



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the Maine
Office of the Attorney General,
Augusta, Maine



AUDIT DIVISION

22-078

MAY 2022



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Maine Office of the Attorney General, Augusta, Maine

Objective

The objective of the audit was to evaluate how the Maine Office of the Attorney General (MOAG) 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 MOAG generally used its grant funds to compensate crime victims. This audit did not identify significant concerns regarding MOAG's program implementation, annual performance reporting, compliance with tested special conditions, drawdowns, or federal financial reports. However, we identified areas of improvement in MOAG's policies and procedures for its annual state certification reporting, performance management, and overall grant financial management.

Recommendations

Our report contains three recommendations to the Office of Justice Programs (OJP) to assist MOAG in improving its grant management and administration.

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 OJP, Office for Victims of Crime (OVC) to MOAG in Augusta, Maine. The OVC awarded these formula grants, totaling \$405,000, from fiscal years 2016 to 2017, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout the State of Maine. As of May 2021, MOAG had drawn down the entire awards.

Program Accomplishments

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

State Certification Form

We determined MOAG should enhance its existing controls by implementing policies and procedures to provide adequate supervisory review and reasonable assurance that the amounts reported on the annual State Certifications Forms are accurate.

Performance Reports

We determined MOAG should update its policies and procedures to include a more robust review process to ensure the Program Performance Reports are complete and accurate.

Grant Financial Management

We determined MOAG should develop a comprehensive financial manual that documents its policies and operating procedures for grant administration and that describes the role and the importance of internal controls over grant funds and activities.

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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 Maine Office of the Attorney General (MOAG) in Augusta, Maine. The OVC awards victim compensation grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2016 to 2017, these OVC grants totaled \$405,000.

Table 1

**Audited Grants
Fiscal Years 2016 – 2017**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2016-VC-GX-0003	09/19/2016	10/01/2015	09/30/2019	\$ 197,000
2017-VC-GX-0011	09/28/2017	10/01/2016	09/30/2020	\$ 208,000
Total:				\$ 405,000

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

Source: Office of Justice Programs

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

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.

The Grantee

As the state administering agency for the state of Maine, MOAG was responsible for administering the VOCA victim compensation program. MOAG's primary program responsibility is to provide advice to and defend the actions of state government and enforce Maine law. Within MOAG, the Criminal Division coordinates criminal investigation and prosecution for the purpose of improving law enforcement within the State of Maine and operates Maine's Victims' Compensation Program.

The Victims' Compensation Program assists innocent victims of violent crime by reimbursing them to a maximum of \$15,000 for the out-of-pocket costs or losses they incur when they suffer physical and emotional trauma because of criminal victimization. The Victims' Compensation Program is administered by a director and two staff, who investigate and verify claims for presentation to the Victims' Compensation Board. The Board, which is comprised of three members drawn from Maine's legal, medical, and victim services communities, meets monthly to make decisions on all compensation claims.

OIG Audit Approach

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

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

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 MOAG's overall process for making victim compensation payments, including MOAG's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification form.

Overall, we determined that MOAG's implementation of its victim compensation program was generally in compliance with VOCA Guidelines, but we also identified opportunities to improve overall program administration and strengthen internal controls. We identified three issues with its policies and procedures specific to the annual state certification, performance management, and overall grant financial management which resulted in errors as discussed later in this report.

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 Maine, MOAG was responsible for the victim compensation program, including meeting all financial and programmatic requirements. When reviewing and paying claims for victims, MOAG operated under the Maine Victims Compensation Rules, which conveyed the state-specific policies for the victim compensation program. In assessing MOAG'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 MOAG made to bring awareness to victims eligible for compensation program benefits and provide state-wide outreach.

Based on our review, we found that MOAG implemented procedures for accepting applications, reviewing cases to establish eligibility, determining applicable compensation amounts, and processing payments. We also found that MOAG implemented additional procedures and mitigating controls to address concerns with inadequate segregation of duties when reviewing adjudications and authorizing payments. In addition, MOAG adopted measures to raise the public's awareness of its victim compensation program. However, we found that MOAG did not have sufficiently robust and adequate policies and procedures in place, which led to errors in its annual State Certification Form, inadequate review for completeness and accuracy of its performance reports, issues with excess drawdowns that have since been corrected, and inaccuracies in quarterly federal financial reporting. We found that a single person was responsible for most of the reporting, which resulted in errors that an additional review could have identified.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides OVC the necessary information to determine future grant award amounts. The certification form must include all sources of revenue to a state's 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 allocated VOCA victim compensation grant funds to each state using a formula that takes into consideration the state's eligible compensation claims paid out to victims during the fiscal

year 2 years prior.⁴ 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 MOAG's controls for preparing the annual State Certification Forms submitted to OVC for FYs 2016 through 2020, which were used to calculate the award amounts granted in FY 2021.⁵ We reviewed the annual State Certification Form, including the financial support for the payouts and revenues. We were told by MOAG officials that the forms are prepared by using reports generated from Maine's accounting system. Our review focused on the accuracy of the forms, including total funds paid, payouts made with VOCA funds, and subrogation and restitution recoveries (recoveries).

For our review, we used official accounting records provided by MOAG to reconcile the amounts reported. We were unable to fully reconcile most of the tested amounts from the annual State Certification Form to the accounting records. We determined MOAG's controls did not ensure that it correctly calculated the amounts reported on its forms. Specifically, we found errors in the reported amounts for total subrogation and restitution recoveries, as well as payout amounts made with VOCA funds.⁶ We determined the net effect of the errors was not material for the scope of our review. However, we believe that that MOAG's policies and procedures need improvement to ensure future accuracy of the information submitted on the form. We recommend that OJP work with MOAG 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 MOAG distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed MOAG's performance measures and performance documents that it used to track goals and objectives. We further examined OVC solicitations and award documents and verified MOAG'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 MOAG: (1) implemented policies and procedures to compile annual Performance Reports, but

⁴ Prior to 2021, the eligible payout amount for award consideration was 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 subrogation and restitution recoveries from the eligible payout amount. These changes went into effect immediately and were applied to FY 2019 certification forms and FY 2021 grant awards. These changes did not affect the scope of our audit.

⁵ 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.

⁶ Although the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, effective July 22, 2021, removed the requirement to deduct subrogation and restitution recoveries from state compensation programs, the 2016 and 2017 awards under audit were both closed prior to the enactment date and the issues highlight the inaccuracies our audit disclosed in completing the annual State Certification and is the basis for the recommendation we make.

the policies and procedures could be updated and provide for additional oversight and review, and (2) complied with the special conditions we selected for detailed testing.

Annual Performance Reports

Each state administering agency must annually report to OVC on activities funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP's official grants management system.⁷ The OVC also requires states to submit quarterly performance data through the web-based Performance Measurement Tool. After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit 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; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type.

We assessed MOAG's annual Performance Reports to see whether it fairly reflected the performance figures of its victim compensation program by comparing the data in the Performance Reports to supporting documentation. We selected four different quarterly progress reports and two different annual Performance Reports consisting of nine different metrics. Our sample sought to test statistical, financial, and narrative accomplishments that were significant to measuring MOAG's provision of victim compensation, and to identify if MOAG had difficulty supporting a particular type of programmatic accomplishment.

We were generally able to reconcile MOAG's information to the totals the state reported to the OVC. However, we found an instance where MOAG transcribed a report figure incorrectly on the 2019 Annual Program Performance Report. We also found instances where secondary victims were under-reported as a result of changes to the claimants' application. According to a MOAG official, MOAG did not have a policy requiring a secondary review and the quarterly and annual Performance Reports are not reviewed by another official, other than the original preparer. A secondary review is a valuable control for providing reasonable assurance that the data reported are complete and accurate. Although the errors were not significant to impact the fairness of the reported figures, we recommend that OJP ensure that MOAG update its policies and procedures to include a more robust review process to help ensure the Program Performance Reports are complete and accurate.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, MOAG certified it would comply with the special conditions included in the CVF awards it received. We reviewed the special conditions for each VOCA victim compensation program grant and identified special conditions that we deemed significant to grant performance which are not

⁷ In October 2020, the Justice Grants System replaced OJP's former Grants Management System as the new grants management and payment management system.

otherwise addressed in another section of this report. We judgmentally selected for detailed testing two special conditions that required that the following:

- the recipient ensures that at least one key grantee official attends the annual VOCA National Training Conference; and
- both the point of contact and all financial points of contact for this award successfully complete the OJP Financial Management trainings.

We found that MOAG complied with both special conditions.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of MOAG's financial management of the VOCA victim compensation grants, we reviewed the process MOAG used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate MOAG's financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Reports for FYs 2019 to 2020 and did not find significant deficiencies or material weaknesses specifically related to MOAG.⁸ We also interviewed MOAG personnel who were responsible for financial aspects of the grants, reviewed MOAG 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 MOAG implemented adequate internal controls to govern payments to crime victims. However, we found MOAG lacked detailed financial policies or operating procedures that described the role and importance of internal controls over grant funds and activities. Moreover, MOAG lacked a single comprehensive financial policies and procedures manual, instead having a collection of independent and loosely connected policies and procedures for essential grant functions, such as claims processing, drawdowns, administrative expenses, fund recovery, and Federal Financial Reports. We recommend that OJP ensure MOAG develops and implements a complete and comprehensive financial manual that documents the financial policies and accompanying operating procedures for grant administration.

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

⁸ A Single Audit is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place and is generally in compliance with program requirements.

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 Maine submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs, or loss of wages. When the information and documentation necessary to support a victim's claim has been submitted, the case is processed administratively by MOAG staff and then reviewed by the Victims' Compensation Board. The Board adjudicates claims for eligibility and MOAG staff make payments from the VOCA victim compensation grants and state funding. Given different staff and responsible officials receive claims, render initial claim determinations, review determinations, and ultimately approve or deny a claim, we found no internal control weaknesses associated with the claim administration and payment process.

To evaluate MOAG'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 VOCA Guidelines and Maine Victim Compensation statutory and administrative law. In addition, we obtained an understanding of MOAG's claims process and financial operations to identify if any type of payment or claim was high-risk by interviewing MOAG officials. We additionally reviewed oversight reports for MOAG's program, such as: Single Audit Reports, a 2021 virtual site visit by OCFO, and an OVC Enhanced Programmatic Desk Review to identify if there were prior findings regarding claim payments. We also analyzed MOAG's claim payments to identify any transactions that appeared to be unallowable or otherwise non-compliant. Based on our discussions with MOAG officials and our review of the claim payment data, we determined MOAG's administration was low risk. As a result, we judgmentally selected claims based upon the amount of expenditures made for each payment category to ensure that we tested a sample that reflected a reasonable cross-section of payments. Specifically, we judgmentally selected 25 of 426 grant-funded, individual payments from both the 2016 and 2017 grants, which totaled \$128,376, or approximately 32 percent of the total award amount, or 6 percent of grant-funded payments. The transactions we reviewed included costs in the following categories: dental, medical, mental health, lost wages, physical security, funeral, and other payments.

Based on our testing, we determined that all the expenditures were allowable, timely, supported by adequate documentation, and approved in accordance with state regulations and VOCA Guidelines.

Administrative Expenditures

State administering agencies 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 MOAG's compliance with the 5 percent limit on the administrative expenses, as shown in Table 2.

Table 2

Administrative Expenditures as of May 2021

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2016-VC-GX-0003	\$197,000	\$5,522	2.80%
2017-VC-GX-0011	\$208,000	\$5,915	2.84%

Source: Maine Office of the Attorney General accounting records

We found that MOAG did not exceed the 5 percent allowable threshold for administrative expenditures, and both grants have now ended. MOAG's Victims Compensation Program charged administrative expenses to the grant at a fixed percentage of accumulated paid claims based on its cost allocation plan. We found that Maine's Victims Compensation Program charged the grants based on an approved indirect rate established by the Maine Controller's office. Based on our testing of administrative expenditures, we took no exception with MOAG's administrative expenditures.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and recipients 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 MOAG managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in MOAG's accounting system and accompanying financial records.

For the VOCA victim compensation awards, MOAG calculated its drawdown funding requests based on victim compensation payments listed in its official accounting records. Table 3 shows the total amount drawn down for each grant as of May 11, 2021.

Table 3

Amount Drawn Down for Each Grant as of May 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2016-VC-GX-0003	\$197,000	9/30/2019	\$197,000	\$0
2017-VC-GX-0011	\$208,000	9/30/2020	\$208,000	\$0
Total:	\$405,000		\$405,000	\$0

Source: OJP Justice Grants System

Based on our review, we found that Maine drew down more funds than its transactions could support for 5 of 13 drawdowns that MOAG conducted associated with both grants. While MOAG cumulatively had sufficient transactions to support its cumulative drawdowns for each grant, it did not conduct drawdowns in accordance with the DOJ Grants Financial Guide because drawdowns were not supported by expenditures made previously or within 10 days of the drawdown. Additionally, Maine's Director of Victim Compensation Program acknowledged that a predecessor drew down excess funds as an advance to create a "buffer," a non-compliant method of reimbursement. However, we found that during the award period covering the 2017-VC-GX-0011, a newly appointed Director of Victim Compensation incorporated several internal control enhancements. These enhancements strengthened controls through further oversight by adding to the Victim Compensation Program staff, an employee from MOAG's finance staff into the drawdown process to validate total expenses before a drawdown is made. Other improvements included discontinuing the practice of drawing down excess funds and ensuring that drawdowns were supported by expenditure data from the accounting system for several of the most current drawdowns. Because MOAG took steps to improve this process prior to the start of our audit and no exceptions were noted with the five most recent drawdowns, we did not take exception to this area of financial management.

Financial Reporting

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

We determined that three of the four most recent FFRs related to grant 2016-VC-GX-0003 were inaccurate. For grant 2017-VC-GX-0011, we found that one of the four FFRs we tested was not accurate. Although several FFRs were inaccurate, we found that these errors occurred during the 2016 grant, prior to new personnel and processes being implemented. MOAG implemented a new process where an employee from its finance staff prepares FFRs, which appears to be more effective in generating accurate FFRs and provides an effective separation of duties internal control. Given the updated process and accuracy of the most recent FFRs, we did not take any exception with MOAG's FFRs.

Conclusion and Recommendations

We found that MOAG generally used its grant funds to compensate crime victims according to VOCA and state-imposed requirements. However, we identified an opportunity for MOAG to develop enhanced policies and procedures with its annual State Certification Form, annual performance reporting, and overall grant financial management. We provide three recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with MOAG 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 MOAG updates its policies and procedures to include a more robust review process to help ensure the Program Performance Reports are complete and accurate.
3. Ensure MOAG develops and implements a complete and comprehensive financial manual that documents the financial policies and accompanying operating procedures for grant administration.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how MOAG 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. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

This was an audit of Victims of Crime Act (VOCA) victim compensation formula grants 2016-VC-GX-0003 and 2017-VC-GX-0011 from the Crime Victims Fund awarded to MOAG. The Office of Justice Programs (OJP), Office for Victims of Crime awarded these grants totaling \$405,000 to MOAG, 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-0003, through February 2022. As of May 2021, MOAG had drawn down the full balance or a total of \$405,000 from the two audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of MOAG's activities related to the audited grant(s), which included conducting interviews with state of MOAG's financial 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, 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 MOAG's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of MOAG to provide assurance on its internal control structure as

a whole. MOAG's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on MOAG's internal control structure as a whole, we offer this statement solely for the information and use of MOAG and DOJ.⁹

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 MOAG 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.

⁹ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: The Maine Office of the Attorney General's Response to the Draft Report

AARON M. FREY
ATTORNEY GENERAL

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April 10, 2022

Thomas O. Puerzer
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Philadelphia Regional Audit Office
701 Market Street, Suite 2300
Philadelphia, PA 19106

RE: The Maine Office of the Attorney General Victims' Compensations Program Response to Draft Audit Report
Grant numbers: 2016-VC-GX-0003 and 2017-VC-GX-0011

Dear Mr. Puerzer:

Please accept this letter as our response to the recommendation included in the draft audit transmitted to the Maine Office of the Attorney General (MOAG) Victims' Compensation Program pertaining to the above-mentioned grants. In the draft audit report, your office recommended that the Maine Victims' Compensation Program:

- 1. enhance controls including implementing adequate policies and procedures to provide reasonable assurance that the amounts reported on the annual state certification are accurate.*
- 2. updates its policies and procedures to include a more robust review process to help ensure the Program Performance Reports are complete and accurate.*
- 3. develops and implements a complete and comprehensive financial manual that documents the financial policies and accompanying operating procedures for grant administration.*

Maine Office of the Attorney General (MOAG) Victims' Compensation Program response:

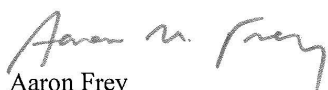
- **Regarding recommendation #1: MOAG concurs with this recommendation and will create a new policy requiring that a second programmatic staff member review and confirm the accuracy of data used to complete the annual state certification form before submission. Formal written policies and procedures are currently being drafted and will be finalized and implemented prior to September 30th, 2022.**
- **Regarding recommendation #2: MOAG concurs with this recommendation and will create a new policy requiring that a second programmatic staff member review and confirm the accuracy of data used to complete the Program Performance Reports before submission. Formal written**

policies and procedures are currently being drafted and will be finalized and implemented prior to September 30th, 2022.

- Regarding recommendation #3: MOAG concurs that the existing State and Administrative Accounting Manual, which can be found at <https://www.maine.gov/osc/administration/saam> (chapter 50), does provide comprehensive policies and operating procedures regarding compliance with federal grant funding requirements, and that this can be combined with existing Victims' Compensation Programmatic policies and operating procedures into a comprehensive financial manual. Formal written policies and procedures are currently being drafted and compiled into a comprehensive manual and will be finalized and implemented prior to September 30th, 2022.

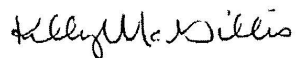
We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Director Kelly McGillis of the Victims' Compensation Program at (207) 626-8589.

Sincerely,



Aaron Frey

Maine Attorney General



Kelly McGillis

Director

APPENDIX 3: 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

April 28, 2022

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

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Compensation Grants, Awarded to the Maine Office of the Attorney General, Augusta, Maine*

This memorandum is in response to your correspondence, dated March 23, 2022, transmitting the subject draft audit report for the Maine Office of the Attorney General (MOAG). We consider the subject report resolved and request written acceptance of this action from your office.

The draft audit report contains **three** recommendations and **no** 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 MOAG 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 April 13, 2022, MOAG stated that it is currently revising its policies and procedures to ensure that a second programmatic staff member reviews the data used to complete the annual state certification forms for accuracy, prior to submission; and anticipates finalizing the revised procedures by September 30, 2022.

Accordingly, we will coordinate with MOAG 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, prior to submission; and the supporting documentation is maintained for future auditing purposes.

2. **We recommend that OJP ensure that MOAG updates its policies and procedures to include a more robust review process to help ensure the Program Performance Reports are complete and accurate.**

OJP agrees with the recommendation. In its response, dated April 13, 2022, MOAG stated that it will develop policies to ensure that a second programmatic staff member reviews the Program Performance Reports data used to complete the annual state certification forms for accuracy, prior to submission; and anticipates finalizing the procedures by September 30, 2022.

Accordingly, we will coordinate with MOAG to obtain a copy of written policies and procedures, developed and implemented, which include a more robust review process to ensure that the Program Performance Reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

3. **We recommend that OJP ensure MOAG develops and implements a complete and comprehensive financial manual that documents the financial policies and accompanying operating procedures for grant administration.**

OJP agrees with the recommendation. In its response, dated April 13, 2022, MOAG stated that it will combine its existing State and Administrative Accounting Manual with its Victims' Compensation Programmatic policies and operating procedures into a comprehensive financial manual, to address compliance with Federal grant funding requirements; and anticipates finalizing the revised procedures by September 30, 2022.

Accordingly, we will coordinate with MOAG to obtain a copy of its comprehensive financial manual, developed and implemented, which documents the financial policies and procedures accompanying operating procedures for grant administration.

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.

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APPENDIX 4: 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 the Maine Office of the Attorney General (MOAG) and the Office of Justice Programs (OJP). MOAG's response is incorporated in Appendix 2 and OJP's response is included in Appendix 3 of this final report. In response to our draft audit report, OJP agreed with our recommendations and the status of the audit report is resolved. In its response, MOAG concurred with the recommendations and stated the actions it would take to address them. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Work with MOAG 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 MOAG 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 prior to submission, and the supporting documentation is maintained for future auditing purposes.

MOAG concurred with our recommendation and said it will create a new policy requiring a second programmatic staff member review and confirm the accuracy of data used to complete the annual state certification form before submission.

This recommendation can be closed when we receive documentation demonstrating that adequate policies and procedures have been developed and implemented, including a requirement that a second MOAG staff member provides an additional review as an added level of reasonable assurance that the amounts reported on the annual state certification are accurate.

- 2. Ensure MOAG updates its policies and procedures to include a more robust review process to help ensure the Program Performance Reports are complete and accurate.**

Resolved. OJP agreed with our recommendation. OJP said in its response that it will coordinate with MOAG to obtain a copy of written policies and procedures, developed, and implemented to include a more robust review process to ensure that the Program Performance Reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

MOAG concurred with our recommendation and said it will create a new policy requiring a second programmatic staff member review and confirm the accuracy of data used to complete the Program Performance Reports before submission.

This recommendation can be closed when we receive documentation demonstrating that adequate policies and procedures have been developed and implemented including a requirement that a

second MOAG staff member provides an additional review as an added level of reasonable assurance that the Program Performance Reports are accurate.

3. **Ensure MOAG develops and implements a complete and comprehensive financial manual that documents the financial policies and accompanying operating procedures for grant administration.**

Resolved. OJP agreed with our recommendation. OJP said in its response that it will coordinate with MOAG to obtain a copy of its comprehensive financial manual, developed and implemented, which documents the financial policies and accompanying operating procedures for grant administration.

MOAG concurred with our recommendation. MOAG stated that the existing State and Administrative Accounting Manual provides comprehensive policies and operating procedures regarding compliance with federal grant funding requirements. MOAG further commented that this can be combined with existing Victims' Compensation Programmatic policies and operating procedures into a comprehensive financial manual. MOAG also said that it will draft formal written policies and procedures and compile them into a comprehensive manual for implementation by September 2022.

This recommendation can be closed when we receive a copy of the comprehensive manual demonstrating that the written policies and operating procedures are adequate for grant administration and have been fully implemented.