



Audit of the Office of Justice Programs Victim
Compensation Grants Awarded to the Arkansas
Department of Public Safety,
Little Rock, Arkansas



AUDIT DIVISION

23-066

MAY 2023



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Arkansas Department of Public Safety, Little Rock, Arkansas

Objective

The objective of the audit was to evaluate how the Arkansas Department of Public Safety (Arkansas DPS) 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 Arkansas DPS compensated victims and survivors of criminal violence but needs to improve certain grant administration controls. This audit did not identify significant concerns regarding Arkansas DPS's financial reporting and drawdowns. However, we identified deficiencies with Arkansas DPS's controls over grant program planning and execution, the completion of state certification forms, and performance reporting.

Recommendations

Our report contains four recommendations to the Office of Justice Programs (OJP) to assist Arkansas DPS in improving its grant management and administration. We requested a response to our draft audit report from the OJP and the Arkansas DPS, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of three Victims of Crime Act victim compensation formula grants awarded by OJP's Office for Victims of Crime (OVC) to Arkansas DPS in Little Rock, Arkansas. The OVC awarded these formula grants, totaling \$2,746,000 from fiscal years (FY) 2019 to 2021, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Arkansas. As of December 2022, Arkansas DPS drew down a cumulative amount of \$2,391,261 for the grants we reviewed.

Grant Program Planning and Execution

We found that Arkansas DPS had a practice of requiring victims to provide a social security or visa number to receive direct compensation payments. We also found errors reported on Arkansas DPS's Crime Victim Compensation State Certification Forms, which may have resulted in an under award of FY 2020 for \$201,000 and over award of FY 2021 for \$646,000 and of FY 2022 for \$37,000.

Program Requirements and Performance Reporting

We determined that Arkansas DPS did not retain documentation to support data in annual and quarterly performance reports submitted to OJP. As a result, the performance reports provided to OJP may not have reflected Arkansas DPS's actual performance.

Grant Financial Management

We determined that Arkansas DPS's payments of victim compensation claims were accurate, allowable, and adequately supported.

Table of Contents

| | |
|--|-----------|
| Introduction | 1 |
| The Grantee | 2 |
| OIG Audit Approach | 2 |
| Audit Results | 3 |
| Grant Program Planning and Execution..... | 3 |
| Program Implementation..... | 3 |
| Annual State Certification..... | 4 |
| Program Requirements and Performance Reporting | 6 |
| Annual Performance Reports | 6 |
| Grant Financial Management | 7 |
| Grant Expenditures | 8 |
| Victim Compensation Claim Expenditures..... | 8 |
| Drawdowns..... | 8 |
| Financial Reporting..... | 9 |
| Conclusion and Recommendations | 10 |
| APPENDIX 1: Objectives, Scope, and Methodology | 11 |
| Objectives | 11 |
| Scope and Methodology..... | 11 |
| Internal Controls..... | 11 |
| APPENDIX 2: The Office of Justice Programs Response to the Draft Audit Report | 13 |
| APPENDIX 3: The Arkansas Department of Public Safety Response to the Draft Audit Report | 17 |
| APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report | 19 |

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 Arkansas Department of Public Safety (Arkansas DPS) in Little Rock, Arkansas. 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) 2019 to 2021, these OVC grants totaled \$2,746,000.

Table 1

Audited Grants

Fiscal Years 2019 – 2021

| Award Number | Award Date | Award Period Start Date | Award Period End Date | Award Amount |
|-------------------------|------------|-------------------------|-----------------------|---------------------|
| 2019-V1-GX-0093 | 9/30/2019 | 10/1/2018 | 9/30/2022 | \$771,000 |
| 2020-V1-GX-0001 | 9/17/2020 | 10/1/2019 | 9/30/2023 | \$843,000 |
| 15POVC-21-GG-00414-COMP | 9/16/2021 | 10/1/2020 | 9/30/2024 | \$1,132,000 |
| Total: | | | | \$ 2,746,000 |

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

Source: Grants Management System and JustGrants

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

Within Arkansas DPS, the Crime Victims Reparations Board (CVRB) provides financial compensation to victims who have suffered personal injury or death as the result of violent crime. CVRB's mission is to serve the needs of eligible victims of crime—and their dependents—who have suffered personal injury or death as the result of a violent crime, in part, by providing financial assistance to victims who qualify under program guidelines.

OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA compensation program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guides as our primary criteria. We also reviewed Arkansas DPS's victim compensation program policies and procedures and interviewed Arkansas DPS personnel to determine how they administered the VOCA funds. Additionally, we obtained and reviewed victim compensation 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 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 and encourage victim cooperation and participation in the criminal justice system. As part of our audit, we assessed Arkansas DPS's overall process for making victim compensation payments. We also assessed Arkansas DPS's policies and procedures for providing compensation payments to victims, as well as the accuracy of the state certification forms.

Overall, we found that Arkansas DPS established a program to compensate victims and survivors of criminal violence and made efforts to bring awareness to the program. However, we found that Arkansas DPS had a practice that required victims to provide a social security or visa number to receive direct victim compensation payments. We also identified issues with the accuracy of Arkansas DPS's state certification forms and performance 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 Arkansas, Arkansas DPS was responsible for the victim compensation program, including meeting all financial and programmatic requirements. Arkansas DPS uses the Arkansas Crime Victims Board Rules to adjudicate claims. In assessing Arkansas DPS's implementation of its victim compensation program, we analyzed policies and procedures governing the decision-making process for individual compensation claims, as well as efforts Arkansas DPS made to bring awareness to victims eligible for compensation program benefits.

We reviewed Arkansas DPS's policies and procedures for reviewing applications and payment requests and paying compensation claims. We determined that nothing within their policies and procedures appeared to substantively violate federal VOCA requirements. We also found that Arkansas DPS conducted outreach to various organizations that provide services to crime victims to spread awareness of its program. Arkansas DPS also maintained a website that contained information on victim compensation eligibility and benefits, instructions for applying for compensation, and other information.

We also reviewed a transaction involving a victim who requested compensation for surgery, dental, and other expenses. Arkansas DPS received the victim's application in May 2021, and \$3,941 in compensation was approved in February 2022. In March 2022, Arkansas DPS informed the victim that a payment could not be processed to them because the victim was not able to provide a social security or visa number. Later that month, Arkansas DPS made arrangements to pay all but \$92 of the approved claim to the victim's medical service providers directly. The \$92 that remained represented an out-of-pocket expense paid by the victim.

Neither Arkansas DPS's nor OJP's written policies directly address victim compensation payment requirements related to the need for social security numbers or visa numbers. In all other claims

that we reviewed during this audit, claimants were compensated directly unlike the instance we have described herein. In August 2022, CVRB's Director at the time told us that before CVRB joined Arkansas DPS in 2019, victims were not required to provide a social security number or visa number to have their claims processed.³ Without clear written policies, other payments to claimants could be unnecessarily delayed and inconsistently processed. To ensure that Arkansas DPS is applying VOCA requirements appropriately, we recommend that OJP review Arkansas DPS's practice for requiring a social security or visa number for victim compensation payments and ensure that any such practice is appropriately addressed in Arkansas DPS's written policies.

Annual State Certification

State administering agencies must submit an annual Crime Victim Compensation State Certification Form, which provides the OVC the necessary information to determine the grant award amount. The certification form must include all sources of revenue to the crime victim compensation program during the federal fiscal year, as well as the total of all compensation claims paid out to, or on behalf of, victims from all funding sources. The OVC allocates VOCA victim compensation 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 the recipient's controls for preparing the annual certification forms submitted to the OVC for FYs 2019 and 2020, which were used to calculate the award amounts granted in FYs 2021 and 2022.⁵ We reviewed the annual certification forms, as well as underlying accounting records to determine whether the reported information was supported. Due to issues found in our preliminary testing, we expanded our testing to the FY 2018 form, which was used to calculate the award amount granted in FY 2020.

We attempted to reconcile the certification forms by comparing Arkansas DPS's reported information to the general ledgers for the federal and state funded victim compensation activity to determine if the reported information was accurate. We determined that Arkansas DPS had no written policies and procedures to ensure the accurate calculation of its annual certification forms. As shown in Table 2, we found errors in Arkansas DPS's calculation of payout amounts made with VOCA and state funds. The awards that Arkansas DPS received in FYs 2020 through 2022 were calculated using the incorrect figures, and, as a result, Arkansas DPS received a lower award in FY 2020 and higher awards in FYs 2021 and 2022 than what would have been calculated using the

³ In 2019, CVRB became part of the Arkansas DPS as a result of Arkansas's Transformation and Efficiencies Act of 2019 (Act 910). Prior to 2019, CVRB was organized within the Arkansas Attorney General's Office.

⁴ 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 first applied to FY 2019 certification forms and FY 2021 grant awards.

⁵ 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.

correct figures. Based on our review of Arkansas DPS's accounting records, Arkansas DPS's reporting of state and federal payouts were incorrect.

Table 2

Analysis of Arkansas DPS's Certification Forms and the OIG Recalculation of Formula Awards

| State Certification Eligible Amounts | | | |
|---|------------------------|----------------|-----------------------|
| | FY 2018 | FY 2019 | FY 2020 |
| Arkansas DPS Certification Form (reported amount of payments eligible for program matching ^a) | \$1,443,919 | \$1,509,617 | \$1,361,418 |
| OIG Calculation of Certification Form (per Arkansas DPS's accounting records ^b) | \$1,739,211 | \$648,622 | \$1,311,762 |
| Difference | (\$295,292) | \$860,995 | \$49,656 ^c |
| VOCA Victim Compensation Formula Grant Award Amounts | | | |
| | FY 2020 | FY 2021 | FY 2022 |
| Actual Award Amount | \$843,000 ^d | \$1,132,000 | \$1,021,000 |
| Award Amount Based on OIG Calculation ^e | \$1,044,000 | \$486,000 | \$984,000 |
| Difference | (\$201,000) | \$646,000 | \$37,000 |

^a After finding discrepancies in our initial testing of the FY 2019 and 2020 state certification forms, we expanded our scope to include the FY 2018 state certification form.

^b The calculation of the certification form is based on supported payments, expenditures, recoveries, refunds, and in some cases reported restitution.

^c The difference in the total amount is due to rounding.

^d Arkansas DPS's FY 2018 award amount was 58 percent of payments eligible for matching.

^e This calculation was determined by applying OJP's formula to the "OIG Calculation of Certification Form" above.

Source: OIG analysis of Arkansas DPS's certification forms

An Arkansas DPS official told us annual certification forms are prepared using information from the state's accounting system. The procedures for completing the form are not documented, and we were unable to reconcile the victim payout amounts for the FYs 2018, 2019, and 2020 forms.

We discussed the discrepancies with officials from Arkansas DPS and the Arkansas Attorney General's Office, which was responsible for administering the state's victim compensation program prior to 2019. Discrepancies pertaining to the FY 2018 form occurred because the wrong data was used to complete the form. For the FY 2019 form, an Arkansas DPS official could not explain the error because an email used to prepare the form was inaccessible. For the FY 2020 form, an Arkansas DPS official told us the discrepancy was the result of incorrect reporting. As a result of the errors, Arkansas DPS was under-awarded \$201,000 for FY 2020 and over-awarded \$646,000 for FY 2021 and \$37,000 for FY 2022.

Written policies and procedures pertaining to the preparation of certification forms and the retention of all supporting documentation would ensure that each form was accurately and

uniformly completed. Therefore, we recommend that OJP ensure Arkansas DPS develops and implements written policies and procedures for completing its annual state certification forms that include controls for retaining supporting documentation. We also recommend that OJP work with Arkansas DPS to determine if its FYs 2019 through 2021 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.

Program Requirements and Performance Reporting

To determine whether Arkansas DPS distributed VOCA victim compensation program funds to compensate victims of crime, we reviewed Arkansas DPS's performance measures and documentation used to track goals and objectives. We further examined the OVC solicitations and award documents.

Based on our overall assessment in the areas of program requirements and performance reporting, we believe Arkansas DPS did not implement adequate procedures to compile annual performance reports.

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.⁶ 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 victim compensation grants, states must report the number of victims for whom an application was made; the number of victims whose victimization is the basis for the application; the number of applications that were received, approved, denied, and closed; and total compensation paid by service type. Arkansas DPS prepares quarterly and annual performance reports from a state database containing its claims information, which allows claims to be filtered by time period, status, and investigator. We assessed whether the performance reports Arkansas DPS submitted to the OVC fairly reflected the performance figures of the victim compensation program as contained within its claims database. As shown in Table 3, we were unable to reconcile Arkansas DPS's information to the totals reported to the OVC.

⁶ In October 2020, JustGrants replaced OJP's former Grants Management System as the new grants management and payment management system.

Table 3

Sample of Arkansas DPS Victim Compensation Program Annual and Quarterly Performance Reports

FY 2020 - FY 2022

| Reporting Period | Performance Categories | Data Reported | Data Supported as of 9/9/2022 | Difference |
|--------------------------|--------------------------------|---------------|-------------------------------|------------|
| Annual Reports | | | | |
| FY 2020 | Applications approved | 267 | 257 | 10 |
| | SAFE applications ^a | 1,451 | 1,339 | 112 |
| | Ineligible applications | 167 | 92 | 75 |
| FY 2021 | Applications approved | 308 | 208 | 100 |
| | SAFE applications | 1,402 | 1,223 | 179 |
| | Ineligible applications | 152 | 112 | 40 |
| Quarterly Reports | | | | |
| Oct-Dec 2021 | Applications approved | 60 | 60 | 0 |
| | SAFE applications | 378 | 374 | 4 |
| | Ineligible applications | 32 | 25 | 7 |
| Jan-March 2022 | Applications approved | 85 | 69 | 16 |
| | SAFE applications | 278 | 278 | 0 |
| | Ineligible applications | 27 | 22 | 5 |

^a SAFE refers to sexual assault forensic examinations.

Source: OIG analysis of Arkansas DPS's records

The DOJ Grants Financial Guide requires that grant recipients retain all records pertinent to the award. Arkansas DPS did not maintain adequate supporting documentation for performance reports. According to an Arkansas DPS official, its claims database cannot be used to recreate performance data from prior reporting periods because the system makes changes to historical data when a claim's status updates. Without supporting documentation, we are unable to determine if Arkansas DPS's reports accurately represent the performance of its victim compensation program. Therefore, we recommend that OJP ensure Arkansas DPS develops and implements written policies and procedures for accurately reporting victim compensation program performance that include controls for retaining supporting documentation.

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 Arkansas DPS's financial management of VOCA victim compensation grants, we reviewed the process Arkansas DPS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate Arkansas DPS's financial management of the VOCA victim compensation grants, we reviewed state of Arkansas Single Audit Reports for FYs 2018 to 2020. We also interviewed Arkansas DPS personnel responsible for the financial aspects of

the grants, and we reviewed Arkansas DPS's written policies and procedures, award documents, and financial records. We found no deficiencies with Arkansas DPS's process for drawing down grant funds, financial reporting, and payment of victim compensation claims.

Grant Expenditures

State administering agency VOCA compensation grant 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 up to a total of 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 the grantee's compensation claim payments by reviewing accounting records and verifying support for select transactions. Arkansas DPS charged no administrative costs to the grants.

Victim Compensation Claim Expenditures

Arkansas crime victims are eligible for reimbursement for expenses incurred from victimization, such as medical and funeral costs or loss of wages. Arkansas DPS's staff adjudicate these claims for eligibility and make payments from the VOCA victim compensation grants and state funding.

To evaluate Arkansas DPS's financial controls over VOCA victim compensation grant expenditures, we reviewed victim compensation claims to determine whether payment on the claims were accurate, allowable, timely, and in accordance with VOCA Guidelines and the Arkansas Crime Victims Reparations Board Financial Management Guide. We judgmentally selected 75 approved transactions from the three grants totaling \$407,402, for costs associated with sexual assault forensic examinations, funeral services, lost wages, and medical services. We determined the payments were accurate, allowable, and adequately supported. We also selected and tested an additional six claims that were denied and three claims that were denied then appealed to ensure that each claim was properly adjudicated in accordance with Arkansas DPS regulations and VOCA guidelines. We determined the claims were properly adjudicated.

Drawdowns

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

For the VOCA victim compensation awards, Arkansas DPS fiscal staff prepare a monthly drawdown reimbursement request based on claims that were approved by Arkansas DPS. Table 4 shows the total amount drawn down for each grant as of May 2022.

Table 4

Amount Drawn Down for Each Grant as of December 2022

| Award Number | Total Award | Award Period End Date | Amount Drawn Down | Amount Remaining |
|-------------------------|--------------------|-----------------------|--------------------|------------------|
| 2019-V1-GX-0093 | \$771,000 | 9/30/2022 | \$771,000 | \$0 |
| 2020-V1-GX-0001 | \$843,000 | 9/30/2023 | \$843,000 | \$0 |
| 15POVC-21-GG-00414-COMP | \$1,132,000 | 9/30/2024 | \$777,261 | \$354,739 |
| Total: | \$2,746,000 | | \$2,391,261 | \$354,739 |

Source: OIG analysis of the OVC's payment history records

During this audit, we did not identify significant deficiencies related to Arkansas DPS's process for developing drawdown requests.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether Arkansas DPS submitted accurate Federal Financial Reports, we compared Arkansas DPS's four most recent reports to its accounting records for the FYs 2019 and 2020 grants.

We determined that quarterly and cumulative expenditures for the reports reviewed generally matched the accounting records and there were no significant deficiencies identified for the FYs 2019 through 2021 victim compensation grants.

Conclusion and Recommendations

Overall, we concluded that Arkansas DPS compensated victims and survivors of criminal violence but needs to improve controls to administer the program more effectively. We found that Arkansas DPS established a program to compensate victims and survivors of criminal violence and implemented procedures to bring awareness to the program. However, we found Arkansas DPS did not pay an approved claim due to its practice of requiring victims to provide a social security or visa number to receive direct compensation payments. We found that Arkansas DPS did not implement adequate procedures to compile accurate performance reports and state certification forms. We provide four recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Review Arkansas DPS's practice for requiring a social security or visa number for victim compensation payments and ensure that any such practice is appropriately addressed in Arkansas DPS's written policies.
2. Ensure Arkansas DPS develops and implements written policies and procedures for completing its annual state certification forms that include controls for retaining supporting documentation.
3. Work with Arkansas DPS to determine if its FYs 2019 through 2021 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.
4. Ensure Arkansas DPS develops and implements written policies and procedures for accurately reporting victim compensation program performance that include controls for retaining supporting documentation.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate how Arkansas Department of Public Safety (Arkansas DPS) 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 2019-V1-GX-0093, 2020-V1-GX-0001, and 15POVC-21-GG-00414-COMP from the Crime Victims Fund awarded to the Arkansas DPS. The Office of Justice Programs (OJP) Office for Victims of Crime awarded these grants totaling \$2,746,000. Our audit concentrated on, but was not limited to, the period of October 2018 through December 2022. As of December 2022, Arkansas DPS had drawn down a total of \$2,391,261 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of Arkansas DPS's activities related to the audited grants. Our work included conducting interviews with state of Arkansas financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for victim compensation expenditures, annual certification forms, 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, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from DOJ's JustGrants as well as Arkansas DPS'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 Arkansas DPS to provide assurance on its

internal control structure as a whole. Arkansas DPS 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 Arkansas DPS's internal control structure, we offer this statement solely for the information and use of Arkansas DPS and OJP.⁷

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 Arkansas DPS's 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 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.

⁷ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: 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 11, 2023

MEMORANDUM TO: B. Allen Wood
Regional Audit Manager
Atlanta 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 Arkansas Department of Public Safety, Little Rock, Arkansas*

This memorandum is in reference to your correspondence, dated March 20, 2023, transmitting the above-referenced draft audit report for the Arkansas Department of Public Safety (Arkansas DPS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** 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 our response.

- 1. We recommend that OJP review Arkansas DPS's practice for requiring a social security or visa number for victim compensation payments and ensure that any such practice is appropriately addressed in Arkansas DPS's written policies.**

OJP agrees with this recommendation. In its response, dated April 5, 2023, Arkansas DPS stated that it will fully research and develop a written policy to address the issue of claim payments to individuals who are not able to provide a social security or visa number; and expects to finalize within 60 days of publication of the final audit report.

Accordingly, we will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that its practice for requiring a social security or visa number for victim compensation payments is appropriately addressed.

- 2. We recommend that OJP ensure Arkansas DPS develops and implements written policies and procedures for completing its annual state certification forms that include controls for retaining supporting documentation.**

OJP agrees with this recommendation. In its response, dated April 5, 2023, Arkansas DPS stated that the DPS's Chief Fiscal Officer is in the process of drafting an appropriate policy to delineate procedures for completing the state certification forms, to include a document retention policy; and expects to finalize within 60 days of publication of the final audit report.

Accordingly, we will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed and implemented, to ensure its Crime Victim Compensation State Certification Forms are complete and accurate, and that the supporting documentation is maintained for future auditing purposes.

- 3. We recommend that OJP work with Arkansas DPS to determine if its FYs 2019 through 2021 crime victim state certification forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.**

OJP agrees with this recommendation. In its response, dated April 5, 2023, Arkansas DPS stated that it will comply with any supplemental information requests from OJP, with respect to grant activity and payments.

Accordingly, we will coordinate with Arkansas DPS to obtain a copy of its corrected Fiscal Years (FYs) 2019 through 2021 Crime Victim State Certification Forms, to ensure that they accurately reflect all activity and payments; and will take the necessary steps to recover any funds awarded in error, as appropriate.

- 4. We recommend that OJP ensure Arkansas DPS develops and implements written policies and procedures for accurately reporting victim compensation program performance that include controls for retaining supporting documentation.**

OJP agrees with this recommendation. In its response, dated April 5, 2023, Arkansas DPS stated that the Crime Victims Reparations Board Administrator is in the process of drafting an appropriate policy, to delineate the Performance Measurement Tool response process, to include a document retention policy; and expects to finalize the policies within 60 days of publication of the final audit report.

Accordingly, we will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that victim compensation program performance data is accurately reported, and the supporting documentation is maintained for independent verification and reconciliation 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

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

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

Kristina Rose
Director
Office for Victims of Crime

Katherine Darke Schmitt
Principal Deputy Director
Office for Victims of Crime

Kathrina S. Peterson
Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

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

Charlotte Grzebien
Deputy General Counsel

Jennifer Plozai
Director
Office of Communications

Rachel Johnson
Chief Financial Officer

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

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

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

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

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

OJP Executive Secretariat
Control Number OCOM000244

APPENDIX 3: The Arkansas Department of Public Safety Response to the Draft Audit Report



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

CRIME VICTIMS REPARATIONS BOARD

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 682-1020 · Toll Free: (800) 448-3014 · Fax: (501) 682-5313



STEVE EGGENSBERGER
Administrator

April 5, 2023

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

Mr. Wood:

Thanks to you and your staff for the diligent effort in evaluating the Arkansas Crime Victims Reparations Program. Your feedback is very important as we seek to continually improve policies and programs within the department. In the March 20, 2023 letter you requested a response from the Arkansas Department of Public Safety specifying either agreement or disagreement with each of the four audit recommendations along with either completed, planned, or alternative corrective actions.

Audit Recommendation #1: "Review Arkansas DPS's practice for requiring a social security or visa number for victim compensation payments and ensure that any such practice is appropriately addressed in Arkansas DPS's written policies. "

I concur with this recommendation. Arkansas DPS will fully research and develop a written policy to address the issue of claim payments to individuals who are not able to provide a social security or visa number. I expect to be able to close this action item within 60 days of publication of the final audit report.

Audit Recommendation #2: "Ensure Arkansas DPS develops and implements written policies and procedures for completing its annual state certification forms that include controls for retaining supporting documentation."

I concur with this recommendation. The DPS Chief Fiscal Officer is in the process of drafting an appropriate policy to delineate procedures for completing the state certification forms to include a document retention policy. I expect to be able to close this action item within 60 days of publication of the final audit report.

Audit Recommendation #3: “Work with Arkansas DPS to determine if its FY 2019 through 2021 crime victim state certification forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.”

I concur with this recommendation. If OJP seeks additional inquiry or analysis, then DPS will comply with supplemental information requests with respect to grant activity and payments.

Audit Recommendation #4: “Ensure Arkansas DPS develops and implements written policies and procedures for accurately reporting victim compensation program performance that include controls for retaining supporting documentation.”

I concur with this recommendation. The CVRB Administrator is in the process of drafting an appropriate policy to delineate the Performance Measurement Tool response process to include a document retention policy. I expect to be able to close this action item within 60 days of publication of the final audit report.

If you need additional information or clarification on these recommendations, please feel free to contact my office or the appropriate DPS staff members. Again, thank you for the detailed report and the perspicuous communication throughout the audit process.

Col. Mike A. Haggar #225

MIKE HAGAR, Colonel, Arkansas State Police
Cabinet Secretary
Arkansas Department of Public Safety

APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Arkansas Department of Public Safety (Arkansas DPS). OJP's response is incorporated in Appendix 2 and the Arkansas DPS response is incorporated in Appendix 3 of this final report. In response to our draft audit report, the OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The Arkansas DPS concurred with all four recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Review Arkansas DPS's practice for requiring a social security or visa number for victim compensation payments and ensure that any such practice is appropriately addressed in Arkansas DPS's written policies.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed and implemented, to ensure that its practice for requiring a social security or visa number for victim compensation payments is appropriately addressed.

Arkansas DPS concurred with our recommendations and stated in its response that it will fully research and develop a written policy to address the issue of claim payments to individuals who are not able to provide a social security or visa number. Arkansas DPS expects to be able to close this item within 60 days of publication of the final audit report.

This recommendation can be closed when we receive evidence that the Arkansas DPS has developed and implemented a written policy to appropriately address the practice for requiring a social security or visa number for victim compensation payments.

- 2. Ensure Arkansas DPS develops and implements written policies and procedures for completing its annual state certification forms that include controls for retaining supporting documentation.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed and implemented, to ensure its Crime Victim Compensation State Certification Forms are complete and accurate, and that the supporting documentation is maintained for future auditing purposes.

Arkansas DPS concurred with our recommendations and stated in its response that it is in the process of drafting an appropriate policy to delineate procedures for completing the state certification forms to include a document retention policy. Arkansas DPS expects to close this action item within 60 days of publication of the final audit report.

This recommendation can be closed when we receive evidence that the Arkansas DPS has developed and implemented procedures to ensure its Crime Victim Compensation State Certification Forms are complete and accurate, and that the supporting documentation is maintained for future auditing purposes.

3. Work with Arkansas DPS to determine if its FYs 2019 through 2021 Crime Victim State Certification Forms accurately reflected all activity and payments and take necessary steps to recover any awarded funds as appropriate.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Arkansas DPS to obtain a copy of its corrected Fiscal Years (FYs) 2019 through 2021 Crime Victim State Certification Forms, to ensure that they accurately reflect all activity and payments; and will take the necessary steps to recover any funds awarded in error, as appropriate.

Arkansas DPS concurred with our recommendations and stated in its response that if OJP seeks additional inquiry or analysis, it will comply with supplemental information requests with respect to grant activity and payments.

This recommendation can be closed when we receive evidence that the Arkansas DPS has corrected its Crime Victim State Certification Forms for FYs 2019 through 2021 and that any funds awarded in error have been recovered.

4. Ensure Arkansas DPS develops and implements written policies and procedures for accurately reporting victim compensation program performance that include controls for retaining supporting documentation.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Arkansas DPS to obtain a copy of written policies and procedures, developed, and implemented, to ensure that victim compensation program performance data is accurately reported, and the supporting documentation is maintained for independent verification and reconciliation purpose.

Arkansas DPS concurred with our recommendations and stated in its response that it is in the process of drafting an appropriate policy to delineate the Performance Measurement Tool response process to include a document retention policy. Arkansas DPS expects to be able to close this action item within 60 days of publication of the final audit report.

This recommendation can be closed when we receive evidence that the Arkansas DPS developed and implemented policies to ensure that victim compensation program performance data is accurately reported, and the supporting documentation is maintained for independent verification and reconciliation purposes.