



Audit of the Office of Justice Programs Victim  
Compensation Grants Awarded to the Office of  
Kansas Attorney General,  
Topeka, Kansas



AUDIT DIVISION

23-082

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**JUNE 2023**

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# EXECUTIVE SUMMARY

## **Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Office of Kansas Attorney General, Topeka, Kansas**

### **Objective**

The objective of the audit was to evaluate the Office of Kansas Attorney General's (Kansas AG) design and implementation of 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 Kansas AG established an adequate program to compensate victims and survivors of criminal violence. Additionally, we did not identify significant concerns regarding Kansas AG's performance reporting and administrative expenses. However, we identified issues related to Kansas AG's accounting policies and procedures, financial reporting, and drawdowns. Additionally, we questioned \$40,772 in unallowable drawdowns.

### **Recommendations**

Our report contains five recommendations for the Office of Justice Programs (OJP) to assist Kansas AG in improving its grant management and administration and to remedy questioned costs. We requested a response to our draft audit report from Kansas AG 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 three Victims of Crime Act (VOCA) victim compensation formula grants awarded by the OJP Office for Victims of Crime (OVC) to Kansas AG in Topeka, Kansas. The OVC awarded these formula grants, totaling \$4,296,000 from fiscal years 2018 to 2020, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Kansas. As of October 2022, Kansas AG had drawn down a cumulative amount of \$3,202,507 for all of the grants we reviewed.

#### **Grant Program Planning and Execution**

We found that Kansas AG's policies and procedures governing the decision-making process for individual compensation claims were adequate. We further determined that the total amounts on Kansas AG's state certification forms were generally accurate and supported. However, we could not verify the accuracy of the amounts reported for VOCA funds spent by award.

#### **Program Requirements and Performance Reporting**

We found that Kansas AG accurately completed its performance reports and complied with the two special conditions tested.

#### **Grant Financial Management**

Kansas AG did not maintain separate accounting records to track VOCA victim compensation expenditures by award; as a result, we could not: (1) verify the accuracy of the expenditures by award section of Kansas AG's annual state certification form, (2) determine if drawdowns for the awards were supported, or (3) determine if the Federal Financial Reports submitted for the awards were accurate. We identified \$40,772 in unallowable drawdowns related to duplicate claims.

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# Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim compensation formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Office of Kansas Attorney General (Kansas AG) in Topeka, Kansas. 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 to 2020, these OVC grants totaled \$4,296,000.

**Table 1**

**Audited Grants**

**Fiscal Years 2018 – 2020**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2018-V1-GX-0034	08/09/2018	10/01/2017	09/30/2021	\$1,905,000
2019-V1-GX-0043	09/13/2019	10/01/2018	09/30/2022	\$1,233,000
2020-V1-GX-0035	09/17/2020	10/01/2019	09/30/2023	\$1,158,000
<b>Total:</b>				<b>\$4,296,000</b>

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

Source: OJP Grants Management System

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.<sup>1</sup> The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. VOCA victim compensation formula grant funds are available each year to states and territories for distribution to eligible recipients.

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

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

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

## **The Grantee**

As the Kansas state administering agency, Kansas AG is responsible for administering the state's VOCA victim compensation program. To accomplish this, Kansas AG provides victims with financial assistance for loss of earnings and out-of-pocket loss for injuries sustained as a direct result of violent crime. Kansas AG staff review submitted claims and make recommendations to the Kansas Crime Victims Compensation Board (Board) based on interviews with claimants and witnesses and review of law enforcement reports and other claim documentation. The Board meets monthly to review the recommendations and approve or deny submitted claims. The three Board members are appointed by the Kansas Attorney General, subject to confirmation by the Kansas Senate and serve 4-year terms.

## **OIG Audit Approach**

The objective of the audit was to evaluate how Kansas AG 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), the DOJ Grants Financial Guide, and 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as our primary criteria. We reviewed relevant Kansas state statutes and Kansas AG policies and procedures and interviewed Kansas AG personnel to determine how they administered the VOCA funds. Additionally, we obtained and reviewed Kansas AG Division of Crime Victim Compensation (DCVC) records reflecting grant activity.

The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. Appendix 2 presents the audit's Schedule of Dollar-Related Findings.

# Audit Results

## Grant Program Planning and Execution

The main purpose of the VOCA victim compensation grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we assessed Kansas AG's overall process for making victim compensation payments. We also assessed Kansas AG policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we determined that Kansas AG's implementation of its victim compensation program was appropriate and in compliance with the VOCA Guidelines. We found Kansas AG established an adequate program to compensate victims and survivors of criminal violence. However, we identified an issue with its state certification reports.

## 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 Kansas, Kansas AG was responsible for the state's victim compensation program, including meeting all financial and programmatic requirements. When paying claims for victims, Kansas AG operated under Kansas state statutes and Kansas AG policies and procedures, which conveyed the state-specific policies for the victim compensation program. In assessing Kansas AG's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as what efforts the Kansas AG made to bring awareness to victims eligible for compensation program benefits.

Based on our review, we found that the policies and procedures governing the decision-making process for individual compensation claims and the efforts to bring awareness to the public were generally adequate.

## 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 future grant award amount. The state 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 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.<sup>3</sup> The accuracy of the information provided in the certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state.

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<sup>3</sup> In July 2021, Congress enacted the VOCA Fix to Sustain the Crime Victims Fund Act of 2021, Pub. L. No. 117-27, § 2(a), 135 Stat. 301 (VOCA Fix Act), 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.

We assessed the Kansas AG's controls for preparing the annual certification forms submitted to the OVC for FYs 2020 and 2021, which were used to calculate the award amounts granted in FYs 2022 and 2023, respectively.<sup>4</sup> We reviewed the financial support for the payouts and revenues, as well as the supporting documentation for a sample of receivables, and cancelled and reissued checks for FYs 2020 and 2021 associated with these certification forms. Our testing determined that the total amounts for all awards reported on Kansas AG's Crime Victim Compensation State Certification Form were generally accurate and supported.

However, as we discuss in the Grant Financial Management section later in this report, Kansas AG commingled the expenditures for all VOCA victim compensation awards in its accounting system. Therefore, we could not verify the accuracy of the amounts reported for VOCA funds spent by award. Because the amounts reported for specific federal awards does not affect the overall award amounts based on the annual certification, we do not take issue with the accuracy of the information reported on its annual certification forms for award amount purposes.

## **Program Requirements and Performance Reporting**

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

### **Annual Performance Reports**

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The reports are submitted through OJP's official grant management system.<sup>5</sup> The OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). After the end of the fiscal year, the state administering agency is required to produce the Annual State Performance Report and submit the report to OJP.

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

We assessed whether Kansas AG's annual performance report to the OVC fairly reflected the performance figures of the victim compensation program. We reconciled all of the metrics reported in quarters April

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<sup>4</sup> The OJP's Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs and OVC makes the grant awards.

<sup>5</sup> In October 2020, JustGrants replaced OJP's former Grants Management System as the new grants management and payment management system.

through June 2020 and January through March 2022, and 35 metrics from the FY 2021 annual performance report to supporting documentation. Based on our review of that documentation, we were generally able to reconcile the state's information to the totals the state reported to the OVC.

## **Compliance with Special Conditions**

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, Kansas AG 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. The special conditions we tested required that:

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

We found that Kansas AG complied with the tested special conditions.

## **Grant Financial Management**

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of Kansas AG's financial management of the VOCA victim compensation grants, we reviewed the process Kansas AG used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate Kansas AG's financial management of the VOCA victim compensation grants, we also reviewed the Single Audit Reports for FYs 2018 to 2021 and did not find significant deficiencies or material weaknesses specifically related to Kansas AG. We also interviewed Kansas AG personnel who were responsible for financial aspects of the grants, reviewed Kansas AG written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, we determined that Kansas AG generally implemented adequate controls over claim payments and administrative expenditures associated with managing the victim compensation program. However, we identified internal control weaknesses and non-compliance issues related to Kansas AG's financial management, drawdowns, and financial reporting. We discuss these issues in detail in the Accounting Policies and Practices, Drawdowns, and Financial Reporting sections of this report.

## **Accounting Policies and Practices**

Based on our interviews and review of Kansas AG's written policies and procedures, we found that Kansas AG had adequate segregation of duties for key financial functions and accounting duties, including receipt, authorization, payment, and compensation claims. However, we found that Kansas AG's policies and procedures could be strengthened, and we identified an internal control weakness regarding its accounting system. According to the DOJ Grants Financial Guide, the state agency administering funds under the VOCA victim compensation program must have in place an adequate accounting system to capture and track all

financial transactions related to the victim compensation grant. Additionally, accounting systems should be able to account for award funds separately without commingling funds. However, we found that Kansas AG did not maintain separate accounting records for each of the VOCA victim compensation awards to track award expenditures in its accounting system. Instead, Kansas AG commingled expenditures for all the VOCA victim compensation awards in its accounting system. As a result, we could not: (1) verify the accuracy of the expenditures by award section of Kansas AG's annual state certification form, (2) determine if drawdowns for the awards were supported, or (3) determine if the Federal Financial Reports (FFR) submitted for the awards were accurate. Kansas AG acknowledged that its accounting system does not utilize subcodes to identify expenses for each federal award. As a result, Kansas AG was unable to accurately account for the funds awarded to them or identify to which award the expenditures were charged in its accounting system, which could lead to mismanagement or misuse of grant funds. Therefore, we recommend that OJP coordinate with Kansas AG to ensure it accounts for each award separately in its accounting system to ensure that it adequately tracks expenses by award and that it develops policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.

## **Grant Expenditures**

State administering agency VOCA compensation expenses fall into two overarching categories: (1) compensation claim payments – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying support for select transactions.

### ***Victim Compensation Claim Expenditures***

Victims of crime in the state of Kansas submit claims for reimbursement of expenses incurred as a result of victimization, such as medical and funeral costs or loss of wages. Kansas AG's staff review claims for eligibility and make recommendations to the Board for a decision on claim payment from the VOCA victim compensation grants and state funding.

To evaluate Kansas AG'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, Kansas state statutes, and Kansas AG policies and procedures. We judgmentally selected 98 claims totaling \$581,600. The transactions we reviewed included costs in the following categories: relocation, transportation, medical expenses, loss of wages, and funeral expenses.

Our review did not identify any issues related to these expenditures in accordance with the criteria.

### ***Administrative Expenditures***

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim compensation program. However, such costs must derive from efforts to improve program effectiveness and service to crime victims, including claims processing, staff development and training, and public outreach. For the compensation grant program, we tested Kansas AG's compliance with the 5 percent limit on the administrative category of expenses. We found that Kansas AG utilized grant funds

for one administrative expense, a software license and 1-year service contract, at the end of FY 2021. Since Kansas AG’s accounting system does not track VOCA funds spent by award, we could not determine which specific grant funds were used for this expense. However, we determined that the expense was well below the 5 percent limit of all grant awards reviewed. Kansas AG did not renew that contract and no longer uses federal funds for administrative expenditures. Based on this review, we concluded that Kansas AG complied with the 5 percent limit on administrative expenses.

## Drawdowns

Based on the DOJ Grants Financial Guide, award recipients should develop written procedures for cash management of funds to ensure that federal cash on hand is kept at or near zero. Award recipients should request funds based upon immediate disbursement or reimbursement needs. As previously stated, Kansas AG did not maintain separate accounting records for each of the VOCA awards to track award expenditures in its accounting system. As a result, we could not determine if drawdowns by award were supported. However, we compared the cumulative expenditures for all awards we reviewed to the cumulative drawdowns as of October 2022 and did not find significant discrepancies. Table 2 shows the total amount drawn down for each grant as of October 2022.

**Table 2**

**Amount Drawn Down for Each Grant as of October 2022**

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2018-V1-GX-0034	\$1,905,000	09/30/2021	\$1,905,000	\$0
2019-V1-GX-0043	\$1,233,000	09/30/2022	\$1,233,000	\$0
2020-V1-GX-0035	\$1,158,000	09/30/2023	\$64,507	\$1,093,493
<b>Total:</b>	<b>\$4,296,000</b>		<b>\$3,202,507</b>	<b>\$1,093,493</b>

Source: OJP Grants Management System and DOJ JustGrants System

While significant discrepancies were not identified in our analysis of the cumulative drawdowns for all awards, we found that Kansas AG does not have written drawdown policies and procedures. For the VOCA victim compensation awards, Kansas AG uses information from its claims management system to identify claims approved by the Board for payment. The obligated amounts from its claims management system are used to calculate drawdowns, instead of using actual amounts paid from its accounting system.

We reviewed the claims management system documentation used to support Kansas AG’s drawdowns and found claims included in the support for more than one drawdown. As a result, we identified \$40,772 in duplicate claims that were included in Kansas AG’s drawdowns. Therefore, we are questioning the \$40,772 in drawdowns for duplicate claims as unallowable. We discussed these issues with Kansas AG officials who stated that they agreed that drawdown policies and procedures were needed and that the process should include a review of accounting records prior to requesting a drawdown of funds. As of February 2023, the Kansas AG Division of Crime Victim Compensation (DCVC) Director stated that a reconciliation between the

claims management system and accounting system records was being done prior to requesting a drawdown.

Based on the issues we identified in our review of Kansas AG drawdowns, we recommend that OJP coordinate with Kansas AG to develop policies and procedures to ensure that drawdowns are accurate and supported by the accounting records. In addition, we recommend OJP coordinate with Kansas AG to remedy the \$40,772 in unallowable drawdowns for duplicate claims.

## 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. In addition, the state agency administering funds under the VOCA victim compensation program must have in place an adequate accounting system to capture and track all financial transactions related to the victim compensation grant. As previously discussed, we found that Kansas AG did not maintain separate accounting records for each of the VOCA awards to track award expenditures in its accounting system. As a result, we could not determine if the amount of award expenditures reported on FFRs were accurate.

We found that Kansas AG's does not have written policies and procedures for completing its FFRs. According to the DCVC Director, drawdown reports and a grant expenditure tracking sheet are used to complete FFRs.<sup>6</sup> However, the DOJ Grants Financial Guide states that recipients should report actual funds spent, not the drawdown amounts from the federal government. The DCVC Director subsequently acknowledged the requirement to utilize accounting records and not the drawdown amounts. Further, the DCVC Director stated that Kansas AG is in the process of drafting an instruction manual for completing federal reports with its new software system and will include this requirement in the document. Therefore, we recommend OJP coordinate with Kansas AG to develop policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.

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<sup>6</sup> The grant expenditure tracking sheet is Kansas AG's record of drawdowns made from each of its federal grants and tracks the remaining balances for each grant.

## Conclusion and Recommendations

Based on the results of our audit, we determined that Kansas AG established a victim compensation program to adjudicate victim compensation claims and used its VOCA funding to compensate victims of crime according to VOCA and state-imposed requirements. However, we could not determine whether the expenditures by award section of Kansas AG's state certification forms were accurate, drawdowns for the awards were supported, or if Federal Financial Reports (FFR) submitted for the awards were accurate because Kansas AG did not track expenditures for the awards separately in its accounting system. We also determined that Kansas AG did not have drawdown policies and procedures and identified unallowable excess drawdowns in its drawdown support. Based on these findings, we provide five recommendations to OJP to address these deficiencies.

We recommend that OJP coordinate with Kansas AG to:

1. Ensure it accounts for each award separately in its accounting system to ensure that it adequately tracks expenses by award.
2. Develop policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.
3. Develop policies and procedures to ensure that drawdowns are accurate and supported by the accounting records.
4. Remedy the \$40,772 in unallowable drawdowns for duplicate claims.
5. Develop policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.

# APPENDIX 1: Objective, Scope, and Methodology

## Objective

The objective of the audit was to evaluate how the Office of Kansas Attorney General (Kansas AG) 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-0034, 2019-V1-GX-0043, and 2020-V1-GX-0035 from the Crime Victims Fund (CVF) awarded to Kansas AG. The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded these grants totaling \$4,296,000 to Kansas AG, which serves as the state administering agency for the state of Kansas. Our audit concentrated on, but was not limited to, the period of October 2017, the project start date for Grant Number 2018-V1-GX-0034, through March 2023. As of October 2022, Kansas AG had drawn down a total of \$3,202,507 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of Kansas AG's activities related to the audited grants, which included conducting interviews with state of Kansas financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for grant expenditures, which includes administrative and claim compensation costs, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA compensation program guidelines, the DOJ Grants Financial Guide, state compensation criteria, the award documents, and 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, contain the primary criteria we applied during the audit.

During our audit, we obtained information from the OJP's Grants Management System, DOJ's JustGrants System, and Kansas AG'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 Kansas AG to provide assurance on its internal control structure as a whole. Kansas AG'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 Kansas AG's internal control structure as a whole, we offer this statement solely for the information and use of Kansas AG and OJP.<sup>7</sup>

In planning and performing our audit, we identified internal control components and underlying internal control principles significant to the audit objective. Specifically, we reviewed Kansas AG's written policies and procedures, as well as controls over performance reporting and financial management. We also tested the implementation and operating effectiveness of specific controls over program implementation and compliance with laws and regulations for the awards 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 those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>7</sup> 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	Grant No.	Amount	Page
<b>Questioned Costs:<sup>8</sup></b>			
Unallowable Drawdowns	2018-V1-GX-0034 2019-V1-GX-0043 2020-V1-GX-0035	\$40,772	7
<b>TOTAL DOLLAR-RELATED FINDINGS</b>		<b><u>\$40,772</u></b>	

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<sup>8</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

# APPENDIX 3: The Office of Kansas Attorney General Response to the Draft Audit Report



**KRIS W. KOBACH**  
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May 26, 2023

Dear Ms. Rice,

We have received your office's letter of May 10, 2023 and have included below our responses to the recommendations in the draft audit report. As required, we have also included a signed management representation letter.

The report included five recommendations for the Kansas Crime Victims Compensation Board (KCVCB). Our response to each recommendation is as follows:

**1. Ensure it accounts for each award separately in its accounting system to ensure that it adequately tracks expenses by award.**

We concur with this recommendation and have already begun taking steps to resolve. Beginning with federal payments made in April 2023, a field was added in the claims management system named, "Award." This field includes a dropdown with award year options for currently open grant awards with funds available. All Federal payments will now utilize this field to identify which grant award is being used for the payment. This field is then entered into the accounting system when the payment is requested in the "Agency Use Code" field. For internal reviews and external audits, expenses will now be clearly trackable by award.

**2. Develop policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.**

We concur with this recommendation. The KCVCB has an established process for promulgating policies, provided as Attachment 1. The first step in the process is the drafting of the policy by the Victim Services Division Chief (formerly Director), who has begun drafting this policy to capture the steps taken to ensure expenses are properly charged to each award and tracked within the accounting system. This draft policy will be reviewed by counsel to ensure compliance with statute, regulation,

and the recommendation in the draft report. It will also be reviewed by an Accounting Specialist and the Office of the Attorney General Fiscal Operations prior to submission to the KCVCB for approval. We anticipate completion and approval of this policy by the end of the 2023 calendar year.

**3. Develop policies and procedures to ensure that drawdowns are accurate and supported by the accounting records.**

We concur with this recommendation. The Victim Services Division Chief has begun drafting a policy delineating the steps necessary to ensure every drawdown is accurate and supported by the accounting records. Under the process noted above, we anticipate completion and approval of this policy by the end of the 2023 calendar year.

**4. Remedy the \$40,772 in unallowable drawdowns for duplicate claims.**

We concur that there were drawdowns for duplicate claims. Notably, these unallowable drawdowns were the result of a faulty report generated by KCVCB's former claims management system. Reports from the current claims management system preclude this issue from recurring. Further, no claims were paid twice and no funds were used improperly. Rather, the funds were used for allowable payments when the fund had a positive balance and no drawdown was submitted for those payments. We will work with OJP on proper resolution of this recommendation.

**5. Develop policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.**

We concur with this recommendation. The Victim Services Division Chief has begun drafting this policy to delineate the steps necessary to ensure FFRs are accurate and supported by actual expenses from the accounting system. Under the process noted above, we anticipate completion and approval of this policy by the end of the 2023 calendar year.

Thank you for the opportunity to respond to the recommendations in the report. We appreciate the review of the Kansas Crime Victims Compensation program and confirmation that claims are reviewed appropriately and payments are well supported with documentation. We welcome the feedback and opportunity to improve the program. If you have any questions regarding our responses, please do not hesitate to contact us.

Sincerely,



Kristen A. K. Czugala, Division Chief  
Victim Services Division  
Office of Kansas Attorney General

Encl:

Attachment 1 – Policy No. 1.04 Policy & Procedure Development and Approval

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

June 7, 2023

MEMORANDUM TO: Kimberly L. Rice  
Regional Audit Manager  
Denver 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 Office of Kansas Attorney General, Topeka, Kansas*

This memorandum is in reference to your correspondence, dated May 9, 2023, transmitting the above-referenced draft audit report for the Office of Kansas Attorney General (Kansas AG). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **five** recommendations and \$40,772 in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendation is restated in bold and is followed by our response.

- 1. We recommend that OJP coordinate with Kansas AG to ensure it accounts for each award separately in its accounting system to ensure that it adequately tracks expenses by award.**

OJP agrees with this recommendation. In its response, dated May 26, 2023, Kansas AG stated that it already began taking steps to resolve this recommendation. Kansas AG stated that a field was added in its claims management system, named "Award", to facilitate accounting. This field was enabled for Federal payments beginning in April 2023, and includes a dropdown feature with the award year options for currently open grant awards with funds available. Kansas AG further stated that all Federal payments will now utilize this field to identify which grant award is being used for the payment, and information in this field will then be entered into the accounting system when the payment is requested in the "Agency Use Code" field. Furthermore, Kansas AG stated that, for internal reviews and external audits, expenses will now be clearly trackable by award.

Accordingly, we will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that it adequately tracks expenses for each award separately in its accounting system. We will also request documentation to support the changes that Kansas AG made to its claims management system, to ensure that Federal grant expenses are clearly tracked in its accounting system.

**2. We recommend that OJP coordinate with Kansas AG to develop policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.**

OJP agrees with this recommendation. In its response, dated May 26, 2023, Kansas AG stated that the Kansas Crime Victims Compensation Board (KCVCB) has an established process for promulgating policies, and has already begun drafting a policy to capture the steps taken to ensure expenses are properly charged to each award and tracked within the accounting system. Kansas AG further stated that it anticipates the new policy will be completed and approved by the end of calendar year 2023.

Accordingly, we will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that expenses are properly charged to the awards in its accounting system.

**3. We recommend that OJP coordinate with Kansas AG to develop policies and procedures to ensure that drawdowns are accurate and supported by the accounting records.**

OJP agrees with this recommendation. In its response, dated May 26, 2023, Kansas AG stated that the Victim Services Division Chief had started drafting a policy, delineating the steps necessary to ensure that every drawdown is accurate and supported by the accounting records, which it anticipates will be completed and approved by the end of calendar year 2023.

Accordingly, we will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are accurate and supported by expenditures recorded in its accounting records, and the documentation is maintained for future auditing purposes.

**4. We recommend that OJP coordinate with Kansas AG to remedy the \$40,772 in unallowable drawdowns for duplicate claims.**

OJP agrees with this recommendation. In its response, dated May 26, 2023, Kansas AG stated that the unallowable drawdowns were the result of a faulty report generated by KCVCB's former claims management system. Kansas AG also stated that the reports from the current claims management system preclude this issue from recurring. Further, Kansas AG stated that no claims were paid twice, and no funds were used improperly. Rather, Kansas AG stated that the funds were used for allowable payments when the fund had a positive balance, and no drawdown was submitted for those payments.

Accordingly, we will review the \$40,772 in questioned costs, related to unallowable drawdowns for duplicate claims charged to Grant Numbers 2018-V1-GX-0034, 2019-V1-GX-0043, and 2020-V1-GX-0035, and will work with Kansas AG to remedy, as appropriate.

**5. We recommend that OJP coordinate with Kansas AG to develop policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.**

OJP agrees with this recommendation. In its response, dated May 26, 2023, Kansas AG stated that the Victim Services Division Chief began drafting a policy to delineate the steps necessary to ensure that Federal Financial Reports (FFRs) are accurate and supported by actual expenses from the accounting system, which it anticipates will be completed and approved by the end of calendar year 2023.

Accordingly, we will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that FFRs are accurately prepared, and reconciled to data recorded in its accounting system; and the supporting documentation is maintained for future auditing purposes.

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 or (202) 598-0529.

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

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

OJP Executive Secretariat  
Control Number OCOM000299

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the Office of Kansas Attorney General (Kansas AG). OJP's response is incorporated in Appendix 4 and the Kansas AG's response is incorporated in Appendix 3 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. Kansas AG concurred with all five recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for OJP:**

- 1. Coordinate with Kansas AG to ensure it accounts for each award separately in its accounting system to ensure that it adequately tracks expenses by award.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that it adequately tracks expenses for each award separately in its accounting system. OJP also stated it will request documentation to support the changes that Kansas AG made to its claims management system to ensure that federal grant expenses are clearly tracked in its accounting system.

Kansas AG concurred with our recommendation and stated in its response that beginning with federal payments made in April 2023, a field was added in the claims management system named, "Award" that includes a dropdown with award year options for currently open grant awards with funds available. This field will be used to identify which grant award is being used for all federal payments. When payments are requested, the "Award" field will be entered into the accounting system in the "Agency Use Code" field, so that for internal reviews and external audits, expenses will be clearly tracked by award.

This recommendation can be closed when we receive evidence that Kansas AG has accounted for each award separately in its accounting system to ensure that it adequately tracks expenses by award.

- 2. Coordinate with Kansas AG to develop policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.**

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that expenses are properly charged to the awards in its accounting system.

Kansas AG concurred with our recommendation and stated in its response that the Victim Services Division Chief has begun drafting this policy to ensure expenses are properly charged to each award and tracked in the accounting system. This draft policy will be reviewed by the counsel to ensure

compliance with statute, regulation, and the recommendation. It will also be reviewed by an Accounting Specialist and the Office of the Attorney General Fiscal Operations prior to submission to the Kansas Crime Victims Compensation Board (Board) for approval. Kansas AG anticipates completion and approval of this policy by the end of calendar year 2023.

This recommendation can be closed when we receive evidence that Kansas AG has developed policies and procedures to ensure that expenses are properly charged to the awards in its accounting system.

**3. Coordinate with Kansas AG to develop policies and procedures to ensure that drawdowns are accurate and supported by the accounting records.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that drawdowns of federal grant funds are accurate and supported by expenditures recorded in its accounting records and that documentation is maintained for future auditing purposes.

Kansas AG concurred with our recommendation and stated in its response that the Victim Services Division Chief has begun drafting a policy delineating the steps necessary to ensure every drawdown is accurate and supported by the accounting records. Under the process noted above, Kansas AG anticipates completion and approval of this policy by the end of calendar year 2023.

This recommendation can be closed when we receive evidence that Kansas AG has developed policies and procedures to ensure that drawdowns are accurate and supported by the accounting records.

**4. Coordinate with Kansas AG to remedy the \$40,772 in unallowable drawdowns for duplicate claims.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$40,772 in questioned costs, related to unallowable drawdowns for duplicate claims charged to Grant Numbers 2018-V1-GX-0034, 2019-V1-GX-0043, and 2020-V1-GX-0035, and will work with Kansas AG to remedy as appropriate.

Kansas AG concurred with our recommendation and stated in its response that these unallowable drawdowns were the result of a faulty report generated by the former claims management system. Reports from the current claims management system preclude this issue from recurring. Kansas AG also stated that no claims were paid twice and no funds were used improperly. Rather, the funds were used for allowable payments when the fund had a positive balance, and no drawdown was submitted for those payments. However, as stated in our report, Kansas AG used obligated amounts from its claims management system to calculate drawdowns, instead of using actual amounts paid from its accounting system. The duplicate drawdowns were resulted from claims that were approved for payment on multiple dates and included in more than one drawdown. Kansas AG stated it will work with OJP on proper resolution of this recommendation.

This recommendation can be closed when we receive evidence that OJP has remedied the \$40,772 in unallowable drawdowns for duplicate claims.

**5. Coordinate with Kansas AG to develop policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Kansas AG to obtain a copy of its written policies and procedures, developed and implemented, to ensure that Federal Financial Reports (FFR) are accurately prepared and reconciled to data recorded in its accounting system; and the supporting documentation is maintained for future auditing purposes.

Kansas AG concurred with our recommendation and stated in its response that the Victim Services Division Chief has begun drafting this policy to delineate the steps necessary to ensure FFRs are accurate and supported by actual expenses from the accounting system. Kansas AG anticipates completion and approval of this policy by the end of calendar year 2023.

This recommendation can be closed when we receive evidence that Kansas AG has developed policies and procedures that ensures information reported in FFRs is accurate and supported by actual expenses from its accounting system rather than drawdowns.