



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the New York
Office of Victims Services,
Albany, New York

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MARCH 2022



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the New York Office of Victims Services, Albany, New York

Objective

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

Results in Brief

As a result of our audit, we concluded that NY OVS generally used its grant funds to compensate crime victims. This audit did not identify significant concerns regarding NY OVS's program implementation, annual performance reporting, compliance with tested special conditions, drawdowns, or federal financial reports. However, we identified areas of improvement in both our compensation claim file and administrative cost reviews, which resulted in \$159,716 in questioned costs.

Recommendations

Our report contains 6 recommendations to Office of Justice Programs (OJP) to assist NY OVS in improving its grant management and administration and remedying questioned costs. We requested a response to our audit report from NY OVS and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of two Victims of Crime Act (VOCA) victim compensation formula grants awarded by the OJP, Office for Victims of Crime (OVC) to the New York Office of Victim Services in Albany, New York. The OVC awarded these formula grants, totaling \$13,769,000 from fiscal years 2018 through 2019, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout New York. As of November 2021, NY OVS drew down a cumulative amount of \$13,545,450 for the grants we reviewed.

Program Accomplishments

We found NY OVS enhanced services for crime victims by outreach efforts to increase public awareness of available benefits and by appropriately distributing the VOCA funding it received.

State Certification Form

We determined NY OVS should enhance its existing controls, including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.

Supporting Documentation – Compensation Claims

We determined that NY OVS did not consistently require the collection of paystubs or another form of proof of taxable income to allow for independent verification of earnings calculations for loss of support and loss of earnings claims. This resulted in \$101,913 in questioned costs.

Allocation Methodology – Administrative Costs

We determined that NY OVS lacked detailed policies and procedures related to allocated administrative costs, which resulted in \$57,803 in questioned costs.

Table of Contents

Introduction	1
The Grantee	1
OIG Audit Approach	2
Audit Results	3
Grant Program Planning and Execution.....	3
Program Implementation.....	3
Annual State Certification.....	4
Annual Performance Reports	5
Compliance with Special Conditions.....	6
Grant Financial Management	6
Grant Expenditures	6
Victim Compensation Claim Expenditures.....	7
Administrative Expenditures.....	8
Drawdowns	9
Financial Reporting.....	9
Conclusion and Recommendations	10
APPENDIX 1: Objectives, Scope, and Methodology.....	11
Objectives	11
Scope and Methodology.....	11
Internal Controls.....	11
APPENDIX 2: Schedule of Dollar-Related Findings	13
APPENDIX 3: The New York State Office of Victim Services’ Response to the Draft Report.....	14
APPENDIX 4: The Office of Justice Programs’ Response to the Draft Audit Report	19
APPENDIX 5: Office of the Inspector General Analysis and Summary of Action Necessary to Close the Audit Report.....	24

Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the New York State Office of Victim Services (NY OVS) in Albany, New York. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2018 through 2019, these OVC grants totaled \$13,769,000.

Table 1

**Audited Grants
Fiscal Years 2018 – 2019**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2018-V1-GX-0048	08/09/2018	10/1/2017	9/30/2021	\$ 5,533,000
2019-V1-GX-0020	09/13/2019	10/1/2018	9/30/2022	8,236,000
Total:				\$ 13,769,000

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

Source: OJP

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. 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 Grantee

As the New York state administering agency, NY OVS was responsible for administering the VOCA victim compensation program. For 55 years, NY OVS has provided compensation and other assistance services to

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

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

innocent victims of crime. Part of NY OVS's mission is to provide compensation to innocent victims of crime in a timely, efficient, and compassionate manner. NY OVS provides substantial financial relief to victims of crime and their families by paying unreimbursed crime-related expenses, including, but not limited to: medical and funeral expenses, loss of earnings or support, counseling costs, crime scene clean-up, the cost of repair to replace items of essential personal property, reasonable and necessary court transportation expenses, assistance to crime victims acting as a good Samaritan, the cost of residing at or utilizing the services of a domestic violence shelter, and limited attorney fees.

NY OVS is headed by a Governor-appointed Director with necessary staff to fulfill its mission. NY OVS has its main office in Albany, New York, and a separate office located in Brooklyn, New York.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guides as our primary criteria. We also reviewed relevant NY OVS policies and procedures and interviewed NY OVS personnel to determine how they administered the VOCA funds. We interviewed NY OVS personnel and further obtained and reviewed NY OVS records reflecting grant activity.³

³ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

Audit Results

Grant Program Planning and Execution

The main purpose of the VOCA victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we discussed with NY OVS officials the process for making victim compensation payments. We reviewed NY OVS's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we determined that NY OVS's implementation of its victim compensation program was generally appropriate and in compliance with the VOCA Guidelines. We found NY OVS complied with federal grant requirements and established an adequate program to compensate victims and survivors of criminal violence. However, we did identify issues with the accuracy of the annual state certification reports as well as the need to implement adequate policies and procedures for completing the certification reports. We also found a unique NY OVS policy that does not place a monetary limit on the amount a claimant can receive for medical or counseling claims but make no formal recommendation regarding this policy.

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 New York, NY OVS was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, NY OVS operated under the Claims Investigations Procedures, which conveyed the state-specific policies for the victim compensation program.⁴ In assessing NY OVS'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 NY OVS made to bring awareness to victims eligible for compensation program benefits.

During our audit, we learned that it is New York's longstanding policy to not place a monetary limit on the amount a crime victim can seek reimbursement specific to both medical and counseling claims. Medical claims encompass not only medical expenses incurred at a hospital or by a provider, but also dental, home modification, medical equipment, vocational rehabilitation, and home care. In addition, all claims remain open indefinitely, and claimants can seek reimbursement for expenses so long as they continue to be crime-related.

In our audit testing, we identified several claims that reached multi-million dollar reimbursements to date, with many claims totaling hundreds of thousands of dollars that remain open for many years after the original date of the crime.

According to NY OVS officials, it routinely monitors its budget and spending, and NY OVS has not had to refuse any medical and mental health claims because of funding issues or constraints. We requested OJP's input on this practice of no monetary cap, and it stated it does not have an issue or concern with NY OVS's

⁴ The Claims Investigation Procedures refers to NY OVS's Personal Injury and Death Claims Investigation Procedures, Forensic Rape Examination Procedure Manual, and Emergency Award Procedures.

policy and endorsed NY OVS's victim-centered approach. OJP further commented that there is no requirement for NY OVS to have a cap on compensation claims either in amount or time the claim remains open. States are permitted to establish their own policies, and OJP said it seems very unlikely that such a policy would affect CVF sustainability. Although we do not take issue with this policy, we would like OJP and NY OVS to periodically review whether their program can continue to support the no monetary limit practice in the future.

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.⁵ 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 NY OVS's controls for preparing the annual certification forms submitted to OVC for FYs 2016 through 2020, which is used to calculate the award amounts granted in FYs 2018 through 2022. We were told by NY OVS officials that the certification forms are prepared using reports generated from New York's accounting system, the statewide financial system. Our review focused on the accuracy of the certification forms, including total funds paid, payouts made with VOCA funds, subrogation and restitution recoveries (recoveries), and recovery costs.

For our review, we used official accounting records provided by NY OVS to reconcile the amounts reported. We were able to reconcile most of the tested amounts; however, the amounts for recoveries and recovery costs in the accounting system did not always match the amounts on the certification forms. NY OVS officials acknowledged the discrepancies and stated that the differences between the provided supporting documentation and the amounts on the annual state certification could be due to inconsistencies by staff members handling the recovery process. We determined the net effect of the errors was not material for the scope of our review. However, we believe that NY OVS's policies and procedures need improvement to ensure future accuracy of the form.⁶

⁵ 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. In July 2021, Congress enacted the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, H.R. 1652, 117th Congress (2021-2022), which changed the formula from 60 to 75 percent and removed the requirement for state compensation programs to deduct collections from restitution or from subrogation for payments under civil lawsuit. These changes did not affect the scope of our audit.

⁶ While the VOCA Fix to Sustain the Crime Victims Fund Act of 2021 removed the requirement for state compensation programs to deduct recoveries, OJP continues allowing the inclusion of recovery costs. As recovery costs are allowed to be reported and because an overstatement of such costs would result in an excess formula award, the accuracy of these numbers is still critical to the calculation of future formula awards.

NY OVS stated that, since FY 2019, it used a template developed with OJP's guidance to complete the annual certification form. In addition to creating a template, NY OVS officials informed us that formal policies and procedures for completing the annual certification form were currently being developed. We reviewed the in-process policies and procedures and determined they do not detail who is responsible for compiling financial data, completing the annual certification form, or who is responsible for performing final review and approval of the annual certification form. We believe such a control is necessary for NY OVS to have adequate assurance that the amounts it is reporting on the certification form are accurate.

As discussed earlier, the accuracy of the information provided in the annual state certification form is critical to the formula calculation used to determine the victim compensation award amounts granted to each state. Therefore, we recommend that OJP work with NY OVS to enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.

Program Requirements and Performance Reporting

To determine whether NY OVS distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed NY OVS performance measures and performance documents that NY OVS used to track goals and objectives. We further examined OVC solicitations and award documents and verified NY OVS 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 NY OVS: (1) implemented adequate procedures to compile annual performance reports, and (2) complied with those special conditions we tested.

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 system.⁷ The OVC also requires states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit the report to OJP.

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

We assessed whether NY OVS's annual performance report to the OVC fairly reflected the performance data of the victim compensation program. To prepare its quarterly and annual performance reports, NY OVS used a spreadsheet based on specific queries from its database. To assess NY OVS's performance, we

⁷ On October 15, 2020, the Justice Grants System (JustGrants) replaced OJP's former Grants Management System as a new grants management and payment management system. This transition to JustGrants represents a significant IT modernization effort to develop and implement a single grants management system for all DOJ grant-making components.

compared the reports maintained quarterly by NY OVS to its FY 2019 quarterly and annual performance reports submitted to OVC. We also sampled and tested metrics from every applicable category in the performance report, as listed above.

We were generally able to reconcile the state's performance information to the totals the state reported to the OVC.

Compliance with Special Conditions

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

We judgmentally selected two special conditions to review in greater detail: (1) the requirement that at least one key grantee official attend the annual VOCA National Training Conference, and (2) the requirement that the awards' points of contact complete the OJP Financial and Grant Administration Training.

We found that NY OVS complied with the two special conditions we reviewed.

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 NY OVS's financial management of the VOCA victim compensation grants, we reviewed the process NY OVS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown funding requests, and resulting financial reports. To further evaluate NY OVS's financial management of the VOCA victim compensation grants, we also reviewed the most recent Single Audit Report for FY 2020 and did not identify significant deficiencies or material weaknesses overarching or specifically related to NY OVS's compensation program. We also interviewed NY OVS personnel who were responsible for financial aspects of the grants, reviewed NY OVS written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we determined that NY OVS implemented adequate controls over its drawdowns and federal financial reports, but could enhance its existing procedures for administering claim reimbursement specific to loss of earnings and loss of support, and develop policies and procedures to use in the allocation process as it relates to administrative expenses.

Grant Expenditures

State administering agency VOCA compensation expenses fall into two overarching categories: (1) compensation claim payments – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with

award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying supporting documentation for select transactions.

Victim Compensation Claim Expenditures

Victims of crime in the state of New York submit claims for reimbursement of expenses incurred as a result of victimization, such as medical expenses and funeral costs or loss of wages. The NY OVS staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate the NY OVS's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether the payments were accurate, allowable, timely, and in accordance with the policies of the VOCA Guidelines and the OVS-specific Claims Investigation Procedures. We judgmentally selected 50 expenditure transactions totaling \$1,495,751 for detailed examination. The transactions we reviewed included expenditures in the following categories: medical, dental, funeral, counseling, relocation, loss of support (LOS), loss of earnings (LOE), and home care.

We found that most expenditures were allowable, supported by adequate documentation, and approved in accordance with state policies and VOCA Guidelines. However, we believe that NY OVS's existing procedures for LOE and LOS are not adequate to ensure complete and accurate compensation payments, and we questioned costs as a result.

NY OVS's Claims Investigation Procedures include an extensive chart that details the computation of LOE. This chart included what documentation is needed to support the eligibility decision making process, how to calculate allowable compensation, and how to identify appropriate deductions from allowable compensation. For each eligible claim, there was a standard calculation as well as variations based on a claimant's occupation type or specific circumstances, such as part-time employment or self-employment status. In its policy, NY OVS stated it "will not reimburse LOE or LOS on wages that were not reported to the appropriate taxing authority. This would include individuals who are working under the table." However, based on our review of this policy as well as our audit testing, we found that NY OVS did not consistently require the collection of employee pay stubs or another form of proof of taxable income to allow for independent verification of earnings calculations or ensure wages were reported to taxing authorities, which would include evidence of federal, state, and local tax withholding as applicable.

In our sample, 10 of the 50 transactions we tested were either LOE or LOS. Of the 10 we tested, 6 did not include pay stubs or another form of support that we could use to independently verify information provided on the Employment Questionnaire or the calculation worksheet. While other documentation was collected by NY OVS, the Employment Questionnaire was the primary, or in some instances the only, document used to calculate earnings without any independent or corroborating evidence of compliance with reporting to the appropriate taxing authorities. The total dollar amount of the unsupported reimbursements we identified was \$101,913.

As a result, we recommend that NY OVS ensure that LOE and LOS documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision-making process, and that documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities. We also recommend OJP remedy the \$101,913 in unsupported costs specific to the LOE and LOS transactions we tested.

Administrative Expenditures

The VOCA Guidelines allow the state administering agency to 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 NY OVS's compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 2.

Table 2

Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2018-V1-GX-0048	\$5,533,000	\$274,858	4.97%
2019-V1-GX-0020	\$8,236,000	\$37,609	0.46%

Source: JustGrants and NY OVS Accounting Records

We found that NY OVS did not exceed the 5 percent administrative expense threshold. We compared the total administrative expenditures charged to the grants against the general ledger and determined that the state has complied for the 2018-V1-GX-0048 grant and is positioned to comply with these limits for the 2019-V1-GX-0020 grant.

In addition to testing the NY OVS's compliance with the 5 percent administrative allowance threshold, we also tested a sample of the administrative transactions for allowability and evidence of supporting documentation. We judgmentally selected expenditures consisting of: (1) personnel expenditures, (2) direct costs such as training and membership dues, and (3) allocated costs. We found NY OVS charged \$55,349 in allocated administrative costs to the grant that were not supported by an approved allocation base or by actual expenditures incurred. According to the DOJ Grants Financial Guide, regardless of the allocation method used by the organization, the following "direct cost" bases, such as Modified Total Direct Cost or Direct Salaries and Wages, may be used as a distribution base. NY OVS did not use an allocation method or an approved allocation base. NY OVS charged costs to the grant based on what it believed would be the grant-related amount. In response to our finding, NY OVS provided a draft allocation methodology policy for administrative grant funds.

We recommend OJP remedy \$55,349 in unsupported allocated administrative costs. In addition, we recommend that OJP ensures the NY OVS finalizes and implements detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and DOJ Grants Financial Guide.

We also found that NY OVS used an allocation percentage to charge \$2,454 to the grant for an employee without documentation supporting the allocation percentage or method used. According to the DOJ Grants Financial Guide, when grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives. In

response to our finding, NY OVS provided an existing policy containing steps to complete, review, approve, and process functional timecards for purposes of documenting the time employees devote to federally-funded activities. We found NY OVS did not follow the policies provided for the reviewed employee expenses. We recommend OJP remedy \$2,454 in unsupported employee allocated administrative costs.

Drawdowns

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

For the VOCA victim compensation awards, NY OVS calculates drawdown amounts sufficient to cover victim compensation claims and state administration expenditures on a reimbursement basis. Table 3 shows the total amount drawn down for each grant as of November 2021.

Table 3

Amount Drawn Down for Each Grant as of November 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2018-V1-GX-0048	\$5,533,000	09/30/2021	\$5,528,723	\$4,277
2019-V1-GX-0020	\$8,236,000	09/30/2022	\$8,016,727	\$219,273
Total:	\$13,769,000		\$13,545,450	\$223,550

Source: OJP JustGrants

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

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the NY OVS submitted accurate Federal Financial Reports, we compared the four most recent reports to the NY OVS's accounting records for each grant.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the NY OVS accounting records for Grant Numbers 2018-V1-GX-0048 and 2019-V1-GX-0020.

Conclusion and Recommendations

We found that NY OVS generally used its grant funds to compensate crime victims according to VOCA and state-imposed requirements. We did not take issue with NY OVS's program implementation, annual performance reporting, compliance with tested special conditions, drawdowns, or federal financial reports. However, we identified an opportunity for NY OVS to develop enhanced policies and procedures for allocated administrative costs and ensure victim compensation claim files are fully supported by appropriate and verifiable documentation. We provide 6 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with NY OVS to enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.
2. Ensure that Loss of Earnings (LOE) and Loss of Support (LOS) documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision-making process, and that documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities.
3. Remedy \$101,913 in unsupported costs specific to the LOE and LOS transactions we tested.
4. Remedy \$55,349 in unsupported allocated administrative costs.
5. Ensure the NY OVS finalizes and implements detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and DOJ Grants Financial Guide.
6. Remedy \$2,454 in unsupported employee allocated administrative costs.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

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

Scope and Methodology

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

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2018-V1-GX-0048 and 2019-V1-GX-0020 from the Crime Victims Fund awarded to the NY OVS. The Office of Justice Programs (OJP), Office for Victims of Crime awarded these grants totaling \$13,769,000 to the NY OVS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2017, the project start date for VOCA compensation grant number 2018-V1-GX-0048, through October 2021. As of November 2021, NY OVS had drawn down a total of \$13,545,450 from the 2 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 NY OVS's activities related to the audited grants, which included conducting interviews with state of OVS financial and programmatic staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for grant expenditures, including payroll charges, financial reports, progress reports, etc. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, NY state victim 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 NY OVS 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 NY OVS to provide assurance on its internal control structure as

a whole. NY OVS 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 NY OVS's internal control structure as a whole, we offer this statement solely for the information and use of NY OVS and DOJ.⁸

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

⁸ 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	VOCA Grant No.	Amount	Page
Questioned Costs:			
Loss of Earnings and Loss of Support Claims	2018-V1-GX-0048	\$97,757	7
	2019-V1-GX-0020	4,156	7
Allocated Costs (Administrative)	2018-V1-GX-0048	31,083	8
	2019-V1-GX-0020	24,266	8
Employee Allocated Costs (Administrative)	2018-V1-GX-0048	<u>2,454</u>	<u>8</u>
Unsupported Costs		\$159,716	
Questioned Costs⁹		\$159,716	
TOTAL DOLLAR-RELATED FINDINGS			

⁹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

APPENDIX 3: The New York State Office of Victim Services' Response to the Draft Report



Office of Victim Services

KATHY HOCHUL
Governor

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2/10/2022

Re: Audit of the Office of Justice Programs (OJP) Victim Compensation Grants Awarded to the New York Office of Victim Services, Albany, New York.

Regional Audit Manager Puerzer,

Thank you for the opportunity to review this draft audit report of the New York State Office of Victim Services' (OVS) Victims of Crime Act (VOCA) Compensation Award for fiscal years 2018 and 2019 from the Crime Victims Fund prepared by the Office of the Inspector General (OIG)

OVS appreciates how accommodating the auditors were with the challenges of preparing for an audit during the pandemic. The auditors were very considerate of the privacy and confidentiality of OVS' documentation and claims system and worked well with us to get the information that was needed with minimal disruption to OVS' operation.

OIG has requested New York's comments on the report and an official response within 21 days, therefore OVS is submitting this response. Additionally, it has been requested that OVS state whether we agree, or disagree, with each of the recommendations.

In the Draft Audit Report, the OIG found that OVS generally used its grant funds to compensate crime victims according to VOCA and state-imposed requirements. The OIG did not take issue with OVS' program implementation, annual performance reporting, compliance with tested special conditions, drawdowns, or federal financial reports.

The OIG did identify an opportunity for OVS to develop enhanced policies and procedures for allocated administrative costs and to ensure victim compensation claim files are fully supported by appropriate and verifiable documentation. The OIG provided 6 recommendations to OJP. Below are the 6 recommendations, and the OVS response to each.



Office of Victim Services

KATHY HOCHUL
Governor

ELIZABETH CRONIN, Esq.
Director

Recommendation Number 1

Work with NY OVS to enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.

OVS agrees with this recommendation.

OVS is currently revising policies and procedures to this effect. This is not yet completed because OVC/OJP is creating a new certification form that will need to be completed for future awards. OVS will complete this new procedure once the new form is available, and OVS knows what requirements/data points have changed. OVS commits to working with OVC/OJP and will provide them with this new policy as soon as is practicable. OVS acknowledges that policies and procedures concerning this activity require revision.

Recommendation Number 2

Ensure that Loss of Earnings (LOE) and Loss of Support (LOS) documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision-making process, and that documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities.

OVS disagrees with this recommendation.

In the Draft Audit Report, the auditors indicated that they, "... believe that OVS' existing procedures for LOE and LOS (i.e., Loss of Earnings and Loss of Support) are not adequate to ensure complete and accurate compensation payments, and we questioned costs as a result." (USDOJ, OIG Audit Division, Draft Audit Report, pg. 7). While some of the claims reviewed during this audit included paystubs, others relied on the OVS' Employer Questionnaire. The findings in the Draft Audit Report included taking issue with OVS' reliance on the Employer Questionnaire as the sole evidence in some claims. The auditors indicated that they would prefer OVS policy to base such determinations on paystubs or some other evidence akin to tax documentation.

It is indeed included in OVS' regulatory policy [9NYCRR525.12(i)(1)] that, with certain exceptions, determination of an award for LOE/LOS be based on, "... income which has been reported to an appropriate taxing authority." Among the concluding sections of OVS' regulatory policies [9NYCRR525.29] however, it has been an important and longstanding policy that OVS also retains the authority that its regulations, "...shall be liberally construed to accomplish the purpose of the law creating the office and the policies of the office." OVS long predates federal assistance for victims in the form of VOCA and it has



Office of Victim Services

KATHY HOCHUL
Governor

ELIZABETH CRONIN, Esq.
Director

been OVS' longstanding goal to get compensation to eligible victims as quickly and easily as possible within statutory limitations and the parameters of its fiduciary responsibility.

When determining LOE/LOS, the claims processing software configuration, along with OVS' procedures, identify documentation for the investigator to examine. The documentation includes the Employer Questionnaire, Tax Return, Worker's Comp Decision, Social Security Statement, Disability Benefit Statement, and Doctor's Statement. All but one of these options (NOTE: the doctor's statement is not used to determine the amount of one's LOE, however it is important in determining a victim's period of disability related to the crime) are enumerated on the OVC/OJP website, which the auditors shared with OVS, (<https://ovc.ojp.gov/sites/g/files/xyckuh226/files/media/document/lost-wages-and-loss-of-support.pdf>) in their list showing "Examples of Documentation for Loss of Wages and Loss of Support claims."

For OVS to determine eligibility for compensation in a timely fashion, and in the best interest of the victims and claimants, investigators use as many different points of information as can be provided to determine its claim awards, including awards for LOE/LOS. In many instances, and based on OVS' regulatory policy, tax returns are the desired documentation when examining LOE/LOS claims. Alternatives, however, are sometimes necessary as this information may not be readily available, particularly to the eligible, surviving loved ones who may be seeking LOS. This liberal construction of OVS is explicitly reserved in its regulatory provisions. The evidence accepted by OVS, in addition to, or besides that which the auditors suggest, is not only permitted by state statute and regulation but is enumerated in the guidance which OVC/OJP itself has provided.

OVS is confident that it bases its LOE/LOS decisions on one or more of the information sources specifically enumerated by OVC/OJP, balancing the needs of victims and claimants with its statutory limitations and fiduciary responsibilities. OVS strives to obtain as much reliable information as is available to base LOE/LOS determinations on in a timely fashion in pursuit of its purpose under the law. Any reservation the auditors have with OVS making a determination of LOE/LOS on such documentation would not only be a finding in this audit, but it would call into question OVC/OJP's own explicit guidance to its State Grant Administrators.

Recommendation Number 3

Remedy \$101,913 in unsupported costs specific to the LOE and LOS transactions we tested.



Office of Victim Services

KATHY HOCHUL
Governor

ELIZABETH CRONIN, Esq.
Director

OVS disagrees with this recommendation.

Please see the answer provided above to Recommendation Number 2. It is the position of OVS that no action is required to remedy what is being described here as unsupported costs as they are supported costs that are in keeping with OVC/OJP guidance and with all of OVS' statutory responsibilities.

Recommendation Number 4

Remedy \$55,349 in unsupported allocated administrative costs.

OVS agrees with this recommendation.

In the Draft Audit Report, the Auditors noted that OVS charged certain allocated administrative costs to the grant that were not supported by an approved allocation methodology. This included inter-agency expenses such as OVS' records management fee and general agency-wide expenses such as postage. While OVS believes these costs are allowable under OVS' federal grants, we acknowledge that such allocated expenditures should be based on a formalized allocation plan. As noted in the Draft Audit Report, we have provided a draft allocation policy to the auditors, and we intend to finalize and implement this policy in the current fiscal year. OVS agrees to work with OVC/OJP to take steps to improve OVS' allocation methodology and remedy these costs.

Recommendation Number 5

Ensure the NY OVS finalizes and implements detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and DOJ Grants Financial Guide.

OVS agrees with this recommendation.

Please see the answer provided above to Recommendation Number 4. OVS is in agreement with the recommendation to finalize OVS' draft cost allocation procedure. We intend to implement this procedure in the current fiscal year.

Recommendation Number 6

Remedy \$2,454 in unsupported employee allocated administrative costs.

OVS disagrees with this recommendation.



Office of Victim Services

KATHY HOCHUL
Governor

ELIZABETH CRONIN, Esq.
Director

In the Draft Audit Report, the Auditors questioned the basis for the allocation percentage for an employee's personnel expenses. As noted in the above answer for Recommendation Number 4, OVS intends to improve and formalize its cost allocation procedures for administrative expenses. The draft cost allocation procedure that we have submitted to the auditors includes a revised process for the allocation and reconciliation of personnel expenditures. However, we disagree with the finding that OVS did not follow the policies provided for employee expenses regarding functional timecards. We will work to provide appropriate backup documentation such as the functional timecards for this employee, which will provide support for these costs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elizabeth Cronin".

Elizabeth Cronin
Director

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

February 17, 2022

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Compensation Grants, Awarded to the New York Office of Victim Services, Albany, New York*

This memorandum is in response to your correspondence, dated January 21, 2022, transmitting the subject draft audit report for the New York Office of Victim Services (NY OVS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft audit report contains **six** recommendations and **\$159,716** 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 OJP's response.

- 1. We recommend that OJP work with NY OVS to enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that it is currently revising its policies and procedures to ensure that the state certification amounts are accurately reported. The NY OVS also stated that these policies and procedures will be based on a new certification form that it is developing for future awards.

Accordingly, we will coordinate with the NY OVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the amounts reported on its annual state certification forms are accurate.

2. **We recommend that OJP ensure that Loss of Earnings (LOE) and Loss of Support (LOS) documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision-making process, and that documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that it believes its existing procedures, related to Loss of Earnings (LOE) and Loss of Support (LOS) documentation, fully supports the amount to be paid, the methodology used to make the calculation, and the decision-making process; and that documentation supporting the payments made is verified for compliance with reporting to tax authorities.

While the NY OVS disagreed with this finding, we will nonetheless coordinate with the NY OVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that: the documentation fully supports the amount to be paid for LOE and LOS; the claim file explains the methodology used to make the calculation and the decision-making process; and documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities, and maintained for future auditing purposes.

3. **We recommend that OJP remedy \$101,913 in unsupported costs specific to the LOE and LOS transactions we tested.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that its explanation in Recommendation Number 2 supports the costs questioned in this recommendation, in keeping with guidance from OJP's Office for Victims of Crime (OVC) for LOE and LOS determinations.

We will work with the NY OVS to remedy the \$101,913 in questioned costs charged to Grant Numbers 2018-V1-GX-0048 (\$97,757) and 2019-V1-GX-0020 (\$4,156), as appropriate.

4. **We recommend that OJP remedy \$55,349 in unsupported allocated administrative costs.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that it believes inter-agency expenses, such as records management fees and general agency-wide expenses, are allowable under OJP's Victims of Crime Act (VOCA) grants, but also acknowledged that allocated expenditures should have been based on a formalized allocation plan. The NY OVS further stated that it intends to create and finalize an allocation policy to improve its allocation methodology for administrative costs.

Accordingly, we will coordinate with the NY OVS to remedy the \$55,349 in questioned costs charged to Grant Numbers 2018-V1-GX-0048 (\$31,083) and 2019-V1-GX-0020 (\$24,266), as appropriate.

5. **We recommend that OJP ensure the NY OVS finalizes and implements detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and DOJ Grants Financial Guide.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that inter-agency expenses, such as records management fees and general agency-wide expenses, are allowable under VOCA grants; but acknowledged that allocated expenditures should have been based on a formalized allocation plan. The NY OVS further stated that it intends to create and formalize an allocation policy to improve its methodology for allocating administrative costs.

Accordingly, we will coordinate with the NY OVS to obtain a copy of written policies and procedures, developed and implemented, developed and implemented, to ensure compliance with VOCA Guidelines and the Department of Justice Grants Financial Guide.

6. **We recommend that OJP remedy \$2,454 in unsupported employee allocated administrative costs.**

OJP agrees with the recommendation. In its response, dated February 10, 2022, the NY OVS stated that it will create and finalize a policy for the allocation and reconciliation of personnel expenditures charged to its VOCA grants. The NY OVS further stated that it believes that the allocated administrative costs were supported by the employee's functional timecards. However, the NY OVS did not provide documentation to support its statement.

Accordingly, we will coordinate with the NY OVS to remedy the \$2,454 in questioned costs charged to Grant Number 2018-V1-GX-0048, as appropriate.

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

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

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

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

cc: Kristina Rose
Director
Office for Victims of Crime

Katherine Darke Schmitt
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Louise Duhamel
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Internal Review and Evaluation Office
Justice Management Division

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

cc: OJP Executive Secretariat
Control Number IT20220121154822

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

The OIG provided a draft of this audit report to OJP and NY OVS. NY OVS's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and, as a result, the status of the audit report is resolved. NY OVS agreed with three recommendations and disagreed with three recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation for OJP:

1. **Work with NY OVS to enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.**

Resolved. OJP agreed with our recommendation. OJP said in its response that it will coordinate with NY OVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the amounts reported on its annual state certification forms are accurate.

NY OVS agreed with our recommendation and said it is currently revising existing policies and procedures. NY OVS will complete this new procedure once the new certification form from OJP is available, and when NY OVS knows what specific requirements and data points have changed.

This recommendation can be closed when we receive documentation that adequate policies and procedures have been developed and implemented to provide reasonable assurance that the amounts reported on the annual state certification are accurate and implemented.

2. **Ensure that Loss of Earnings (LOE) and Loss of Support (LOS) documentation fully supports the amount to be paid, the claim file explains the methodology used to make the calculation and the decision-making process, and that documentation supporting the payments made is verified for compliance with reporting to the appropriate taxing authorities.**

Resolved. OJP agreed with our recommendation. OJP said in its response that while NY OVS disagreed with this finding, OJP will nonetheless coordinate with NY OVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that the recommended documentation is obtained and maintained for future auditing purposes.

NY OVS disagreed with our recommendation and said that NY OVS believes it bases its LOE and LOS decisions on one or more of the information sources specifically enumerated by OVC policies. Furthermore, NY OVS states that the OIG's recommendation would call into question OVC's own explicit guidance to its State Grant Administrators. Though NY OVS did not provide more information about its interpretation of OVC guidance, we reviewed OVC guidance and did not identify anything that conflicted with our conclusions and OVC agreed with this recommendation. In addition, as noted in our report, NY OVS guidance stated it "will not reimburse LOE or LOS on wages

that were not reported to the appropriate taxing authority. This would include individuals who are working under the table.” Relying on an Employment Questionnaire without any corroborating evidence, such as payroll documentation, does not demonstrate appropriate compliance with tax withholding, and therefore the NY OVS requirement. However, we noted during our audit instances where OVS paid claims that relied solely on Employment Questionnaires. We maintain the position that documentation should fully support the amount of LOE and LOS claims, including documentation supporting payments in compliance with appropriate taxing authorities to ensure compliance with the NY OVS requirement.

This recommendation can be closed when we receive written policies and procedures, developed and implemented, to ensure that: the documentation fully supports the amount to be paid for LOE and LOS claims; the claim file explains the methodology used to make the calculation and the decision-making process; and the documentation supporting payments made is verified for compliance with reporting to the appropriate taxing authorities.

3. Remedy \$101,913 in unsupported costs specific to the LOE and LOS transactions we tested.

Resolved. OJP agreed with our recommendation. OJP said in its response that it will work with the NY OVS to remedy the \$101,913 in questioned costs.

NY OVS disagreed with our recommendation and referred to its response specific to Recommendation Number 2. NY OVS said that no action is required to remedy the unsupported costs. Further, NY OVS commented that the costs in question are supported based on keeping with OVC guidance and with all of NY OVS’s statutory responsibilities. However, in our view consistent with our response to Recommendation Number 2, we consider these costs unsupported in the absence of verifiable documentation to demonstrate compliance with reporting to the appropriate taxing authorities.

This recommendation can be closed when we receive documentation for the \$101,913 of LOE and LOS unsupported claims transactions.

4. Remedy \$55,349 in unsupported allocated administrative costs.

Resolved. OJP agreed with our recommendation. OJP said in its response OJP will coordinate with NY OVS to remedy the \$55,349 in questioned costs.

NY OVS agreed with our recommendation and said it believes these costs are allowable under its federal grants and acknowledge that such allocated expenditures should be based on a formalized allocation plan. NY OVS agrees to work with OVC to take steps to improve OVS’s allocation methodology and remedy these costs.

This recommendation can be closed when we receive documentation for the \$55,349 of unsupported allocated administrative costs.

5. **Ensure the NY OVS finalizes and implements detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and DOJ Grants Financial Guide.**

Resolved. OJP agreed with our recommendation. OJP said in its response it will coordinate with NY OVS to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with VOCA Guidelines and the Department of Justice Grants Financial Guide.

NY OVS agreed with our recommendation and said it intends to finalize its draft cost allocation procedure and implement it in the current fiscal year.

This recommendation can be closed when we receive documentation supporting that NY OVS has finalized and implemented detailed policies and procedures related to allocated administrative costs to ensure compliance with VOCA Guidelines and the DOJ Grants Financial Guide.

6. **Remedy \$2,454 in unsupported employee allocated administrative costs.**

Resolved. OJP agreed with our recommendation. OJP said in its response OJP will coordinate with NY OVS to remedy the \$2,454 in questioned costs.

NY OVS disagreed with our recommendation and said it disagrees with our statement in the audit report that NY OVS did not follow its own policies for employee personnel expenditures regarding functional timecards. NY OVS acknowledged that it intends to finalize and implement a cost allocation procedure that includes a revised process for the allocation and reconciliation of personnel expenditures. Our audit recommendation is focused on questioned costs we identified specific to an employee without documentation supporting the allocation percentage or method used. Although NY OVS disagreed with the recommendation, it further commented that it will work to provide appropriate backup documentation for this employee.

This recommendation can be closed when we receive documentation for the \$2,454 of unsupported employee allocated administrative costs.