Administrator explained that the state certification form is prepared by the VOCP Supervisor, reviewed by the Deputy Administrator, and then submitted to OJP by the Administrator. We noted that the state certification form is not reviewed by fiscal personnel, who maintain the VOCP accounting records, prior to submission. We discuss the NDHHS's lack of internal controls further in our Grant Financial Management section of this report.

Based on the inaccurate payouts and revenues reported on its state certification forms, we determined that the NDHHS had been awarded incorrect amounts by OJP in FYs 2016 through 2020. As shown in Table 2, between FYs 2016 and 2020, NDHHS was over awarded a total of \$2,241,000 and under awarded at total of \$2,447,000, for a net under award of \$206,000. We also determined that NDHHS's inaccurate FY 2019 state certification form could result in the NDHHS's FY 2021 VOCA victim compensation grant being under awarded by \$1,180,000.

According to the Victim Compensation Grant Program Guidelines, "[in the event of an over certification], the necessary steps will be taken to recover funds that were awarded in error...it is the policy of OVC to reduce the amount of the subsequent year VOCA victim compensation award by the amount of the overpayment." If a state under certifies the amounts paid to crime victims, "OVC and the Office of the Comptroller, OJP, will not supplement payments to the state to correct the state's error since this would require recalculating allocations to every state VOCA compensation and assistance program and cause disruption in administration of these programs."

We recommend that OJP work with the NDHHS to determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds. We also recommend that OJP require the NDHHS to submit a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct. Lastly, we recommend that OJP ensure the NDHHS develop and implement procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.

¹¹ According to the Federal Register Vol. 67 No.21, amounts paid to victims from state funding sources to compensate victims of terrorism or mass violence may be included in a state's annual certification of payments to victims.

AEAP Subaward Selection Process

To assess how the NDHHS granted its AEAP subawards, we identified the steps that the NDHHS took to inform, evaluate, and select subrecipients for AEAP funding. AEAP funding is a restricted invitation, intended to respond to specific cases of terrorism and mass violence, and therefore, only after OVC has consulted with an eligible organization can an application for federal funding be submitted. OVC's Training and Technical Assistance Center (TTAC) provides consultants to assist with researching and gathering information, determining victim needs, identifying victim resources, developing response strategies, and drafting the AEAP proposal.

OVC's TTAC provided the NDHHS four consultants to assist with the Route 91 Harvest Festival crisis response. One consultant we spoke to stated that they assisted in determining which subrecipients should receive funding and preparing budgets for the subrecipients. Ultimately, the NDHHS sole sourced emergency funding to 10 state and non-governmental agencies totaling \$14,540,548.¹² The primary subrecipient of the funding was the NDHHS's VOCP, which received \$7,000,000.¹³ The NDHHS's justifications for sole sourcing the awards included that: (1) no other entity could provide the needed level of services and collaboration; (2) no other entity could provide the work needed in the geographical location; and (3) the provider's services were currently being used by victims of the mass shooting. The NDHHS provided 16 Notice of Subaward letters (NOSA) to the 10 subrecipients for behavioral health services, victim advocates, legal assistance, training, staffing and operating costs for the Vegas Strong Resiliency Center, as well as reimbursement costs for overtime and coroner expenses that occurred on the day of the mass shooting. The NOSA awarded a set dollar amount to the subrecipient, established the performance period, and identified the source of funding for the award. We found each award package to be complete and have all the required assurances and certifications signed by the subrecipient.

According to the DOJ Grants Financial Guide, funds specifically budgeted and received for one project may not be used to support another. We determined that four of the subrecipients were awarded NOSAs, totaling \$1,531,214, from the NDHHS's 2017 federal victim assistance grant (Grant Number 2017-VA-GX-0085).¹⁴ An NDHHS official stated this was because AEAP grant funding took more than a year to receive. OVC's AEAP Program Manager also stated that it was common for a state administering agency to use its victim assistance program to pay for the initial costs relating to mass violence because of the amount of time it takes to receive AEAP grant funding and that victims' needs are immediate. We determined that the NDHHS began drawing down AEAP grant funds in April 2019, almost 5 months after the AEAP grant was awarded and more than a year and a half after the Route 91 Harvest Festival mass shooting occurred. Part of the delay was because the NDHHS was designated a high-risk grantee by OJP, resulting in the AEAP grant funds being frozen for approximately 5 months. Once the NDHHS received the AEAP grant funds, AEAP expenditures were moved from the 2017 VOCA victim assistance grant general ledger to the AEAP grant general ledger in the state's accounting system. However, we determined that the NDHHS

¹² The NDHHS's AEAP application to OJP originally included 12 subrecipients. However, only 10 subrecipients were awarded AEAP funds by the NDHHS because one entity declined reimbursement for its Route 91 Harvest Festival related expenditures and another entity was transferred to the NDHHS.

¹³ The NDHHS granted the VOCP a subaward because the program was administered by the DOA at the time of awarding.

¹⁴ The four NOSA's were later amended to change the funding source from the NDHHS's 2017 VOCA victim assistance grant to the AEAP grant.

continued to utilize one budget category identified as VOCA victim assistance expenditures to record AEAP-related expenditures. Although it is reasonable for the NDHHS to utilize existing state programs to meet the immediate needs of the victims, the NDHHS is prohibited from commingling federal funds on either a program-by-program or project-by-project basis. We discuss this matter further in the Grant Financial Management section of this report.

As of December 2020, the NDHHS paid \$6,896,896 (47 percent) to its subrecipients. When we asked several of the subrecipients if they would be able to spend the remaining funds before the grant ended in September 2021, the subrecipients stated that they could not spend the remaining funds before the grant ended. We also asked the NDHHS how it planned to spend the funds before the grant expired. An NDHHS official also acknowledged that the AEAP grant could not be spent before the grant end date. On April 15, 2021, the NDHHS requested a 1-year grant extension from OVC and submitted a time task plan for spending the remaining grant funds. Although the plan provides a narrative description of key tasks being performed by the subrecipients, it does not detail how or when the remaining funds will be spent. This is a concern because \$7,643,652 (53 percent) of subrecipient funding has not yet been spent. We believe the NDHHS should establish a budget and timeline, including plans for overseeing subrecipient spending, for the remainder of the grant period. Additionally, if the NDHHS determines that its AEAP-related needs have been met, the remaining AEAP funding should be returned to OJP. Therefore, we recommend that OJP ensure the NDHHS develop and implement a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.

Program Requirements and Performance Reporting

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

Based on our overall assessment in the areas of program requirements and performance reporting, we believe that the NDHHS's current process does not clearly communicate program guidelines to victims of sexual assault, which, if not corrected could result in victims of sexual assault not receiving victim compensation benefits available to them. We also found that the NDHHS: (1) did not implement adequate procedures to compile and maintain annual performance reports, and (2) did not comply with one of the special conditions we tested. We also noted that OVC's AEAP performance reporting template does not provide instructions on how to report AEAP victim compensation claims to OVC and does not require the grantee to identify the period of performance for which performance metrics are being submitted. As a result, the NDHHS over-reported the number of victim compensation claims received and paid on its annual performance reports to OVC.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP's JustGrants.¹⁵ The OVC also

¹⁵ On October 15, 2020, the DOJ transitioned to the grant management system called JustGrants. JustGrants replaced OJP's and the Office on Violence Against Women's Grants Management System (GMS).

requires states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit the report to OJP.

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

We assessed whether the NDHHS's annual performance reports to the OVC fairly reflected the performance figures of the victim compensation program. We judgmentally selected three performance metrics from each of the FYs 2016 through 2019 annual reports, including: (1) the number of victims for whom an application was made; (2) the number of victims whose victimization is the basis for the application; and (3) the number of applications that were received, approved, denied, and closed. We reconciled performance data reported by the state to data maintained in the NDHHS's claims management database. We did not identify any issues with the NDHHS's claims of achievement. However, we found that the NDHHS's performance metrics submitted to OVC differed slightly from its data found in its claims database for each of the three metrics we tested on the four annual reports.

When we asked about the differences in our analysis, an NDHHS official stated that supporting documentation of the original database query that was used when preparing the reports submitted in PMT was not maintained because the information is maintained in its claims database. The Database Administrator explained that the database was a "live" system and that when a staff member makes a change to the data in the claims database, the changed data would be immediately reflected in any subsequent queries, such as when NDHHS staff prepare reports to be submitted in PMT. According to the DOJ Grants Financial Guide, grantees are required to retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date of submission of the final expenditure report. Therefore, we recommend that OJP work with the NDHHS to ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.

Duplicate Reporting of AEAP Claims

During our review of the victim compensation grant performance reports, we found the NDHHS included the number of AEAP victim compensation claims received and approved in its reporting to OVC. The NDHHS also reported these figures in its AEAP grant performance reports to OVC. In addition to duplicating performance metrics, the NDHHS also included the amount paid for AEAP-related claims on its victim compensation reports. For example, in fiscal year 2018, we found the NDHHS reported paying \$7,401,150 in victim compensation claims. However, we determined that \$2,914,610 (39 percent) of those expenditures were AEAP claims. OVC's AEAP Grant Manager stated that it would expect to see claims reported once and not duplicated in multiple performance reports, which could lead to over-reporting in its performance metrics. When we asked the NDHHS why AEAP claims were being reported twice, the Database Administrator stated that AEAP claims are not uniquely identified on the report used to submit performance and financial data to OVC. To identify AEAP claims, the report must be manually searched by the date of the mass shooting event and those AEAP-specific claims must be subtracted out of the total number of claims. An NDHHS official also stated that the claims were reported on the victim compensation grant performance

report because Route 91 victim claims were originally paid for by the VOCP and later reimbursed by the AEAP grant once funding became available. We noted that OVC's AEAP performance reporting template does not provide instructions on how to report AEAP victim compensation claims to OVC. To determine the accurate amount of victim compensation claims paid with AEAP funding, OJP should clarify with the grantee about how to report AEAP-funded claims on its performance reports. We recommend that OJP clarify its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.

AEAP Performance Reports

Recipients of emergency reserve dollars must semiannually report to the OVC on activity funded by the AEAP grant during the federal fiscal year. The reports are submitted through OJP's JustGrants. For the AEAP grant, the recipient must report on the number of victims for which an application is received and services are provided, the type of services provided to victims, the amount of funding expended, plans for addressing long-term and unmet victim needs, and any evaluation or assessment of the effectiveness of the recipient's response.

At the start of the AEAP grant, OVC had the NDHHS submit its performance information in a narrative report, comprised of information from each of the subrecipients. The NDHHS submitted one narrative report to OVC, covering the period October 1, 2017, through June 30, 2019. Based on our review, we found the report had inconsistent performance data submitted by each of the subrecipients. Without a standardized method of reporting, it is difficult to determine whether the subrecipients were making adequate progress during the reporting period. Additionally, we found one subrecipient did not include its performance narrative at all. As a result, the NDHHS's narrative report did not include all the activity funded by the AEAP grant. An NDHHS official stated that subrecipients delinquent in providing performance data would have its subaward funds frozen.

To improve performance reporting and standardize the data being submitted by AEAP grantees, OVC developed a template for performance reporting, which included victim assistance and victim compensation performance metric questions. The NDHHS re-submitted its performance information using OVC's reporting template. We assessed whether the NDHHS's semiannual performance reports submitted to OVC fairly reflected the performance figures of the AEAP program. We judgmentally selected four victim assistance-related performance metrics from the October 1, 2017, through June 30, 2019, performance report and six victim compensation-related performance metrics from the October 1, 2017, through June 30, 2020, performance report.¹⁶

The four victim assistance performance metrics we tested were: (1) the number of applications for assistance received; (2) the number of individuals approved for assistance; (3) the number of applications for assistance denied; and (4) the number of individual counseling sessions. We did not identify any issues with the NDHHS's claims of achievement. We also found that the information provided by the subrecipients to the NDHHS matched the information the NDHHS reported to OVC. However, when we asked for documentation from the subrecipients to support these figures, one of the subrecipients informed us they had incorrectly reported only 3 months of data and not the entire reporting period, which resulted in the NDHHS under-reporting the number of individual counseling sessions provided to victims by 613 sessions.

¹⁶ AEAP reimbursable grant-funded activity began on October 1, 2017.

The six victim compensation performance metrics we tested were: (1) the number of victim applications received; (2) the number of victim applications approved; (3) the number of victim applications denied; (4) the reason for denial; (5) the amount of AEAP funding provided to applicants as reimbursement; and (6) the amount of AEAP funding provided directly to service providers. We found that the VOCP's figures for the number of applications received, the number of applications approved, and the number of applications denied were generally accurate and supported. However, we noted that when the NDHHS identified the reason for denying a victim's application, it identified twice as many reasons as the number of applications that were denied. An NDHHS official stated that this was an error in reporting. We also found the VOCP incorrectly reported that all monies had been paid to applicants as reimbursement, rather than distinguishing between monies paid to victims as reimbursement and monies paid to service providers. The NDHHS does not have written instructions for completing its performance reports. Therefore, we recommend that OJP work with the NDHHS to establish and implement internal controls to ensure its performance reports are accurate.

We also determined the VOCP misinterpreted OVC's metric for the "number of applications for compensation approved." We found the NDHHS reported the number of applications received and approved for AEAP grant funding. However, OVC's AEAP Grant Manager stated the metric should capture the number of applications that have been approved and had a claim paid. As a result, the NDHHS over-reported this metric by 239 percent. Specifically, the NDHHS reported that 6,218 victims had submitted and been approved for victim compensation services. However, only 1,832 of those victims received services and payment from the VOCP. According to a VOCP official, after the Route 91 Harvest Festival mass shooting, victims were encouraged to apply for victim services and not all victims that were approved for services submitted claims for payment. We believe it is important that OVC ensure AEAP grantees understand how to report accurate performance metrics on its progress report.

Based on our review of OVC's template, we found that it does not identify the timeframe for which the performance measures are being reported. The only identifier we found on the performance reports was the naming convention used on the electronic file, which identified a reporting period. We believe this is a concern because the electronic file name could be accidentally or inadvertently changed to an incorrect timeframe. We also found one performance report had no timeframe identified on the report or in the electronic file name. Without properly identifying the period of performance on the report, OVC cannot ensure that the grantee is making adequate progress at meeting the goals and objectives of the grant. Therefore, we recommend that OJP ensure its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.

Appealed and Denied Claims

According to the NDHHS's State Plan, if an applicant disagrees with a written determination of the Compensation Officer, the applicant may appeal the determination to a Hearing Officer. The Hearing Officer will conduct an informal hearing, usually within 30 days of a request for hearing. If the Hearing Officer does not resolve the matter, the applicant, or the VOCP, may appeal the Hearing Officer's decision to an Appeals Officer.

We judgmentally selected 16 denied claims to review. Of the 16 claims, 5 were denied, 5 were denied and appealed, and 6 were Route 91 Harvest Festival denied claims. To assess whether the documentation maintained in the NDHHS's case files adequately supported its decision to deny the claims, we reviewed

supporting documentation including the application for benefits, the police report from the law enforcement agency, and any other supporting documentation. Based on our review, we determined that the documentation maintained in the NDHHS's case files adequately supported its decision to deny each of the 16 claims.

Rape and Sexual Assault Denials

According to the NDHHS's State Plan, to qualify for VOCP benefits an applicant must establish that a police report has been filed within 5 days of a crime or within 5 days of the time when a report could reasonably have been made. Additionally, when a sexual assault victim submits to a forensic examination but does not file a law enforcement report, the Compensation Officer may approve the claim without a police report as long as there is sufficient documentation that a crime was committed against the applicant.

We found that 175 out of 415 denials (42 percent) had the crime type listed as rape or sex assault and were denied because the application did not have a police report, or the crime was not reported to the police within 5 days. We asked the VOCP if they have specific guidance or procedures for claims related to rape or sexual assaults, particularly when an applicant does not file a law enforcement report. The Victim Services Supervisor stated that the Compensation Officer will contact the applicant to notify them additional documentation is required to approve the application, such as evidence that a forensic examination was conducted. Once documentation is received, the claims are labeled as exceptions, and the VOCP Coordinator will review the list of exceptions weekly and approve or deny the claims. If no additional documentation is provided, the claim is denied.

We judgmentally selected 14 denials with the crime type listed as rape or sex assault for review. Each of the 14 was denied because the application had no police report, a police report was not filed timely, or the victim would not cooperate with law enforcement. We determined that none of the 14 denials were noted as exceptions in the NDHHS's claims database, and therefore, would not have been reviewed by the Program Coordinator. Further, we found the denial letters provided to each applicant did not communicate that documentation besides a police report would be accepted to approve the victim for benefits. An NDHHS official stated that the VOCP attempts to approve victim claims as often as possible and tries to exercise every available avenue to allow the applicant to submit information verifying a crime had occurred. We believe that the VOCP's current process does not ensure that applicants are made aware that a police report is not required to receive victim compensation benefits. Additionally, denial letters for rape and sexual assault victims should alert the applicant as to which documentation may be submitted when a police report is unavailable. If the NDHHS does not clearly communicate program guidelines to victims of sexual assault, it could result in victims of sexual assault not receiving victim compensation benefits available to them. Therefore, we recommend that OJP ensure the NDHHS review its process for the denial of rape and sexual assault claims and ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, the NDHHS certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim compensation grant and the AEAP grant 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 VOCA victim compensation grants (FYs 2016 through 2020) to review:

1. The recipient agrees to ensure that at least one key grantee official attends the annual VOCA National Training Conference.
2. The recipient agrees that both the Point of Contacts (POC) and all Financial Point of Contacts (FPOC) for the award successfully complete the OJP Financial Management and Grant Administration training.

For the victim compensation grants, we determined that a key NDHHS official attended each of the annual VOCA National Training Conferences between FYs 2016 and 2020 and that each of the four POCs had completed OJP's required training. However, we did note that one of the two FPOCs did not complete OJP's training within 120 days of the award as required.

We also judgmentally selected the following special conditions from the AEAP grant to review:

1. The recipient agrees to address outstanding issues from OIG audit report number GR-90-18-002 and may not obligate, expend, or draw down funds until the outstanding audit issues have been satisfactorily addressed or prior written approval for a partial or total release of this condition, and a GAN has been issued to modify or remove this special condition.
2. The recipient agrees that both the POCs and all FPOCs for the award successfully complete the OJP Financial Management and Grant Administration training.

For the AEAP grant, we found that the NDHHS is in the process of addressing the remaining OIG findings for report number GR-90-18-002 and has provided OJP adequate documentation to support a partial release of AEAP grant funds. Regarding the training, the NDHHS was unable to provide evidence of completing OJP's required trainings for one of its four FPOCs. Based on the DOJ Grants Financial Guide, all financial records, supporting documents, statistical records, and all other records pertinent to the award are required to be retained for a period of 3 years from the date of submission of the final expenditure report. When we asked the NDHHS how training documentation is maintained, an official stated that each staff member is responsible for maintaining their own training records. However, the VOCP Program Coordinator stated that they have established an electronic folder to maintain training certificates to assist with future audits and reviews. Therefore, we recommend that OJP ensure the NDHHS's Financial Points of Contact complete OJP's required trainings and evidence of those trainings are maintained as required by federal policy.

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 NDHHS's financial management of the VOCA victim compensation and emergency assistance grants, we reviewed the process the NDHHS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the NDHHS's financial management of the grants, we also reviewed the State of Nevada's Single Audit Reports for FYs 2015 to 2019 and identified

significant deficiencies and material weaknesses specifically related to the NDHHS.¹⁷ Those findings include that the NDHHS did not have: (1) adequate segregation of duties resulting from position vacancies; (2) financial reports being reviewed by an individual independent of the preparation process; (3) adequate internal controls over eligibility determinations; (4) various administrative costs allocated in accordance with the NDHHS's cost allocation plan; (5) adequate internal controls to ensure that personnel costs charged to the federal program were based on employee time and effort activity; and (6) adequate internal controls in place to ensure compliance with subrecipient monitoring. We took all these findings into account when we performed our testing, and we found similar issues as discussed throughout this report. We also interviewed NDHHS personnel who were responsible for financial aspects of the grants, reviewed NDHHS written policies and procedures, inspected award documents, and reviewed financial records.

High-Risk Designation

In May 2018, OJP designated the NDHHS as a high-risk grantee because of deficiencies identified in OIG Report Number GR-90-18-002, which contained 22 recommendations and \$2,733,667 in questioned costs.¹⁸ Until the high-risk designation is removed, new awards from the DOJ to the NDHHS are required to contain special conditions to provide additional oversight. Specifically, for grant numbers 2019-V7-GX-001 (AEAP grant) and 2020-V1-GX-0042 (2020 victim compensation grant), OJP required the NDHHS to address all outstanding recommendations from OIG Report Number GR-9-18-002 before grant funds could be obligated, expended, or drawn down.¹⁹ In March 2019, based on the NDHHS's progress in addressing the OIG's recommendations and additional documentation provided to support its planned AEAP grant expenditures, OJP issued the NDHHS a Grant Adjustment Notice (GAN), allowing the NDHHS to obligate, expend, and drawdown \$8,797,149 in AEAP grant funds.²⁰ In May 2021, OJP issued an Award Condition Modification for the 2020 victim compensation grant, allowing the NDHHS to obligate, expend, and drawdown the entire \$2,252,000 grant.

¹⁷ According to 2 C.F.R. § 200.501, a non-federal entity that expends \$750,000 or more in federal awards during the non-federal entity's fiscal year must have a single or program-specific audit conducted.

¹⁸ U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Audit Report GR-90-18-002 (March 2018).

According to the DOJ Grants Financial Guide, grantees with questioned costs in excess of \$500,000 in DOJ OIG audit reports are designated as high-risk by OJP.

¹⁹ For grant number 2019-V1-GX-0001, OJP did not apply any high-risk related special conditions to the grant. According to an OJP official, the grant was awarded to the DOA, and because DOA was not a high-risk grantee, special conditions relating to high-risk grantees were not placed on the award. The OJP official also stated that the 2019 victim compensation grant would be transferred to the NDHHS in OJP's JustGrants system. As of July 2021, grant number 2019-V1-GX-0001 has not been transferred to the NDHHS and no high-risk related special conditions have been placed on the award.

²⁰ As of January 2021, two recommendations remain outstanding for OIG Report Number GR-90-18-002. The original recommendations were for the NDHHS to: (1) remedy \$1,870,566 in VOCA-related subrecipient unsupported questioned costs; and (2) remedy \$231,004 in unsupported administrative questioned costs. As of January 2021, the outstanding questioned costs, and associated recommendations for the NDHHS were to: (1) remedy \$415,779 in VOCA-related- subrecipient unsupported questions costs; and (2) remedy \$46,633 in unsupported administrative questioned costs.

An NDHHS official stated that the VOCP has been able to continue to pay victim compensation claims in a timely manner although its grant funds have been frozen. However, an NDHHS official stated that it is unable to drawdown funding on its 2019 victim compensation grant (2019-V1-GX-0001) because of an issue with OJP's new grant management system, JustGrants. In July 2021, an OVC official stated that outstanding issues from an OJP desk monitoring review is preventing the 2019 victim compensation grant from being closed and transferred to the NDHHS. An NDHHS official also stated that the almost 5-month delay in drawing down AEAP grant funds did adversely affect its ability to immediately reimburse subrecipients for services provided to the Route 91 Harvest Festival victims. We previously discussed this matter in the AEAP Subaward Selection Process of this report.

OJP Desk Monitoring

In September 2020, OJP and OVC conducted a joint financial and programmatic enhanced desk review of the NDHHS. The review included three grants to the NDHHS, including the AEAP grant (Grant Number 2019-V7-GX-0001). The review found that the NDHHS's Federal Grant Management policy manual did not contain pertinent federal grant management provisions, such as tracking grant expenditures by budget categories and obtaining prior approval from OJP when hiring consultants whose rate exceeds the DOJ consultant rate maximum limits. OJP stated that the NDHHS's policies and procedures should provide clear, detailed and comprehensive directions describing all accounting functions, including the roles and functions of the NDHHS relating to the grant workflow process, and other related activities performed to ensure adequate control of federal funds.

In September 2020, OJP and OVC also conducted a multi-office enhanced programmatic desk review and a financial monitoring and technical assistance review of the NDHHS. Those reviews included the FY 2018 victim compensation grant (Grant Number 2018-V1-GX-0015) and the AEAP grant (Grant Number 2019-V1-GX-0001). The financial monitoring and technical assistance review found that the NDHHS's: (1) Federal Grant Management policy manual did not contain pertinent federal grant management provisions; (2) FY 2017 state certification form was inaccurate; (3) VOCP website was outdated; and (4) internal controls were inadequate to properly safeguard and administer grant funds. The review also found that the NDHHS's State Plan does not contain clear language indicating the process for completing the state certification form, AEAP-related victim compensation claims are not being tracked in the NDHHS's claims database, and the VOCP inappropriately denied a victim compensation claim related to the Route 91 Harvest Festival mass shooting. We found similar issues as discussed throughout this report.

Duplicate Victim Compensation Payments

According to 2 C.F.R. § 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 NDHHS's computer-processed data, we identified \$2,536 in duplicate payments made with VOCP funds. Specifically, we found three claims totaling \$1,836 incorrectly paid twice with VOCP funds. We also found a loss wage payment for \$700 paid three times for the same time period. The payment was originally paid on August 8, 2019, and again on September 5, 2019, and a third time on January 8, 2020. The third payment was to replace the first check issued because it had not been cashed by the victim. We asked the NDHHS Compensation Officer how a claim could be incorrectly paid more than once. The NDHHS's Compensation officer explained that its claims database does have a warning to let the user know if they are attempting to make a duplicate payment, but only if the funds are being applied to the same category. For example, if funds are applied to different categories, such as

hospital and chiropractic therapy, the database will not prompt a warning of the possibility for a duplicate payment. Even when payments are flagged as potential duplicate by the claims database, staff are not prevented from processing and approving duplicate invoices for payment. Although the NDHHS's policies require confirmation that a claim is for an approved benefit, and that appropriate fee schedules and rates are approved by the Compensation Officer and Program Manager, the NDHHS's policy does not include a review to ensure a payment is not a duplicate. We believe that establishing internal controls, such as including a review for duplicate payments, can help mitigate the risk of improperly paying duplicate invoices. Therefore, we recommend that OJP work with the NDHHS to develop and implement controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.

Victim Compensation Expenditures Not Identified

According to the DOJ Grants Financial Guide, there is no financial requirement to identify the source of individual payments to crime victims as either federal or state dollars, nor is there any requirement that restitution recoveries or other refunds be tracked to federal, or state dollars paid out to victims. However, the state agency administering funds under this program must have an adequate accounting system to capture and track all financial transactions related to the victim compensation grant. Additionally, recipients are responsible for maintaining detailed accounting records and documentation to track federal funds awarded, drawn down, and expended.

Although the NDHHS had a unique account number for each of its VOCA grants, it failed to identify grant-funded expenditures in its grant general ledgers. Rather, the VOCP recorded expenditures in large, batched amounts that were not uniquely identified in its accounting records. When we requested documentation to support the batched amounts in the grant general ledgers, the NDHHS was unable to uniquely identify the victim compensation claims paid and administrative costs incurred. According to an NDHHS official we spoke to, the batched amounts were based on budgetary estimates rather than actual costs incurred. For example, victim compensation grant administrative costs were calculated by multiplying 5 percent times the total grant award, and were not based on actual costs incurred, such as salary and fringe benefits paid by the VOCP. Without identifying actual costs incurred, the NDHHS cannot accurately account for the costs associated with its VOCP. Therefore, we recommend that OJP ensure that the NDHHS properly track and account for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.

Lack of Adequate Internal Controls

As part of our audit, we reviewed the NDHHS's internal controls related to its administration and management of VOCA victim compensation and AEAP grant funds. What we found were significant internal control weaknesses. For example, we identified that the NDHHS does not have written grant policies for preparing, reviewing, and submitting its state certification form. As a result, the NDHHS incorrectly completed its state certification forms. Additionally, we found that the NDHHS did not have adequate internal controls to ensure that federal funds were properly tracked and accounted for. Specifically, we found AEAP-related expenditures were improperly recorded in the 2017 VOCA victim assistance grant general ledger and AEAP claims were not uniquely identified in its claims database. We also found that the VOCP did not have adequate user rights and permissions established in its claims database to prevent unauthorized changes in the database and that former staff retained access to the database after their employment with the NDHHS had ended. We discuss each issue in more detail below.

AEAP Funds Not Properly Tracked

According to the DOJ Grants Financial Guide, funds specifically budgeted and received for one project may not be used to support another. We found 11 journal voucher entries, totaling \$846,233, moving AEAP-related expenditures from the 2017 VOCA victim assistance grant (Grant Number 2017-VA-GX-0085) general ledger to the AEAP grant general ledger for costs relating to the Route 91 Harvest Festival mass shooting. An NDHHS official stated that in order to support victims' immediate needs after the Route 91 mass shooting, it utilized VOCA funds until AEAP award funds became available.²¹ OVC's AEAP Grant Manager stated that AEAP grants are supplemental to existing victim compensation and victim assistance formula funding, and therefore, AEAP funding covers many of the same expenses allowable under the victim compensation and victim assistance programs. The Grant Manager also stated that agencies should not be utilizing victim compensation or victim assistance funds to cover AEAP-related expenses that are not allowed under the VOCA guidelines. The state agency should utilize non-formula funding or wait until the AEAP funding was received to reimburse such expenses. Additionally, OJP's FY 2019 Guidance for Invited Applications for AEAP states it is assumed that organizations requesting retroactive expenses will fund qualified expenses up front and, if approved, be reimbursed under the AEAP grant. OJP's guidance does not clearly indicate how or if victim assistance and victim compensation funds may be utilized for mass violence incidents until AEAP funding becomes available. Without clear guidance, state agencies may incorrectly utilize grant funding intended for one program to support another program, contrary to the DOJ Grants Financial Guide. In addition, when VOCA funds are not properly tracked and commingled in accounting records, the federal government is at risk of paying duplicate payments. Therefore, we recommend that OJP develop and implement guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.

We also determined that after OJP partially released AEAP grant funds, the NDHHS began recording AEAP-related expenditures to the AEAP grant general ledger in its accounting system but failed to properly identify the expenditures by budget category. Rather, the NDHHS utilized one budget category identified as VOCA victim assistance expenditures to record all AEAP-related expenditures. An NDHHS official stated this was temporary until the VOCP had the state budget authority and ability to drawdown additional AEAP funds. Although we agree, it is reasonable for the NDHHS to utilize existing state programs and state funding to meet the immediate needs of victims, the NDHHS is prohibited from commingling federal funds on either a program-by-program or project-by-project basis. Additionally, without utilizing accurate budget categories, even temporarily, the NDHHS cannot properly account for federal grant funds. We recommend that OJP ensure the NDHHS ensure federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.

User Rights and Access in the NDHHS's Claims Management Database

Grant recipients are required to establish and maintain effective internal controls over the federal award to provide reasonable assurance that the recipient (and any subrecipient) is managing the federal award in

²¹ As previously discussed, the AEAP grant was awarded in November 2018, more than a year after the mass shooting. We determined that the NDHHS began drawing down AEAP grant funds in April 2019, almost 5 months after the AEAP grant was awarded and more than a year and a half after the mass shooting occurred. Part of the delay was because the NDHHS was designated a high-risk grantee by OJP, resulting in AEAP grant funds being frozen for almost 5 months.

compliance with federal statutes, regulations, and the terms and conditions of the federal award.²² During our testing of the reliability of the NDHHS's computer-processed data in its claims database, we found two former NDHHS employees with active access to the database. When we asked why former employees still had access to the NDHHS's claims database, a contractor stated that access for one former employee was revoked 14 days after their employment ended with the VOCP and for the other user, access was revoked 126 days after their employment ended with the VOCP.²³ The NDHHS Deputy Administrator stated that the VOCP does not have written policies and procedures governing access to its claims database. In early 2020, the NDHHS's contractor drafted a claims management database user manual, but that manual has not yet been implemented by the NDHHS.

Without formal policies and procedures governing access to the NDHHS's claims database, we found 9 out of 18 (50 percent) database users had administrator rights in the claims database. Administrator rights allow users to add other users, add or change vendor and victim addresses in the claims database, and assign special access functions to users including: (1) printing approved checks; (2) updating vendor information; (3) creating new claims; and (4) entering and reviewing bills. We asked the NDHHS's contractor how it ensures computer-processed information in the claims management database is complete and accurate and that users with administrative rights are not making improper changes in the database. The Database Administrator agreed that any user with administrator level user rights can add or change addresses in the system, however, no user is exempt from logging. Additionally, once a new claim is created, the address on that claim can only be modified during the first 24 hours of creating the claim. If a user were to commit fraud, the system maintains a log of changes made by each user in the claims database. Because the information system controls in the database are significant to the reliability of information processed or generated by the system, adequate internal controls must be in place to prevent unauthorized users from accessing and making changes in the system.²⁴ Additionally, the NDHHS can help mitigate the risk of errors and fraud by establishing adequate user rights and access in its claims management database, ensuring staff and contractors only have access and can make changes to information necessary to perform their job functions. Therefore, we recommend that OJP ensure the NDHHS implement controls to ensure adequate user rights and permissions are established in its claims database. Additionally, we recommend that OJP ensure the NDHHS document, track, and review users' access to its claims database and ensure all former employees and contractors no longer have access to the system.

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

²² 2 C.F.R. § 200.303 (a).

²³ The NDHHS's claims management database is owned and operated by an NDHHS contractor, contracted by the State of Nevada. The NDHHS maintains ownership of all information maintained in the database. According to an NDHHS official, the contractor has provided the claims management database to the VOCP since 1999. In December 2016, the NDHHS awarded a four-year sole-source contract to the contractor for \$5,993,317. In December 2020, the NDHHS approved a 1-year contract extension for \$1,612,364. The NDHHS's contract summary document states that up to five percent of federal funds may be used to pay the contractor. As of June 2020, federal funds have not yet been utilized. The NDHHS's contractor provides scanning, data-input, vendor management, vendor portal, and document storage and review services for the NDHHS's VOCP.

²⁴ Government Auditing Standards, 2018 Revision.

(2) administrative expenses – which are allowed to total up to 5 percent of each award. AEAP expenses include: (1) reimbursement to subrecipients – which constitute the vast majority of total expenses, (2) compensation claim payments, and (3) administrative expenses – which are approved on a case-by-case basis by the OVC Director.²⁵ To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying support for select transactions.

Victim Compensation Claim Expenditures

Victims of crime in the state of Nevada submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. The NDHHS's VOCP staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding. Victims of the Route 91 Harvest Festival mass shooting may submit claims for reimbursement of expenses incurred as a result of the mass shooting event, such as funeral, medical, lost wages, and psychological counseling.

To evaluate the NDHHS's financial controls over VOCA victim compensation and AEAP grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, adequately supported, and in accordance with the VOCA Guidelines, the Nevada Revised Statutes, and the NDHHS's policies. We judgmentally selected 90 victim compensation claim payments totaling \$981,510. Of the 90 expenditures we tested, 33 payments totaling \$133,435 were made directly to victims, or their families, and 57 payments totaling \$848,074 were made to service providers.²⁶ Since the NDHHS did not uniquely identify claims paid with federal monies or AEAP-related claims, we manually reviewed the claims and determined that 30 of the 90 claims were Route 91 AEAP-related claims. The transactions we reviewed included costs for medical and hospital bills, counseling, lost wages, relocation, and funeral expenses.

Unallowable Victim Compensation Claim Payments

According to the NDHHS's State Plan, lost wages will only be paid to the victim and are intended to assist applicants with living expenses during a period of disability. Requests for lost wages must be made within 3 months of the application approval date and only for claims with physical injuries. We found one payment for \$18,200 which the request for lost wage reimbursement was for a non-physical injury and was made 18 months after the application for benefits was approved. An NDHHS official stated that after the Route 91 mass shooting had occurred, the Nevada Revised Statute was updated (effective July 2020) to remove the requirement of "physical injury" to allow for other types of injuries to be covered. Although the statute was revised in July 2020, the claim for lost wages was paid in November 2019, before the statute was effective. In addition, the request for lost wage reimbursement was not made in a timely manner and the case file did not contain any justification for deviating from the NDHHS's policies at the time of the claim payment.

The VOCP can assist with relocation expenses in cases where the victim will be in immediate danger of additional victimization or trauma if the victim is unable to relocate to a safe environment. The relocation

²⁵ For allowability purposes during our review, the AEAP follows the definition of victim that is used under the VOCA program. However, because of the nature of mass violence and domestic terrorism incidents, AEAP may include individuals who are likely to suffer vicarious trauma from the incident, for example people in direct proximity to the crime and emergency responders who respond to the incident.

²⁶ The difference is due to rounding.

assistance must not be used later than 6 months after application for benefits is approved. The VOCP Coordinator may approve benefits beyond the 6-month timeline in cases where the perpetrator is being released from jail, or for other good cause. We found two payments totaling \$3,750 made for relocation expenses in which the payments were made approximately 7 months after the applications for benefits were approved. The case files did not indicate any other reasons for approving the claim outside the VOCP's required timeframe.

The NDHHS requires a claim to be filed within 24 months after an injury or death to be eligible for victim compensation benefits. We found two payments totaling \$2,091 in which the applicants did not apply for services in a timely manner.²⁷ The case files did not contain any reasons as to why the claims were approved outside the VOCP's required timeframe. We also found two claims paid for counseling services that were paid in excess of the approved counselor rates, the excess payments totaled \$480. The NDHHS's contract includes medical-bill review services to determine the appropriate rates payable for victim compensation invoices received. When we asked why provider rates were paid at rates higher than what was allowed, an NDHHS official did not know why this had occurred. Without adequate controls to ensure claims are allowable or that claim files contain documentation to justify payments that are not in accordance with governing policies, the NDHHS is at risk of paying unallowable or fraudulent claims. Therefore, we recommend that OJP ensure the NDHHS remedy \$24,521 in unallowable victim compensation payments. We also recommend that OJP ensure the NDHHS implement controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.

Unsupported Victim Compensation Claim Payments

According to the NDHHS's State Plan, all lost wage claims must be supported by a disability statement from their physician and two forms of employment documentation such as pay stubs, federal tax returns, or W-2 forms. If a victim is self-employed they must provide copies of tax returns for the two years preceding the crime and copies of business licenses, permits, or other documentation of self-employed status and income. We found one lost wages payment for \$700 that did not have two years of prior tax returns or other documentation to support the claim.

Childcare expenses incurred by a victim as a direct result of a qualified crime may be approved and payment will be made only upon receipt of verifiable documentation that the childcare expenses were consistent with local rates. We found one payment for \$2,250 that lacked adequate support, such as the rate for care and the number of hours of care provided. When we asked how the payment was calculated, an NDHHS official stated the details supporting the payment were discussed in telephone conversations and not documented.

The VOCP may also reimburse an applicant for prescription medications prescribed for up to 6 months after the crime. Additional time limits may be authorized for 90-day intervals with accompanying medical documentation provided to indicate that the prescription is medically necessary. We found one prescription payment for \$1,485 paid outside the allowed timeframe and the case file did not contain support that the

²⁷ The two claims occurred in 2016 when the DOA's policy required a claim to be filed within 12 months after the injury or death to be eligible for victim compensation benefits.

prescription was crime-related and medically necessary. An NDHHS official did not know why the prescription costs were paid without support that the prescription was crime-related and medically necessary.

We also found the VOCP paid \$179 for a chiropractic treatment even though the documentation in the case file did not support the charge and indicated that the treatment session was cancelled. Lastly, we found one payment for \$4,050 for counseling services that was incorrectly paid by the VOCP. The claim file did not contain documentation to support why the payment made was above the NDHHS's reimbursable rates for group therapy. Without obtaining adequate documentation to support a victim compensation claim, the NDHHS is at risk of paying unallowable or fraudulent claims. Therefore, we recommend that OJP ensure the NDHHS remedy \$8,664 in unsupported victim compensation payments.

AEAP Subaward Expenditures

Subrecipients may request payment from the NDHHS by submitting a Monthly Financial Status and Request for Funds Report (RFF). Each subrecipient uses the RFF to request funds on a reimbursement basis. Subrecipients are required to submit backup documentation with the RFF. The type of supporting documentation required is based on the subrecipient's risk level, established by the NDHHS when the subaward is made. Prior to payment, staff will compare the backup documentation to the subrecipient's RFF and approved budget in the NOSA for accuracy. Typically, the RFFs is submitted once a month by each subrecipient.

To evaluate the NDHHS's financial controls over AEAP grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were accurate, allowable, and in accordance with the grant's terms and conditions. We judgmentally selected six transactions from two subrecipients totaling \$322,997. Each transaction represented a month of subrecipient payroll and non-payroll expenditures. In total, we tested \$130,088 in personnel expenditures and \$192,909 in non-personnel expenditures. Specifically, we reviewed expenditures that included: contractual, utilities, supplies, telephone services, janitorial services, insurance, payroll, and fringe benefits.

Non-Personnel Expenditures

During our initial request for supporting documentation, the NDHHS was able to provide RFFs and most of the subrecipient supporting documentation in the form of invoices, receipts, and purchase orders. We had to request outstanding documentation from one subrecipient to provide detailed support. In our review, we found subrecipient B had charged \$41,007 in unsupported costs due to missing invoices and travel receipts. We also found subrecipient B charged \$175 for costs seemingly unrelated to the Route 91 Harvest Festival mass shooting and subrecipient A charged \$73 in unallowable costs charged in excess of the subrecipients' cost allocation plan. Therefore, we question \$41,255 in subrecipient non-personnel expenditures and recommend that OJP ensure the NDHHS remedy \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.

Personnel Expenditures

We judgmentally selected 3 months of personnel costs from each of the two subrecipients, totaling \$130,088, for testing. We reviewed supporting documentation including timecards, payment vouchers, approved budgets, and other documentation. We found subrecipient A could not support \$48,234 in personnel costs. For 2 of the 3 months we reviewed, we found that the timecards did not identify AEAP-

related activity. For the third month we tested, we found time worked identified as "VOCA;" however, subrecipient A has multiple VOCA grant awards, and therefore, we could not be certain the time worked was AEAP-related. Similarly, we found subrecipient B did not identify AEAP-related activity on its timecards for 1 of the 3 months we tested; therefore, subrecipient B could not support \$31,245 in personnel costs. Additionally, subrecipient A's timecards did not have evidence of being reviewed by a manager or supervisor. According to the DOJ Grants Financial Guide, activity reports should be certified by the employee and approved by a supervisor with firsthand knowledge of the work performed. Subrecipient A stated that although the timecards are not signed, a supervisor does review the timecards before forwarding the timecards to the Grant Administration Department. Without adequate documentation, the NDHHS is at risk of paying inaccurate, unsupported, or duplicative subrecipient costs. Therefore, we recommend that OJP ensure the NDHHS remedy \$79,479 in unsupported subrecipient personnel expenditures.

For the three months of personnel costs we reviewed, we determined that the NDHHS paid \$2,952 to subrecipient A for attorney positions in excess of approved budgeted amounts. For subrecipient B, we found that the NDHHS paid \$5,182 for 3 positions that were not on the approved budget. Further, the NDHHS paid \$6,107 to subrecipient B for salaries in excess of approved budgeted amounts. An NDHHS official stated that additional positions were added to the budget through an amendment. However, we determined that the budget amendment did not include the three positions. Without adequate subrecipient monitoring, the NDHHS cannot ensure that its subrecipients are administering grant funding in compliance with the laws, regulations, and the provisions of the award. We discuss this matter further in the Monitoring of Subrecipients section of this report. Therefore, we recommend that OJP ensure the NDHHS remedy \$14,241 in unallowable subrecipient personnel expenditures.

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 NDHHS's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 3.

Table 3

VOCA Grant Administrative Expenditures as of November 2020

Award Number	Award Amount	State Administrative Expenditures	Administrative Percentage
2016-VC-GX-0032	\$2,049,000	\$102,450	5
2017-VC-GX-0079	691,000	34,550	5
2018-V1-GX-0015	1,068,000	53,400	5
2019-V1-GX-0001	2,252,000	0	0
2020-V1-GX-0042	2,252,000	0	0

Source: NDHHS and OIG Analysis

We found that the NDHHS was in compliance with the 5 percent limit for administrative expenses for each of its victim compensation grants. However, we determined the grant administrative costs were calculated by multiplying 5 percent times the total grant award and were not based on actual costs, such as salary and fringe benefit costs incurred by the VOCP. According to the VOCA guidelines, state grantees that elect to use administrative funds under the VOCA compensation grant are required to include with their annual application, notification of their intent to use administrative funds, the percentage of funds, and the purposes for which they will be used. Grantees will be expected to include in their annual performance report, documentation of actual use of the administrative funds. An NDHHS official stated that it could provide support for all salary costs for the VOCP since those costs are eligible for reimbursement. However, we determined that the NDHHS did not document the actual use of its administrative expenses as required by the VOCA Guidelines. Therefore, we recommend that OJP ensure the NDHHS remedy \$190,400 in unsupported administrative costs.

For the AEAP grant, on a case-by-case basis, the OVC Director may approve limited funding to be used for administrative costs (such as staff and equipment) deemed essential for the delivery of services and assistance to victims. We tested a sample of these administrative transactions to determine whether the payments were allocable, reasonable, and supportable. We judgmentally selected five administrative cost transactions totaling \$137,947 (\$134,280 payroll and \$3,667 non-payroll). Specifically, we reviewed expenditures that included: supplies, equipment, travel, and subrecipient's payroll. Each of the administrative expenses we tested was accurate, supported, and allowable.

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. Additionally, recipients are required to keep detailed accounting records and documentation to track federal funds drawn down. To assess whether the NDHHS managed grant receipts in accordance with these federal requirements, we

compared the total amount reimbursed to the total expenditures in the NDHHS's accounting system and accompanying financial records. Table 4 shows the total amount drawn down for the victim compensation grants as of October 2020 and the AEAP grant as of March 2021, which was the scope of our drawdown testing. Although not in our drawdown testing, we obtained updated information, and as of June 2021, the NDHHS has drawn down a cumulative amount of \$15,206,202 for all the grants we reviewed.

Table 4

Amount Drawn Down for Each Grant

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
Victim Compensation Grants as of October 2020^a				
2016-VC-GX-0032	\$2,049,000	09/30/19	\$2,049,000	\$0
2017-VC-GX-0079	691,000	09/30/20	691,000	0
2018-V1-GX-0015	1,068,000	09/30/21	1,068,000	0
2019-V1-GX-0001	2,252,000	09/30/22	0	2,252,000
2020-V1-GX-0042	2,252,000	09/30/23	0	2,252,000
AEAP Grant as of March 2021				
2019-V7-GX-0001	16,735,720	09/30/22	8,762,994	7,972,726
Total:	\$25,047,720		\$12,570,994	\$12,476,726

^a The State of Nevada's high-risk designation from OJP caused FY 2020 grant funds to be frozen. As of October 2020, the time of this testing, the NDHHS had not drawn down FYs 2019 and 2020 victim compensation grant funds.

Source: OJP and OIG Analysis

For the victim compensation awards, the NDHHS could not explain the methodology that was used to drawdown grant funds for the victim compensation grants. An NDHHS official stated that its administration of the VOCP began in July 2019, and when the program transitioned from the DOA to NDHHS, documentation to support the draws was not maintained. Therefore, the NDHHS attempted to identify all grant-related transactions to support the federal draws. Although the NDHHS identified expenditures in excess of the federal draws, it could not uniquely identify grant-funded expenditures in its grant general ledgers. As previously discussed, the VOCP recorded its expenditures in large, batched amounts and did not uniquely identify grant-funded expenditures in its accounting records. According to an NDHHS official, the batched amounts were based on budgetary estimates rather than actual victim compensation costs incurred.

Based on our review of the DOA's drawdown procedures, it did not specify how the agency would determine the need to drawdown grant funds or when those funds would be drawn down. Without such procedures, it is difficult to ensure reimbursements or disbursements are made timely. The NDHHS provided its Fiscal

Unit's drawdown procedures, which are now utilized on the victim compensation and AEAP grants. Those procedures include when grant funds will be drawn down, how to drawdown funds from the Treasury, and instructions to ensure support for the drawdowns is properly recorded and maintained. Therefore, we do not take issue with the NDHHS's drawdown process.

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 NDHHS submitted accurate Federal Financial Reports (FFR), we compared the 10 most recent reports to the NDHHS's accounting records for the FYs 2016, 2017, and 2018 victim compensation grants and the AEAP grant.²⁸

We determined that the quarterly and cumulative expenditures for the reports reviewed matched the accounting records for each of the victim compensation grants we tested. However, we found that one FFR did not match the NDHHS's accounting records for the AEAP grant. Specifically, we found for one quarter the NDHHS had recorded \$1,424,894 in expenditures in its grant general ledger but reported zero expenditures on its FFRs. When we asked the NDHHS why it did not properly report the expenditures in the period incurred, an NDHHS official stated that it was a system error that occurred when the report was uploaded to GMS. The NDHHS official provided us evidence that the FFR was originally prepared correctly for the reporting period. Additionally, once the NDHHS identified the error in the FFR, the expenditures were reported in the following FFR. Therefore, we take no issue with the accuracy of the NDHHS's FFRs.

Monitoring of Subrecipients

According to the DOJ Grants Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the state administering agency, the NDHHS must develop policies and procedures to monitor subrecipients. To assess how the NDHHS monitored its AEAP subrecipients, we interviewed the NDHHS personnel, identified the NDHHS monitoring procedures, and obtained records of interactions between the NDHHS and its subrecipients. We also spoke with subrecipient officials about the support received from the NDHHS.

NDHHS Site Monitoring Plan

According to an NDHHS official, because the NDHHS did not have an AEAP-specific subrecipient monitoring policy, it relied on the NDHHS's Federal VOCA Subrecipient Monitoring policy when providing oversight of its AEAP subrecipients. The policy states that the Grant Management Unit will implement a monitoring plan inclusive of a risk assessment conducted for each subrecipient. Based on the established level of risk, each subrecipient will be designated low, medium, or high-risk and will have increased monitoring based of the

²⁸ As of October 2020, the NDHHS FYs 2019 and 2020 victim compensation grants did not yet have any FFRs with expenditures submitted in GMS.

established risk. The NDHHS's monitoring includes: (1) day-to-day communication; (2) limited desk reviews; (3) extended desk reviews; (4) on-site reviews; and (5) review of independent audit reports.

Based on the NDHHS's policy, all subrecipients must have an on-site review conducted every 3 years, regardless of risk. Additionally, all new subrecipients must have an on-site review. We found 8 of the 10 subrecipients have received an on-site visit by the NDHHS. Two of the ten subrecipients received a one-time reimbursement for expenditures that occurred on the day of the mass shooting, and therefore, according to an NDHHS official did not need to receive an on-site visit by the NDHHS. The NDHHS hired an AEAP consultant to perform AEAP grant-specific on-site reviews of the subrecipients. However, we found that the consultant ended their employment with the NDHHS before completing all the reviews. As a result, two of the on-site visits conducted did not include a review of the subrecipients' AEAP grant-related activities and expenditures.²⁹ An NDHHS official stated that one of the two subrecipients are no longer seeking reimbursement for Route 91 activities and the NDHHS has no plans to conduct an AEAP-specific on-site review of the remaining subrecipient even though the subrecipient was designated as medium risk by the NDHHS. As previously discussed, during our review of subrecipient A's expenditures, we found \$48,234 in unsupported expenditures charged by this subrecipient and \$3,025 in unallowable expenditures. We also determined that subrecipient A recorded AEAP-related expenditures with other non-grant related costs in their accounting system, thereby, commingling the AEAP grant funds. We used subrecipient A's RFFs submitted to the NDHHS to identify AEAP-related expenditures in its accounting records. Without reviewing programmatic and fiscal activities related to the AEAP grant, the NDHHS is unaware if the subrecipient is abiding by the terms and conditions of the grant or requires additional oversight or technical assistance regarding AEAP activities. Therefore, we recommend that OJP ensure the NDHHS develop and implement a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.

High-Risk Subrecipients

According to the NDHHS's policy, high-risk subrecipients should receive the highest frequency of communication, reviews, oversight, and targeted technical assistance to ensure compliance with reporting procedures. We determined that the NDHHS performed a risk assessment of each AEAP subrecipient and designated two of its AEAP subrecipients as high risk based on past grant experiences with the NDHHS. However, we could not find evidence of enhanced monitoring, such as desk reviews or increased communication or technical assistance being provided to the high risk subrecipients. An NDHHS official stated that each of the high-risk subrecipients was required to submit all supporting documentation with their RFFs to help mitigate the risks associated with the subrecipients. However, as previously mentioned, we found subrecipient B, which was rated high-risk by the NDHHS, was reimbursed \$72,252 in unsupported expenditures and \$11,464 in unallowable expenditures. Without increased monitoring, subaward funds could be used for unauthorized purposes and high-risk subrecipients may not be in compliance with federal and grant program requirements, laws, and regulations. Therefore, we recommend that OJP ensure the NDHHS increase monitoring of high-risk subrecipients as required by the NDHHS's policy.

²⁹ The on-site visits included a review of VOCA victim assistance grant-related activities and expenditures.

Conclusion and Recommendations

We found the NDHHS used its VOCA victim compensation and AEAP grant funding to enhance services for crime victims, including victims of the Route 91 Harvest Festival mass shooting. In other areas we tested, we found significant issues resulting from a lack of supporting documentation, lack of written procedures, or accurate recordkeeping. We also found that the NDHHS did not comply with essential award conditions relating to program requirements and performance reporting, compliance with special conditions, grant expenditures, and monitoring of subrecipients. The NDHHS submitted inaccurate state certifications, which resulted in the FYs 2016 to 2020 victim compensation grant award amounts being incorrect. Additionally, if the NDHHS does not correct its FY 2019 state certification form, NDHHS may lose out on federal monies for its FY 2021 victim compensation grant award. Further, the NDHHS did not: (1) clearly communicate program guidelines to victims of sexual assault, which, if not corrected, could result in victims of sexual assault not receiving victim compensation benefits available to them; (2) ensure key Victims of Crime Program functions had adequate separation of duties; and (3) properly track VOCA victim compensation and AEAP grant expenses incurred. We also found the NDHHS did not maintain documentation to support the performance metrics submitted to OVC and reported inaccurate subrecipient performance data to OVC. The NDHHS also did not ensure high-risk subrecipients received enhanced monitoring as required by the NDHHS. Lastly, we found \$2,536 in duplicate victim compensation payments, \$39,010 in unallowable costs charged to the grants, and \$319,550 in unsupported costs charged to the grants.

We provide 27 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Clarify its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.
2. Ensure that its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.
3. Develop and implement guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.

We also recommend that OJP ensure the NDHHS:

4. Implement controls to ensure adequate separation of duties for the VOCP.
5. Ensure the VOCP website, including its victim applications, contain accurate information for the public.
6. Determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds.

7. Submit a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct.
8. Develop and implement procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.
9. Develop and implement a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.
10. Ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.
11. Establish and implement internal controls to ensure its performance reports are accurate.
12. Review its process for the denial of rape and sexual assault claims and ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.
13. Ensure its Financial Points of Contact complete OJP's required trainings and evidence of those trainings are maintained as required by federal policy.
14. Develop and implement controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.
15. Properly track and account for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.
16. Ensure federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.
17. Implement controls to ensure adequate user rights and permissions are established in its claims database.
18. Document, track, and review users' access to its claims database and ensure all former employees and contractors no longer have access to the system.
19. Remedy \$24,521 in unallowable victim compensation payments.
20. Implement controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.
21. Remedy \$8,664 in unsupported victim compensation payments.

22. Remedy \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.
23. Remedy \$79,479 in unsupported subrecipient personnel expenditures.
24. Remedy \$14,241 in unallowable subrecipient personnel expenditures.
25. Remedy \$190,400 in unsupported administrative costs.
26. Develop and implement a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.
27. Increase monitoring of high-risk subrecipients as required by the NDHHS's policy.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how the NDHHS 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 the Victims of Crime Act (VOCA) victim compensation formula grants 2016-VC-GX-0032; 2017-VC-GX-0079; 2018-V1-GX-0015; 2019-V1-GX-0001; and 2020-V1-GX-0042 from the Crime Victims Fund (CVF) and one emergency assistance grant 2019-V7-GX-0001 from the Emergency Reserve Fund awarded to the State of Nevada Department of Health and Human Services (NDHHS). The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$25,047,720 to the NDHHS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 2015, the project start date for VOCA compensation grant number 2016-VC-GX-0032, through June 2021. As of June 2021, the NDHHS had drawn down a total of \$15,206,202 from the six 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 NDHHS's activities related to the audited grants, which included conducting interviews with state of Nevada financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for grant expenditures, state certifications, 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 OVC antiterrorism and emergency assistance 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 NDHHS 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 NDHHS to provide assurance on its internal control structure as a whole. The NDHHS 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 NDHHS's internal control structure as a whole, we offer this statement solely for the information and use of the NDHHS and DOJ.³⁰

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we reviewed the design of NDHHS's written grant policies and process controls pertaining to aspects of grant performance and financial management. We tested the implementation and operating effectiveness of specific controls over grant activity within our scope. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

³⁰ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs:		
Unallowable victim compensation payments	\$24,521	21
Unallowable subrecipient costs	<u>14,489</u>	22, 23
Unallowable Costs	\$39,010	
Unsupported victim compensation payments	\$8,664	22
Unsupported subrecipient costs	120,486	22 23
Unsupported administrative costs	<u>190,400</u>	24
Unsupported Costs	\$319,550	
Duplicate victim compensation payments	\$2,536	17
<i>Gross Questioned Costs</i> ³¹	<u>\$361,096</u>	
Less Duplicate Questioned Costs ³²	7,567	
NET QUESTIONED COSTS	<u>\$353,529</u>	

³¹ 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.

³² Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes, \$4,615 for subrecipient A and \$2,952 for subrecipient B in subrecipient personnel costs that were both unallowable and unsupported.

APPENDIX 3: The State of Nevada Department of Health and Human Services Response to the Draft Audit Report

Steve Sisolak
Governor

Richard Whitley, MS
Director



**DEPARTMENT OF
HEALTH AND HUMAN SERVICES**

DIVISION OF CHILD AND FAMILY SERVICES

Helping people. It's who we are and what we do.



Ross Armstrong
Administrator

September 3, 2021

David J. Gaschke, Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
San Francisco Regional Audit Office
90 7th Street, Suite 3-100
San Francisco, CA 94103

VIA: Electronic Mail: David.J.Gaschke@usdoj.gov

Dear Mr. Gaschke,

The U.S. Department of Justice, Office of the Inspector General (OIG) recently conducted an audit of the Office of Justice Programs (OJP) Victim Compensation and Anti-Terrorism and Emergency Assistance (AEAP) grants awarded to the State of Nevada, Department of Health and Human Services (NDHHS), as listed below.

Grant Number	Grant Name	Amount Awarded
2016-VC-GX-0032	OVC FY 2016 VOCA Victim Compensation	\$2,049,000
2017-VC-GX-0079	OVC FY 2017 VOCA Victim Compensation	\$691,000
2018-V1-GX-0015	OVC FY 2018 VOCA Victim Compensation	\$1,068,000
2019-V1-GX-0001	OVC FY 2019 VOCA Victim Compensation	\$2,252,000
2020-V1-GX-0042	OVC FY 2020 VOCA Victim Compensation	\$2,252,000
2019-V7-GX-0001	OVC FY 2019 AEAP	\$16,735,720

NDHHS understands that the objective of this audit was to evaluate the design and implementation of the Crime Victim Compensation program and the Anti-Terrorism and Emergency Assistance grant. This was accomplished through assessment of performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management; and (4) monitoring of subrecipients.

NDHHS was pleased that the OIG determined that “the NDHHS distributed its Victims of Crime Act (VOCA) victim compensation and Antiterrorism and Emergency Assistance Program (AEAP) grant funding to service providers and provided enhanced services for crime victims.” Over the last several years, the State of Nevada has been diligently working to mature its victims service system. Both programs reviewed in this audit had unique challenges. The AEAP grant was awarded following the historic mass shooting at the Route 91 Harvest Festival which overnight launched Nevada into a large scale and complex victim services response. The substantial time that it took from the incident until receiving grant funding presented numerous hurdles which NDHHS climbed while always keeping a priority on getting crucial services to victims in their time of need.

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775-684-4400 • Fax 775-684-4455 • dcfs.nv.gov

Page 1 of 6

As part of Nevada's maturing victim services system, the Victim Compensation Program transferred from the Nevada Department of Administration to the Nevada Department of Health and Human Services in 2019. NDHHS inherited a legacy data management system which we are working to update and no existing policies and procedures which we are drafting and refining as we become better versed in the requirements of effective and compliant victim services.

Following, please find responses to the U.S. Department of Justice, Office of the Inspector General recommendations:

- 1. OIG recommends that OJP work with NDHHS to clarify its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.**
 - Upon OJP's concurrence, NDHHS will work with OJP to ensure AEAP grantees are properly reporting metrics on performance reports by December 31, 2021.
- 2. OIG recommends that OJP work with NDHHS to ensure that its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.**
 - Upon OJP's concurrence, NDHHS will work with OJP to ensure our AEAP performance reporting template will be updated to identify the period of performance and provided to subrecipients by December 31, 2021.
- 3. OIG recommends that OJP work with NDHHS to develop and implement guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.**
 - Upon OJP's concurrence, NDHHS will work with OJP to ensure appropriate funds are used when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide by December 31, 2021.
- 4. OIG recommends that OJP ensure that NDHHS implement controls to ensure adequate separation of duties for the VOCP.**
 - NDHHS concurs with this recommendation. NDHHS will create and implement written policy and procedures by December 31, 2021 to address when staff vacancies occur to ensure adequate separation of duties are maintained for the VOCP.
- 5. OIG recommends that OJP ensure that the NDHHS website contains accurate information for the public, including victim applications.**
 - NDHHS concurs with this recommendation. NDHHS has updated the VOCP address on its website and will ensure all remaining outdated information is updated and displayed on the VOCP website by October 31, 2021. Policy and procedures will include a periodic review of the website to ensure updated information is maintained.
- 6. OIG recommends that OJP ensure that NDHHS determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds.**
 - NDHHS concurs with this recommendation. NDHHS will confirm whether state certification forms submitted by NDHHS or NDOA included overstated amounts and remedy any errors in calculation by October 31, 2021.

7. OIG recommends that OJP ensure that NDHHS submits a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct.

- NDHHS concurs with this recommendation. NDHHS will submit a corrected FY 2019 state certification form by December 31, 2021.

8. OIG recommends that OJP ensure that NDHHS develop and implement procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.

- NDHHS concurs with this recommendation. Procedures will be implemented by December 31, 2021 to ensure state certification forms are completed accurately and documentation used to prepare forms are maintained.

9. OIG recommends that OJP ensure that NDHHS develop and implement a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.

- NDHHS concurs with this recommendation. NDHHS will develop and implement a plan to spend the remaining AEAP funds in a timely manner by September 30, 2021. A no-cost extension through September 30, 2022 has been approved through Office of Victims of Crime.

10. OIG recommends that OJP ensure that NDHHS ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.

- NDHHS concurs with this recommendation. NDHHS will develop policy and procedures by December 31, 2021 to ensure support for performance data used at the time of reporting is maintained to enable reconciliation with internal records.

11. OIG recommends that OJP ensure that NDHHS establish and implement internal controls to ensure its performance reports are accurate.

- NDHHS concurs with this recommendation. NDHHS will develop policy and procedures by December 31, 2021 to implement internal controls to ensure accuracy in performance reporting.

12. OIG recommends that OJP ensure that NDHHS review its process for the denial of rape and sexual assault claims and ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.

- NDHHS concurs with this recommendation. NDHHS will develop additional policy and procedures by December 31, 2021 to ensure a more standardized process for the denial of rape and sexual assault claims and ensure victims receive proper information regarding available victim compensation benefits. The denial letter has been updated to include information about additional documentation that may be provided in lieu of a police report to potentially reverse a denial.

13. OIG recommends that OJP ensure that NDHHS Complies with the special conditions of the grants.

- NDHHS concurs with this recommendation. All DOJ Financial Management Training has been completed as of August 30, 2021 by all NDHHS Victim Services, Grants Management and Fiscal staff. Completion of the OJP Financial Management and Grant Administration Training has been added to the Fiscal onboarding process and electronic records are maintained of training certificates. NDHHS will incorporate special conditions of the grant into existing policy and procedures by December 31, 2021 to ensure ongoing compliance.

14. OIG recommends that OJP ensure that NDHHS develop and implement controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.

- NDHHS concurs with this recommendation. NDHHS will develop and implement policy and procedures by December 31, 2021 to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments by October 31, 2021.

15. OIG recommends that OJP ensure that NDHHS properly track and account for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.

- NDHHS concurs with this recommendation. NDHHS will develop and implement additional fiscal policy and procedures by December 31, 2021 to ensure proper tracking for all federal funds including VOCA victim compensation and AEAP grant funds.

16. OIG recommends that OJP ensure that NDHHS ensure federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.

- NDHHS concurs with this recommendation. NDHHS will utilize state resources or seek additional guidance regarding the allowability of Victims of Crime Act funding to serve victims of crime during the period an Emergency Assistance Grant is pending award.

Grant funds are tracked in the state's accounting system by job number, not solely by category, as is evidenced by grant job numbers being utilized in personnel, operating, and other categories to track indirect costs to federal grant funds.

17. OIG recommends that OJP ensure that NDHHS implement controls to ensure adequate user rights and permissions are established in its claims database.

- NDHHS concurs with this recommendation. NDHHS has updated its claims database to deactivate users who no longer require access. NDHHS will develop additional policy and procedures by December 31, 2021 to ensure adequate user rights and permissions are maintained in its claims database.

18. OIG recommends that OJP ensure that NDHHS document, track, and review users' access to the claims database and ensure all former employees and contractors no longer have access to the system.

- NDHHS concurs with this recommendation. NDHHS has updated user access to only include current staff and will develop additional policy and procedures by December 31, 2021 to ensure adequate user rights and permissions are maintained in its claims database.

19. OIG recommends that OJP ensure that NDHHS remedy \$24,521 in unallowable victim compensation payments.

- NDHHS concurs with this recommendation. NDHHS will remedy victim compensation payments made by NDHHS and NDOA that are confirmed unallowable by October 31, 2021.

20. OIG recommends that OJP ensure that NDHHS implement controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.

- NDHHS concurs with this recommendation. NDHHS will develop additional policy and procedures by December 31, 2021 to ensure compensation claims are accurate and supported by adequate documentation.

21. OIG recommends that OJP ensure that NDHHS remedy \$8,664 in unsupported victim compensation payments.

- NDHHS concurs with this recommendation. NDHHS will remedy victim compensation payments made by NDHHS and NDOA that are confirmed unsupported by October 31, 2021.

22. OIG recommends that OJP ensure that NDHHS remedy \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.

- NDHHS concurs with this recommendation. NDHHS will remedy unsupported subrecipient non-personnel expenditures that are confirmed unsupported by October 31, 2021.

23. OIG recommends that OJP ensure that NDHHS remedy \$79,479 in unsupported subrecipient personnel expenditures.

- NDHHS concurs with this recommendation. NDHHS will remedy unsupported subrecipient personnel expenditures that are confirmed unsupported by October 31, 2021.

24. OIG recommends that OJP ensure that NDHHS remedy \$14,241 in unallowable subrecipient personnel expenditures.

- NDHHS concurs with this recommendation. NDHHS remedy unallowable subrecipient personnel expenditures that are confirmed unallowable by October 31, 2021.

25. OIG recommends that OJP ensure that NDHHS remedy \$190,400 in unsupported administrative costs.

- NDHHS concurs with this recommendation. NDHHS will remedy administrative costs made by NDHHS and NDOA that are confirmed unsupported by October 31, 2021.

26. OIG recommends that OJP ensure that NDHHS develop and implement a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.

- NDHHS concurs with this recommendation. NDHHS will develop and implement a plan by October 31, 2021 to review AEAP subrecipients' programmatic and fiscal activities during on-site visits.

27. OIG recommends that OJP ensure that NDHHS increase monitoring of high risk subrecipients as required by the NDHHS's policy.

- NDHHS concurs with this recommendation. NDHHS will develop additional policy and procedures by December 31, 2021 to ensure adequate monitoring of high risk subrecipients through desk reviews, increased communication and technical assistance.

If there are additional questions or concerns, please don't hesitate to contact Ross Armstrong at (775) 684-4440, Ross.Armstrong@dcs.nv.gov.

Sincerely,



Ross Armstrong
Administrator
Division of Child and Family Services

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

September 10, 2021

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 and Emergency Assistance Grants Awarded to the State of Nevada Department of Health and Human Services, Carson City, Nevada*

This memorandum is in reference to your correspondence, dated August 19, 2021, transmitting the above-referenced draft audit report for the State of Nevada Department of Health and Human Services (NDHHS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **27** recommendations and **\$353,529¹** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP clarify its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.**

OJP agrees with this recommendation. We will ensure that reporting requirements for Antiterrorism and Emergency Assistance Program (AEAP) grantees include proper reporting metrics on performance reports.

- 2. We recommend that OJP ensure that its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.**

OJP agrees with this recommendation. We will ensure that the AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.

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

3. **We recommend that OJP develop and implement guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.**

OJP agrees with this recommendation. We will provide guidance for AEAP grantees to ensure the appropriate use of Crime Victims Fund (CVF) program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.

4. **We recommend that OJP ensure the NDHHS implement controls to ensure adequate separation of duties for the VOCP.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate separation of duties exists under the Victims of Crime Program (VOCP).

5. **We recommend that OJP ensure the NDHHS VOCP website, including its victim applications, contain accurate information for the public.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the NDHHS VOCP website contains accurate information for the public and its victim applications.

6. **We recommend that OJP ensure the NDHHS determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error; and if so, will take the necessary steps to recover those funds.

7. **We recommend that OJP ensure the NDHHS submit a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct.**

OJP agrees with this recommendation. We will work with the NDHHS to obtain its corrected FY 2019 state certification form, to ensure that the FY 2021 victim compensation award to the NDHHS is correct.

8. **We recommend that OJP ensure the NDHHS develop and implement procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that state certification forms are accurate, and that documentation used to prepare the forms is maintained, as required by Federal and NDHHS policy.

9. **We recommend that OJP ensure the NDHHS develop and implement a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of its plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.

10. **We recommend that OJP ensure the NDHHS maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it maintains support for the performance data used at the time of reporting to OVC, to allow reconciliation with internal records.

11. **We recommend that OJP ensure the NDHHS establish and implement internal controls to ensure its performance reports are accurate.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written internal controls, developed and implemented, to ensure that its performance reports are accurate.

12. **We recommend that OJP ensure the NDHHS review its process for the denial of rape and sexual assault claims and ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.

- 13. We recommend that OJP ensure the NDHHS complies with the special conditions of the grants.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it adheres to the special conditions of Federal grants.

- 14. We recommend that OJP ensure the NDHHS develop and implement controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that controls are in place to mitigate the risk of duplicate payments made with VOCP funds. In addition, we will review the \$2,536 (\$1,836 and \$700), in questioned costs, related to duplicate victim compensation payments, and will work with NDHHS to remedy, as appropriate.

- 15. We recommend that OJP ensure the NDHHS properly track and account for all Federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the NDHHS properly track and account for all Federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.

- 16. We recommend that OJP ensure the NDHHS make certain that Federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal funds budgeted and received for one project, are not used to support another; and accurate budget categories are utilized to identify all grant-related costs in its accounting records.

- 17. We recommend that OJP ensure the NDHHS implement controls to ensure adequate user rights and permissions are established in its claims database.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate user rights and permissions are established in its claims database.

- 18. We recommend that OJP ensure the NDHHS document, track, and review users' access to the claims database and ensure all former employees and contractors no longer have access to the system.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it documents, tracks, and reviews all users' access to the claims database, and denies access to the system by former employees and contractors.

- 19. We recommend that OJP ensure the NDHHS remedy \$24,521 in unallowable victim compensation payments.**

OJP agrees with this recommendation. We will review the \$24,521 (\$18,200 + \$3,750 + \$2,091 + \$480) in questioned costs, related to unallowable victim compensation payments, and will work with NDHHS to remedy, as appropriate.

- 20. We recommend that OJP ensure the NDHHS implement controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.**

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure victim compensation claims are accurate and supported, and that adequate documentation is maintained for future auditing purposes.

- 21. We recommend that OJP ensure the NDHHS remedy \$8,664 in unsupported victim compensation payments.**

OJP agrees with this recommendation. We will review the \$8,664 in questioned costs, related to unsupported victim compensation payments, and will work with the NDHHS to remedy, as appropriate.

- 22. We recommend that OJP ensure the NDHHS remedy \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.**

OJP agrees with this recommendation. We will review the \$41,007 in questioned costs, related to unsupported subrecipient non-personnel expenditures, and the \$248 in questioned costs, related to unallowable subrecipient non-personnel expenditures, and will work with the NDHHS to remedy, as appropriate.

- 23. We recommend that OJP ensure the NDHHS remedy \$79,479 in unsupported subrecipient personnel expenditures.**

OJP agrees with this recommendation. We will review the \$79,479 in questioned costs, related to unsupported subrecipient non-personnel expenditures, and will work with the NDHHS to remedy, as appropriate.

24. We recommend that OJP ensure the NDHHS remedy \$14,241 in unallowable subrecipient personnel expenditures.

OJP agrees with this recommendation. We will review the \$14,241 in questioned costs, related to unallowable subrecipient personnel expenditures, and will work with the NDHHS to remedy, as appropriate.

25. We recommend that OJP ensure the NDHHS remedy \$190,400 in unsupported administrative costs.

OJP agrees with this recommendation. We will review the \$190,400 in questioned costs, related to unsupported administrative costs, and will work with the NDHHS to remedy, as appropriate.

26. We recommend that OJP ensure the NDHHS develop and implement a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of their plan for reviewing all AEAP subrecipients' programmatic and fiscal activities during on-site visits, and ensure the plan is properly implemented.

27. We recommend that OJP ensure the NDHHS increase monitoring of high risk subrecipients as required by the NDHHS's policy.

OJP agrees with this recommendation. We will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that monitoring of high-risk subrecipients is increased, as required by the NDHHS's Federal VOCA Subrecipient Monitoring Policy.

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

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

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

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

cc: Kristina Rose
Director
Office for Victims of Crime

James Simonson
Acting Principal Deputy Director
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Kathrina S. Peterson
Deputy Director
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Grants Financial Management Division
Office of the Chief Financial Officer

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

cc: 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 IT20210820084613

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 State of Nevada Department of Health and Human Services (NDHHS). The OJP's response is incorporated in Appendix 4 and the NDHHS's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, the OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The NDHHS stated that upon OJP's concurrence it will work with OJP to resolve the recommendations related to the Antiterrorism and Emergency Assistance Program (AEAP). The NDHHS also stated that it concurred with each of the remaining recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Clarify its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will ensure that reporting requirements for AEAP grantees include proper reporting metrics on performance reports. As a result, this recommendation is resolved.

The NDHHS stated that upon OJP's concurrence, the NDHHS will work with OJP to ensure AEAP grantees are properly reporting metric on performance reports by December 31, 2021.

This recommendation can be closed when we receive evidence that OJP has clarified its reporting requirements to ensure AEAP grantees are properly reporting metrics on performance reports.

- 2. Ensure that its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will ensure that AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported. As a result, this recommendation is resolved.

The NDHHS stated that upon OJP's concurrence, the NDHHS will work with OJP to ensure its AEAP performance reporting template will be updated to identify the period of performance and provided to subrecipients by December 31, 2021.

This recommendation can be closed when we receive evidence that OJP has ensured that its AEAP performance reporting template requires the grantee to identify the period of performance for which performance data is being reported.

- 3. Develop and implement guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will provide guidance for AEAP grantees to ensure the appropriate use of Crime Victim Fund program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

The NDHHS stated that upon OJP's concurrence, the NDHHS will work with OJP to ensure appropriate funds are used when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide by December 31, 2021.

This recommendation can be closed when we receive evidence that OJP has developed and implemented guidance for AEAP grantees relating to the appropriate use of CVF program funding (including victim assistance, victim compensation, and AEAP) when responding to a mass violence incident in accordance with the DOJ Grants Financial Guide.

Recommendations for OJP to ensure the NDHHS:

- 4. Implement controls to ensure adequate separation of duties for the VOCP.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that adequate separation of duties exist under the VOCP. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that the NDHHS will create and implement written policy and procedures by December 31, 2021, to address when staff vacancies occur to ensure adequate separation of duties are maintained for the VOCP.

This recommendation can be closed when we receive evidence of the implemented controls to ensure adequate separation of duties for the VOCP.

- 5. Ensure the VOCP website, including its victim applications, contain accurate information for the public.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that the NDHHS VOCP website contains accurate information for the public and its victim applications. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will update the VOCP address on its website and will ensure that all remaining outdated information is updated and displayed on the VOCP website by October 31, 2021. The NDHHS also stated that policy and procedures will be updated to include a periodic review of the website to ensure updated information is maintained.

This recommendation can be closed when we receive evidence that the VOCP website, including its victim applications, contain accurate information for the public and updated policy and procedures regarding periodic review of the VOCP website have been implemented.

6. Determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to determine if its state certification forms included amounts that were overstated, resulting in funds awarded in error; and if so, will take necessary steps to recover those funds. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will confirm whether state certification forms submitted by the NDHHS, or the Nevada Department of Administration (NDOA) included overstated amounts and remedy any errors in calculation by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has determined if its state certification forms included amounts that were overstated, resulting in funds awarded in error, and if so to take the necessary steps to recover those funds.

7. Submit a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the NDHHS to obtain its corrected FY 2019 state certification form, to ensure that the FY 2021 victim compensation award to the NDHHS is correct. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will submit a corrected FY 2019 state certification form by December 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has submitted a corrected FY 2019 state certification form to ensure that the FY 2021 victim compensation award to the NDHHS is correct.

- 8. Develop and implement procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that state certification forms are accurate, and that documentation used to prepare the forms is maintained, as required by federal and NDHHS policy. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will implement procedures by December 31, 2021, to ensure state certification forms are completed accurately and documentation used to prepare forms are maintained.

This recommendation can be closed when we receive evidence that the NDHHS has developed and implemented procedures to ensure state certification forms are completed accurately, and that documentation used to prepare the forms are being maintained as required by federal and NDHHS policy.

- 9. Develop and implement a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of its plan to spend or return the remaining AEAP grant funds in a judicious and timely manner. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop and implement a plan to spend the remaining AEAP funds in a timely manner by September 30, 2021. The NDHHS stated that a no-cost extension through September 30, 2022, has been approved through OVC.

This recommendation can be closed when we receive evidence that the NDHHS has developed and implemented a plan to spend or return the remaining AEAP grant funds in a judicious and timely manner.

- 10. Ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that it maintains support for the performance data used at the time of reporting to OVC, to allow reconciliation with internal records. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop policy and procedures by December 31, 2021, to ensure support for performance data used at the time of reporting is maintained to enable reconciliation with internal records.

This recommendation can be closed when we receive evidence that the NDHHS has implemented policy and procedures to ensure that it maintains support for the performance data used at the time of reporting to OVC and thereby enable reconciliation of reported data with its internal records.

11. Establish and implement internal controls to ensure its performance reports are accurate.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written internal controls, developed, and implemented, to ensure that its performance reports are accurate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop policy and procedures by December 31, 2021, to implement controls to ensure accuracy in performance reporting.

This recommendation can be closed when we receive evidence that the NDHHS has established and implemented internal controls to ensure its performance reports are accurate.

12. Review its process for the denial of rape and sexual assault claims and ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop additional policy and procedures by December 31, 2021, to ensure a more standardized process for the denial of rape and sexual assault claims and ensure victims receive proper information regarding available victim compensation benefits. The NDHHS stated that its denial letter has been updated to include information about additional documentation that may be provided in lieu of a police report to potentially reverse a denial.

This recommendation can be closed when we receive evidence that the NDHHS has implemented policy and procedures and updated its denial letter to ensure that victims of rape or sexual assault are properly informed of how to receive victim compensation benefits.

13. Ensure its Financial Points of Contact complete OJP's required trainings and evidence of those trainings are maintained as required by federal policy.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate

with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that it adheres to the special conditions of federal grants. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that all DOJ Financial Management Training has been completed as of August 30, 2021, by all NDHHS Victim Services, Grants Management, and Fiscal staff. Completion of OJP's Financial Management and Grant Administration Training has been added to the fiscal onboarding process and training certificates records are being maintained electronically. The NDHHS will incorporate special conditions of the grant into existing policy and procedures by December 31, 2021, to ensure ongoing compliance.

This recommendation can be closed when we receive evidence that the NDHHS Financial Points of Contact have completed OJP's required trainings and existing policy and procedures have been updated to ensure evidence of OJP trainings are being maintained as required by federal policy.

14. Develop and implement controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that controls are in place to mitigate the risk of duplicate payments made with VOCP funds. In addition, we will review the \$2,536 (\$1,836 and \$700), in questioned costs, related to duplicate victim compensation payments, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop and implement policy and procedures by December 31, 2021, to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate compensation payments by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has developed and implemented controls to help mitigate the risk of duplicate payments and remedy \$2,536 in duplicate victim compensation payments.

15. Properly track and account for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that the NDHHS properly track and account for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop and implement additional fiscal policy and procedures by December 31, 2021, to ensure proper tracking for all federal funds including VOCA victim compensation and AEAP grant funds.

This recommendation can be closed when we receive evidence that the NDHHS has implemented policy and procedures to ensure that it properly tracks and accounts for all federal funds awarded, drawn down, and expended, including VOCA victim compensation and AEAP grant funds.

16. Ensure federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that federal funds budgeted and received for one project, are not used to support another; and accurate budget categories are utilized to identify all grant-related costs in its accounting records. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will utilize state resources or seek additional guidance regarding the allowability of Victims of Crime Act funding to serve victims of mass violence while awaiting the awarding of an emergency assistance grant. The NDHHS also stated that grant funds are tracked in the state's accounting system by job number, not solely by category, as is evidenced by grant job numbers being utilized in personnel, operating, and other categories to track indirect costs to federal grant funds. In our report, we determined that the NDHHS utilized one budget category identified as VOCA victim assistance expenditures to record all AEAP-related expenditures. An NDHHS official stated this was temporary until the VOCP had the state budget authority and ability to drawdown additional AEAP funds. However, without utilizing accurate budget categories, even temporarily, the NDHHS cannot properly account for federal grant funds.

This recommendation can be closed when we receive evidence that the NDHHS has ensured that federal funds budgeted and received for one project are not used to support another and accurate budget categories are utilized to identify all grant-related costs in its accounting records.

17. Implement controls to ensure adequate user rights and permissions are established in its claims database.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that adequate user rights and permissions are established in its claims database. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it has updated its claims database to deactivate users who no longer require access. The NDHHS also stated that it will develop additional policy and procedures by December 31, 2021, to ensure adequate user rights and permissions are maintained in its claims database.

This recommendation can be closed when we receive evidence that users who no longer require access have been deactivated from its claims database and that the NDHHS has implemented controls to ensure adequate user rights and permissions are established in its claims database.

18. Document, track, and review users' access to the claims database and ensure all former employees and contractors no longer have access to the system.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that it documents, tracks, and reviews all users' access to the claims database, and denies access to the system by former employees and contractors. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it has updated user access to only include current staff and will develop additional policy and procedures by December 31, 2021, to ensure adequate user rights and permissions are maintained in its claims database.

This recommendation can be closed when we receive evidence that the NDHHS has documented, tracked, and reviewed users' access to the claims database and ensured all former employees and contractors no longer have access to the system.

19. Remedy \$24,521 in unallowable victim compensation payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$24,521 (\$18,200 + \$3,750 + \$2,091 + \$480) in questioned costs, related to unallowable victim compensation payments, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy victim compensation payments made by the NDHHS and NDOA that are confirmed unallowable by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$24,521 in unallowable victim compensation payments.

20. Implement controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure victim compensation claims are accurate and supported, and that adequate documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop additional policy and procedures by December 31, 2021, to ensure compensation claims are accurate and supported by adequate documentation.

This recommendation can be closed when we receive evidence that the NDHHS has implemented controls to ensure victim compensation claims are accurate and supported, and adequate documentation to support the claim is being maintained.

21. Remedy \$8,664 in unsupported victim compensation payments.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$8,664 in questioned costs, related to unsupported victim compensation payments, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy \$8,664 in unsupported victim compensation payments made by the NDHHS and NDOA that are confirmed unsupported by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$8,664 in unsupported victim compensation payments.

22. Remedy \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$41,007 in questioned costs, related to unsupported non-personnel expenditures, and the \$248 in questioned costs, related to unallowable subrecipient non-personnel expenditures, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy unsupported subrecipient non-personnel expenditures that are confirmed unsupported by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$41,007 in unsupported subrecipient non-personnel expenditures and \$248 in unallowable subrecipient non-personnel expenditures.

23. Remedy \$79,479 in unsupported subrecipient personnel expenditures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$79,479 in questioned costs, related to unsupported subrecipient non-personnel expenditures, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy unsupported subrecipient personnel expenditures that are confirmed unsupported by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$79,479 in unsupported subrecipient personnel expenditures.

24. Remedy \$14,241 in unallowable subrecipient personnel expenditures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$14,241 in unallowable subrecipient personnel expenditures, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy unallowable subrecipient personnel expenditures that are confirmed unallowable by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$14,241 in unallowable subrecipient personnel expenditures.

25. Remedy \$190,400 in unsupported administrative costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$190,400 in questioned costs, related to unsupported administrative costs, and will work with the NDHHS to remedy, as appropriate. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will remedy administrative costs made by the NDHHS and NDOA that are confirmed unsupported by October 31, 2021.

This recommendation can be closed when we receive evidence that the NDHHS has remedied \$190,400 in unsupported administrative costs.

26. Develop and implement a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of their plan for reviewing all AEAP subrecipients' programmatic and fiscal activities during on-site visits, and ensure the plan is properly implemented. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop and implement a plan by October 31, 2021, to review AEAP subrecipients' programmatic and fiscal activities during on-site visits.

This recommendation can be closed when we receive evidence that the NDHHS has developed and implemented a plan to review all subrecipients' AEAP programmatic and fiscal activities during on-site visits.

27. Increase monitoring of high-risk subrecipients as required by the NDHHS's policy.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that monitoring of high-risk subrecipients is increased, as required by the NDHHS's federal VOCA Subrecipient Monitoring Policy. As a result, this recommendation is resolved.

The NDHHS concurred with our recommendation and stated in its response that it will develop additional policy and procedures by December 31, 2021, to ensure adequate monitoring of high-risk subrecipients through desk reviews, increased communication, and technical assistance.

This recommendation can be closed when we receive evidence that the NDHHS has increased monitoring of high-risk subrecipients as required by the NDHHS's policy.