



Audit of the Office of Justice Programs
Victim Compensation Grants Awarded to the
Illinois Court of Claims, Springfield, Illinois



AUDIT DIVISION

24-090

AUGUST 2024



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Compensation Grants Awarded to the Illinois Court of Claims, Springfield, Illinois

Objective

The objective of the audit was to evaluate how the Illinois Court of Claims 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. While the Illinois Court of Claims is the official grant recipient, two other state entities play a role in the state's crime victim compensation program. As a result, we use "Illinois" to refer to these entities collectively, except for when there is a need to recognize any of the entities separately.

Summary

We concluded that Illinois implemented a victim compensation program that provided monetary compensation to crime victims throughout the state. However, we found that Illinois should adopt various changes that will bring its program into compliance with federal grant requirements and the Victims of Crime Act (VOCA) Guidelines. We found that Illinois should enhance its policies and procedures relating to conflicts of interest, state certification forms, performance reporting, calculation of loss of earnings, records retention, and drawdowns, as well as assess the use of its administrative allowance. We also found that claims were processed in an untimely manner. Further, we identified \$125,165 in questioned costs relating to unsupported and unallowable victim compensation claims.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three VOCA victim compensation formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Illinois Court of Claims in Springfield, Illinois. The OVC awarded these formula grants, totaling

\$5.71 million from fiscal years (FY) 2020 to 2022, from the Crime Victims Fund to provide financial support through the payment of compensation benefits to crime victims throughout Illinois. As of April 2024, the Illinois Court of Claims drew down a cumulative amount of \$5,667,637 for all the grants we reviewed.

Grant Program Performance

Overall, we determined that Illinois implemented a victim compensation program that provided monetary compensation to victims in the state of Illinois. However, we identified issues with its policies and procedures relating to conflicts of interest, state certification forms, and performance reporting. Additionally, we found that Illinois processed 69 of the 95 claims we reviewed in an untimely manner, and we also identified inaccurate figures in the state certification forms submitted by Illinois.

Grant Financial Management

We determined that Illinois's grant financial management processes could be improved. We found that 12 of the 75 approved claims we reviewed, totaling \$123,965, lacked sufficient support and another claim, totaling \$1,200, was unallowable, resulting in total questioned costs of \$125,165. Further, Illinois should enhance its policies and procedures related to the calculation of loss of earnings, records retention, and drawdowns. We also believe that Illinois should assess the use of its administrative allowance.

Recommendations

Our report contains 11 recommendations to OJP to assist Illinois in improving its grant management and to remedy \$125,165 in questioned costs. We provided our draft report to Illinois and OJP, and their responses can be found in Appendices 3 and 4, respectively. Our analysis of those responses can be found in Appendix 5.

Table of Contents

Introduction	1
The Grantee	2
OIG Audit Approach	3
Audit Results	4
Grant Program Planning and Execution.....	4
Program Implementation.....	4
Annual State Certification.....	5
Performance Reporting.....	7
Grant Financial Management	8
Grant Expenditures	8
Financial Management System.....	9
Administrative Expenditures.....	9
Victim Compensation Claims Expenditures	11
Drawdowns	12
Financial Reporting.....	13
Conclusion and Recommendations	14
APPENDIX 1: Objective, Scope, and Methodology	16
Objective.....	16
Scope and Methodology.....	16
Internal Controls.....	17
APPENDIX 2: Schedule of Dollar-Related Findings	18
APPENDIX 3: The Illinois Court of Claims Response to the Draft Audit Report	19
APPENDIX 4: The Office of Justice Programs Response to the Draft Audit Report	21
APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report	28

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 Illinois Court of Claims in Springfield, Illinois. 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) 2020 through 2022, these OVC grants totaled \$5.71 million.

Table 1

Audited Grants

Fiscal Years 2020 – 2022

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2020-V1-GX-0025	09/17/2020	10/01/2019	09/30/2023	\$3,235,000
15POVC-21-GG-00426-COMP	09/16/2021	10/01/2020	09/30/2024	\$1,615,000
15POVC-22-GG-00577-COMP	08/25/2022	10/01/2021	09/30/2025	\$860,000
Total:				\$5,710,000

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

Source: 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 formula 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.

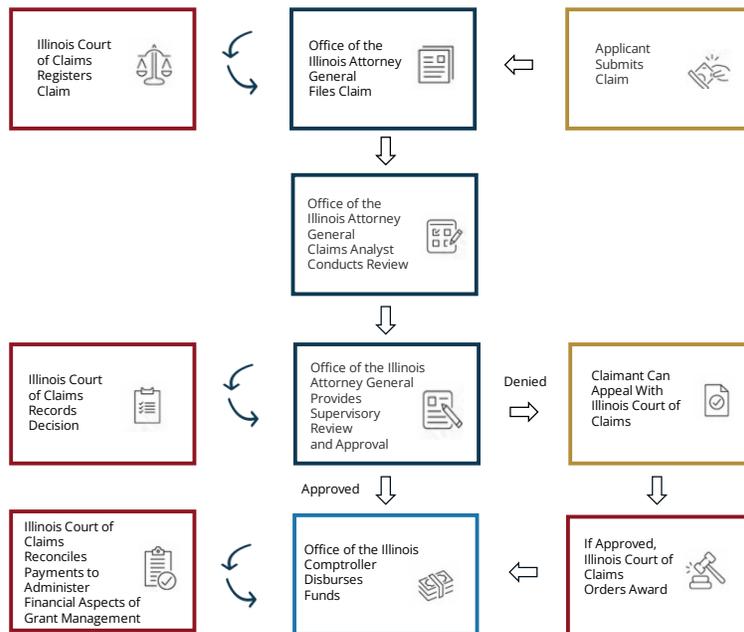
² This program defines criminal violence to include drunk driving and domestic violence.

The Grantee

The Illinois Court of Claims is responsible for administering the VOCA victim compensation program as the state administering agency for Illinois. This program provides financial assistance to eligible victims and victims’ dependents who have incurred expenses resulting from personal injury or death as the result of violent crime. While the Illinois Court of Claims is the recipient of VOCA grant funds, the implementation of the program—pursuant to the Illinois Victim Compensation Act—is through a collective effort of the Illinois Court of Claims, the Office of the Illinois Attorney General, and the Illinois Comptroller’s Office. The Illinois Court of Claims handles the administration of the grants, which includes drawing down federal funds, financial reporting, tracking performance, and processing compensation claims payments. The Office of the Illinois Attorney General manages other aspects of Illinois’s victim compensation program, including the receipt, review, and adjudication of compensation claims. Finally, the Illinois Comptroller’s Office issues payments to victim applicants whose claims have passed these prior stages of review.³ See Figure 1 for a depiction of the roles of these state agencies as they pertain specifically to the claim review and adjudication process.

Figure 1

State of Illinois Victim Compensation Claim Review and Adjudication Process



Source: OIG depiction of the state of Illinois’s victim compensation claim review and adjudication process.

³ Throughout our report, we refer to these entities collectively as “Illinois,” except for instances when it is necessary to recognize the Illinois Court of Claims as the official grant recipient.

OIG Audit Approach

The objective of the audit was to evaluate how the Illinois Court of Claims 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); 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the DOJ Grants Financial Guide as our primary criteria. We also reviewed the Illinois Crime Victims Compensation Act, as well as relevant policies and procedures related to the administration of the program, including the Illinois Crime Victims Compensation Program Policies and Procedures. In addition, we interviewed Illinois personnel to determine how they administered the VOCA funds and how victim compensation claims were adjudicated. Moreover, we obtained and reviewed Illinois's 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 formula grants is to enhance state victim compensation payments to eligible crime victims. As part of our audit, we assessed Illinois's overall process for making victim compensation payments, as well as Illinois's policies and procedures for providing compensation payments to victims. In addition, we evaluated the accuracy of the state certification forms.

Overall, we determined that Illinois implemented a victim compensation program that provided monetary compensation to victims and survivors of criminal violence throughout the state. However, we identified issues relating to the policies and procedures for claims adjudication. Specifically, we found that the policies and procedures lacked detail on identifying and handling potential conflicts of interest and compiling information for the state certification forms. Additionally, we found significant delays in the adjudication of claims, as well as errors in the submitted state certification forms we reviewed.

Program Implementation

State administering agencies receive VOCA victim compensation formula grants to compensate victims directly for expenses incurred from criminal victimization and are responsible for the victim compensation program, including meeting all financial and programmatic requirements. When reviewing and paying claims for victims, Illinois operates under the Illinois Crime Victims Compensation Act, which conveys certain criteria that have been incorporated into state-specific policies for the victim compensation program. We assessed Illinois's implementation of its victim compensation program, including analyzing policies and procedures governing the decision-making process for individual compensation claims.

We found that Illinois's policies and procedures generally provided adequate guidance in the areas of segregation of duties, processing claims, and awarding compensation. In particular, we found that Illinois had established processes for reviewing applications, determining claimant eligibility, reviewing requests for payment of expenses incurred, and paying individual compensation claims. In addition, we found that Illinois had a documented policy for handling appeals and believe this process offers claimants a sufficient opportunity to appeal denied claims. We reviewed a sample of 10 denied claims and 10 appealed claims and found that these claims were adjudicated in accordance with the established policies and procedures.

However, we found that Illinois's policies and procedures did not contain written guidance addressing potential employee conflicts of interest. The DOJ Grants Financial Guide states that decisions related to funds must be free of undisclosed personal or organizational conflicts of interest, both in fact and in appearance. Illinois personnel told us that if they encountered a potential conflict of interest when reviewing a claim, they would notify management and the claim would be reassigned. Although we believe this could be an appropriate action, there was no requirement in Illinois's policy manual for such action—or any action—to occur. The lack of formal guidance that addresses potential employee conflicts of interest leaves Illinois vulnerable to the misuse of funds when processing claims. Therefore, we recommend that OJP ensure that the Illinois Court of Claims develops a conflict of interest policy.

Further, we found that Illinois did not timely adjudicate victim compensation claims. To assess the timeliness with which Illinois adjudicated claims, we reviewed a sample of claims and compared the date each claim was signed by the applicant to the date on Illinois's determination letter. We found that 69 of the 95 claims we reviewed, or 73 percent, took over 1 year for Illinois to make a determination, including 33 claims taking over 2 years.⁴ While we understand that certain circumstances, such as a long duration of medical treatment, may necessitate an extended decision-making timeframe, we believe that significant delays in the adjudication of claims could impact the program's effectiveness in helping ease the financial burden inflicted on victims of violent crime. Illinois staff acknowledged the issue relating to the timeliness of adjudicating claims and explained that they developed policies and procedures relating to the adjudication timeline.

We reviewed the policies and procedures, implemented in May 2022, and determined that, if implemented as designed, they appear to address many of the timeliness challenges related to the adjudication of claims we noted in our testing. For example, Illinois's May 2022 policies and procedures state that a claims analyst is responsible for completing the applicant interview and determining eligibility within 7 days of receipt before providing it to an assigned attorney. Additionally, the May 2022 policies and procedures give direction on how to handle delays outside of Illinois's purview, such as preparing a denial determination letter after 97 days of not receiving the required documentation to make a determination about the claim. Because only 5 of the 95 claims we reviewed were submitted after the implementation of these policies and procedures, we could not fully assess the effectiveness of the updated policies and procedures. However, we determined that these five claims were adjudicated timely. Therefore, we do not make a recommendation in this area.

Annual State Certification

State administering agencies must submit to the OVC an annual Crime Victim Compensation State Certification Form (state certification form), which provides the necessary information to determine the grant award amount. The state certification form includes all compensation claims paid out to, or on behalf of, victims from all funding sources during the federal fiscal year, as well as deductions and recovery costs. VOCA victim compensation formula grant funds are allocated to each state using a formula that takes into consideration the state's eligible compensation claims paid out to, or on behalf of, victims during the fiscal year that occurred 2 years prior to when the award will be made.⁵ The accuracy of the information provided in the state certification form is critical to OJP's correct calculation of the victim compensation award amounts granted to each state. According to the VOCA Guidelines, necessary steps will be taken to recover any excess funds that were awarded in error.

We assessed Illinois's controls for preparing the state certification forms submitted to the OVC for FYs 2020 through 2022, which were used to calculate the award amounts granted in FYs 2022 through 2024,

⁴ We also reviewed a sample of 10 appealed claims for timeliness by comparing the date of the appeal request to the appeal determination date, and we determined that all were processed timely.

⁵ 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 state certification forms and FY 2021 grant awards.

respectively.⁶ As part of the assessment, we reviewed Illinois’s accounting procedures for these state certification forms. Additionally, we reviewed the state certification forms, including the financial support for the payouts and revenues and attempted, unsuccessfully, to reconcile all the figures reported on the three state certification forms we reviewed to the official accounting records provided by Illinois, as described below.

We determined that Illinois did not correctly calculate the amounts reported on its state certification forms for FY 2020, FY 2021, and FY 2022. Specifically, we found errors in the reported total amount of VOCA victim compensation formula grant funds used to pay compensation claims because Illinois calculated this figure in each report based upon the amounts drawn down on the respective federal award—which may have occurred outside the fiscal year reporting period—rather than actual expenditures that occurred during the fiscal year. We also found that Illinois did not correctly report refunds received on the FY 2020 and FY 2022 state certification forms; Illinois acknowledged the misreporting of refunds on these state certification forms. As a result of the misreported data on the FY 2020 and 2021 state certification forms, Illinois was awarded \$23,000 more than it should have received for the FY 2022 grant and \$9,000 more than it should have received for the FY 2023 grant. While we found similar misreported data on the FY 2022 state certification form, we consider those errors to be de minimis, and as a result, they would not have impacted the amount received for the FY 2024 grant.

As part of our efforts to test the accuracy of the state certification forms, we found that Illinois’s official accounting procedures do not specifically address compiling information for certain parts of the state certification form, including the total amount of VOCA victim compensation formula grant funds expended to pay compensation claims and refunds received during the federal fiscal year. During our audit, Illinois provided us with a more detailed, yet informal written procedure for completing the state certification forms, separate from Illinois’s official accounting procedures. This procedure included guidance for compiling information to compute the total amount of VOCA victim compensation formula grant funds expended to pay compensation claims and refunds received during the federal fiscal year. However, we found that the more detailed procedure indicates the use of drawdowns, rather than actual expenditures from the accounting system, to compute the total amount of VOCA victim compensation formula grant funds used to pay compensation claims, which resulted in inaccurate reporting (identified above) and may result in inaccurate reporting on future state certification forms. Illinois must ensure that its procedure includes the correct information that needs to be reported to lessen the risk of submitting an inaccurate state certification form that could result in Illinois being under or over awarded grant funds.

As a result of the deficiencies identified in our review of the state certification forms, we recommend OJP work with the Illinois Court of Claims to ensure its FY 2020, FY 2021, and FY 2022 Crime Victim State Certification Forms accurately reflect all activity and payments and take necessary steps to recover any excess awarded funds as appropriate. In addition, we recommend that OJP ensure that the Illinois Court of Claims incorporates its informal procedure for completing state certification forms into the Illinois Court of Claims’ official accounting procedures and that this procedure instructs the use of actual expenditures,

⁶ The OJP’s Office of the Chief Financial Officer, Budget Execution Division calculates the allocations for VOCA eligible crime victim compensation programs, and the OVC makes the grant awards.

rather than drawdown amounts, when computing the total amount of VOCA victim compensation formula grant funds used to pay compensation claims.

Performance Reporting

The OVC requires each state administering agency to submit quarterly performance data through the web-based Performance Measurement Tool (PMT). Additionally, after the end of a fiscal year, the state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year—referred to as the Annual Performance Data Report. These reports are submitted through OJP's official grant management system.⁷

For the victim compensation formula grants, the state administering agency 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, and denied; and the total compensation paid by service type. Illinois manually compiles statistics for its performance reports from individual claims documentation using individual victim data sheets. According to an Illinois official, starting on October 1, 2022, they began using a spreadsheet to manually compile performance statistics. We reviewed Illinois's written policies and procedures for compiling performance reporting data and found that the new method of using a spreadsheet for tracking statistics has not been documented in Illinois's policies and procedures. The policies and procedures state that a staff member will manually review cases to compile statistics and that a manager will review these statistics before entering them into the performance report. During the audit, we found that the staff member who manually reviewed cases to compile the statistics had departed the organization. As a result, the manager who normally reviewed the statistics before entering them into the performance report was now compiling the statistics, and no one else was reviewing that compilation.

We requested the spreadsheet developed for tracking performance statistics beginning October 1, 2022, to assess whether Illinois's annual performance report for FY 2023 accurately reflected performance figures. We successfully reconciled a judgmental sample of performance metrics from Illinois's spreadsheet to the annual performance report for FY 2023.⁸ Although we were able to successfully reconcile the information recorded on Illinois's spreadsheet to the totals reported to the OVC, we did not verify the information recorded on the spreadsheet to the actual supporting documentation due to the voluminous individual hard-copy one-page data sheets (approximately 5,000 during FY 2023, or one for each application submitted) used to track information from each individual victim compensation claim.⁹

We believe the manual nature of gathering performance information, which is burdensome and time-consuming, coupled with the lack of secondary review, could potentially lead to inaccurate information

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

⁸ Our judgmental sample included the number of victims for whom an application was made, various victim demographic information, the number of applications approved and denied, and the total compensation paid for expense types.

⁹ Illinois only recently implemented the use of an electronic claims tracking system and does not use this system to record or collect performance statistics.

reported to the OVC.¹⁰ Without an adequately documented process, which includes the use of its spreadsheet, Illinois risks losing institutional knowledge, as well as potential inconsistencies in how the figures are reported should another official prepare the report. Therefore, we recommend that OJP ensure that the Illinois Court of Claims updates its policies and procedures to reflect the current method for tracking performance information. We also recommend that OJP ensure that the Illinois Court of Claims follows its existing policy of conducting a secondary review of performance data prior to its entry into the performance report.

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 Illinois's financial management of the VOCA victim compensation formula grants, we reviewed Illinois's process for administering these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports, as well as reviewing Illinois's Single Audit Report for FY 2021, which was the most recently available Single Audit Report.¹¹ We also interviewed Illinois personnel who were responsible for financial aspects of the grants, reviewed Illinois's written policies and procedures, inspected award documents, and reviewed financial records. As discussed below, in our overall assessment of grant financial management, we determined that Illinois should adopt various changes that will bring its program into compliance with federal grant requirements. We found that Illinois submitted accurate Federal Financial Reports and timed drawdown requests to ensure that the federal cash-on-hand was the minimum amount needed for reimbursement. In addition, we did not identify significant deficiencies or material weaknesses specifically related to Illinois's crime victim compensation program within the FY 2021 Single Audit Report. However, we identified questioned costs related to victim compensation claims payments, as well as inadequate policies and procedures related to the determination of claim payment amounts, records retention, and developing drawdown requests.

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. We spoke with Illinois officials about Illinois's financial management system to gain an understanding of how the state accounts for grant funds and to obtain a list of compensation claim payments for our sample selection. We found that Illinois utilizes a manual and disjointed financial management system, as discussed below.

¹⁰ We also found a similar burdensome, time-consuming process with Illinois's tracking of claims expenditures, which is discussed further in the [Financial Management System](#) section of this report.

¹¹ Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.

Financial Management System

According to the Uniform Guidance, a grantee's financial management system is required to account for and trace funds to the appropriate level of expenditures, as well as to identify all federal awards expended by identification number, year, and awarding federal agency. We found that Illinois relies on the use of a spreadsheet to track all victim compensation program expenses (victim compensation claims and administrative); the spreadsheet contains information that is manually entered from the statewide accounting management system. Further, the information maintained in the spreadsheet is consolidated and any specific, individual compensation claims expenditures can only be identified by reviewing a report from the statewide accounting management system.

While Illinois is complying with the Uniform Guidance and we did not identify any instance where Illinois recorded incorrect information in its spreadsheet based on our review of a sample of individual transactions traced through voucher reports and ultimately consolidated on Illinois's spreadsheet, we believe that Illinois's manual entry process increases the risk of inaccurately recording information that could lead to misreporting financial information or drawing down inaccurate amounts from the federal award. Moreover, subsequent to the completion of our claims expenditure testing, Illinois informed us that at least two of the sampled claims we tested were paid with FY 2019 grant funds, even though the audit team requested a list of claims paid with FY 2020, FY 2021, and FY 2022 grant funds. We believe that Illinois's manual financial management system likely contributed to Illinois providing the audit team with claims paid with grant funds outside of what we requested and that a better business practice would involve a more seamless and integrated automated system that would, in turn, reduce the inherent risk associated with manual data entry. As such, we recommend that OJP ensure that the Illinois Court of Claims examines its existing financial management activities and establishes enhanced controls to help mitigate the risk associated with manual data entry. As part of this effort, the Illinois Court of Claims should consider the use of an electronic financial management system with inherent controls.

As mentioned in the [Performance Reporting](#) section, Illinois also relies on a manual, burdensome process for tracking performance information. We spoke with Illinois officials about their systems and several officials acknowledged that their systems are antiquated, yet also commented on budgetary limitations for system upgrades. The administrative expenditure allowance can be applied to grant-related systems used for tracking financial and performance activities, and we believe that Illinois could consider using such funds to enhance its systems. Therefore, we recommend that OJP ensure that the Illinois Court of Claims assesses its grant administration needs and identifies how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure.

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. As of September 2023, Illinois used FY 2020 and FY 2021 grant funds for administering its crime victim compensation program.¹²

¹² Illinois had not yet used FY 2022 funds for administrative expenditures at the onset of our audit.

We tested a sample of these administrative transactions to determine if the transactions were allowable, supported, and properly allocated in compliance with award requirements. We judgmentally selected a sample of 32 administrative expenditures from the FY 2020 and FY 2021 grants, totaling \$28,962—consisting of 18 personnel expenditures totaling \$18,031, and 14 non-personnel expenditures for travel, organizational dues, contracted services, and supplies totaling \$10,931. We determined that the administrative expenditures were allowable, supported, and properly allocated in compliance with award requirements.

However, we identified certain concerns related to Illinois’s approach of using federal grant funds for personnel expenditures, which accounted for 88 percent of all administrative costs charged to the FY 2020 and FY 2021 grants. The payroll and fringe benefit costs paid for with grant funds pertained to the full annual salary of a part-time commissioner who was used by Illinois to hold hearings for appealed victim compensation claims and subsequently prepare recommendations that would be provided to a judge for a final order concerning the issues on appeal.¹³ Illinois compensated this commissioner using FY 2020 and FY 2021 grant funds (between January 2021 and September 2023) for a total of \$181,806.

Illinois required the commissioner to submit monthly activity logs, as well as a semi-annual certification that indicates that all work performed as a commissioner is VOCA-related. While we found that the commissioner appropriately completed this documentation, we found several pay periods where the activity reports did not reflect any work having been done, yet Illinois paid the commissioner’s bi-weekly salary with grant funds. In addition, we found other instances where the activity reports identified various victim compensation-related tasks that were completed on a given day, but the reports did not identify the amount of time spent on the tasks. These activity reports indicated that the commissioner performed, on average, 14 claims-related tasks each month. We spoke with the commissioner who told us that their time spent on duties, including main tasks such as reviewing files or conducting a hearing, each take, on average, 30 minutes to 1 hour to complete. Using the average number of tasks per month and the commissioner’s estimation of how long a task generally takes, the commissioner spent, on average, 14 hours each month on victim compensation matters. However, as previously stated, Illinois compensated the commissioner the full bi-weekly salary using grant funds, regardless of the volume of activity performed on grant-related tasks.

By compensating the commissioner in this way and given the limited amount of work reported during the scope of our review, we have concerns about the fiscal responsibility in Illinois paying this individual’s salary with the scarce federal resources made available through the administrative allowance of the VOCA grants. As previously discussed in the [Financial Management System](#) section, Illinois could consider using its administrative funds for other priority needs. As part of addressing that recommendation, we encourage Illinois to consider the prudence of utilizing grant funds to compensate the commissioner.

In addition to testing individual administrative expenses, we tested Illinois’s compliance with the 5-percent limit on administrative expenses, as shown in Table 2. We compared the total administrative expenditures

¹³ The Illinois Court of Claims appoints 16 commissioners to conduct trials, review evidence, and make confidential recommendations to the court as to the disposition of cases related to claims, such as financial damages, personal injury against a state agency or state employee, and victim compensation. The commissioners are lawyers who serve as needed and earn an annual salary. One of these commissioners works solely on matters related to the victim compensation program (specifically appealed victim compensation cases), and the VOCA grants were charged approximately \$3,000 every 2 weeks for this commissioner’s salary and fringe benefits.

charged to the grants against the total award amounts and determined Illinois complied with the 5-percent limit.

Table 2

Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2020-V1-GX-0025	\$3,235,000	\$161,750	5.0%
15POVC-21-GG-00426-COMP	\$1,615,000	\$52,348	3.2%

Source: JustGrants and Illinois accounting records

Victim Compensation Claims Expenditures

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

We requested and Illinois provided a list of claims paid with FY 2020, FY 2021, and FY 2022 grant funds. We judgmentally selected 75 approved claims totaling \$1,244,213 to review; the reviewed claims included costs in the following categories: loss of earnings, loss of dependent support, medical, dental, counseling, funeral and burial, relocation, and transportation. We reviewed documents used in determining claimant eligibility, such as police reports, as well as supporting documentation for the amounts Illinois determined a claimant would be awarded. Of the 75 claims we reviewed, we identified issues with 13 claims resulting in \$125,165 in dollar-related findings. Twelve of the 13 claims, totaling \$123,965, lacked sufficient documentation to support the amounts reimbursed, and the remaining claim, totaling \$1,200, involved the reimbursement of an unallowable expense. The following bullets provide details of the 13 claims.

- We were unable to test two claims because Illinois could not locate the files that would include the necessary supporting documentation. Therefore, we questioned \$36,924 as unsupported costs.
- We found that Illinois did not maintain adequate documentation to support \$9,700 for funeral costs on one claim. Therefore, we questioned \$9,700 as unsupported costs.¹⁴
- We found that Illinois did not maintain adequate documentation to support victims' proof of income, such as W-2s or pay stubs, on five claims paid for loss of earnings or loss of dependent support. Therefore, we questioned \$74,383 as unsupported costs.

¹⁴ Subsequent to our compensation claims testing, Illinois informed us that this claim was paid with FY 2019 grant funds, which is not one of the grants we audited. Although the FY 2019 victim compensation formula grant is outside of our audit scope, we believe it is appropriate to identify this claim as questioned costs because: (1) Illinois should have still maintained adequate supporting documentation for this claim and did not, and (2) Illinois had originally listed the claim as having been paid with FY 2020, FY 2021, and FY 2022 grant funds.

- We found errors in Illinois’s computation for loss of earnings on four claims. For example, in some instances, Illinois multiplied daily earnings by an incorrect number of missed days of work, while in other instances, Illinois incorrectly computed the monthly earnings based upon available supporting documentation. Per Illinois’s computations, the four claims totaled \$44,569, while we computed the four claims to total \$41,611. As a result, we questioned the difference of \$2,958 as unsupported costs.¹⁵
- We found one claim that included \$1,200 for fitness equipment, yet that equipment was not relevant to the injury resulting from the crime. Illinois staff agreed that the expense should not have been paid. Therefore, we questioned \$1,200 as unallowable costs.

Based upon the results of our claims testing, we recommend that OJP remedy \$123,965 in unsupported costs associated with victim compensation claims. In addition, we recommend that OJP remedy \$1,200 in unallowable costs relating to fitness equipment. We also found that Illinois’s policies and procedures do not include a records retention policy, which may have contributed to the lack of supporting documentation available to the audit team to review during our claims expenditure testing. The DOJ Grants Financial Guide states that all financial records, supporting documents, statistical records, and all other records pertinent to the award are to be retained for a period of 3 years from the date of the final expenditure report’s submission. Therefore, we recommend that OJP ensure that the Illinois Court of Claims aligns its policies and procedures with the DOJ Grants Financial Guide’s record retention requirements.

In addition, as part of our testing, we reviewed Illinois’s policies and procedures for calculating loss of earnings and loss of dependent support, which state that a victim’s net earnings must be supported by a victim’s proof of income for the 6 months prior to the crime. Illinois then computes the average monthly income, which is then multiplied by the duration in months that are eligible for compensation. Additionally, for loss of earnings only, Illinois staff calculate daily lost earnings, which according to an Illinois official, is computed by dividing the average monthly income by 22, or the average number of workdays per month. However, this daily earnings computation is not included in the policies and procedures. Further, we found that Illinois’s claims analysts determined the loss of earnings amount by using a templated spreadsheet to assist them in their calculations. While helpful, we found that the use of this spreadsheet is not referenced in the Illinois Crime Victims Compensation Program Policies and Procedures, and that for the claims we reviewed, this spreadsheet was not consistently used by the claims analysts. We believe Illinois can help ensure a more consistent approach to computing loss of earnings by updating its policies and procedures to include the daily lost earnings calculation and use of the templated spreadsheet. Therefore, we recommend OJP ensure the Illinois Court of Claims enhances its policies and procedures to include the daily loss of earnings computation methodology and the use of the templated spreadsheet.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs—ensuring that federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days. For the VOCA victim compensation awards, Illinois processes drawdowns through a report generated on a weekly basis that details compensation claims yet to be paid out by Illinois.

¹⁵ Illinois also identified one of these questioned claims as being paid with FY 2019 grant funds. We identified this claim as questioned costs for the same reasons cited in footnote 14.

During this audit, we did not identify any deficiencies related to Illinois’s process for developing drawdown requests. Table 3 shows the total amount drawn down for each grant as of April 2024.

Table 3

Amount Drawn Down for Each Grant as of April 2024

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2020-V1-GX-0025	\$3,235,000	09/30/2023	\$3,235,000	\$0
15POVC-21-GG-00426-COMP	\$1,615,000	09/30/2024	\$1,615,000	\$0
15POVC-22-GG-00577-COMP	\$860,000	09/30/2025	\$817,637	\$42,363
Totals:	\$5,710,000		\$5,667,637	\$42,363

Source: JustGrants

To assess whether Illinois managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures reflected in Illinois’s financial records (the spreadsheet discussed earlier in the [Financial Management System](#) section) and identified a concern related to the timing of grant funds held by the state. The drawdown amounts are provided to the State Comptroller, who will issue payments to claimants upon receipt of the funds from DOJ. Illinois staff stated that it can take 2 to 3 weeks for the State Comptroller to issue a payment to a claimant; therefore, there is a risk that the state may hold onto federal funds beyond the 10-day period. To address this concern, we tested a sample of three compensation claims-related drawdown requests from each audited grant. In total, we tested \$448,737 of paid claims to assess whether Illinois retained federal funds longer than 10 days, and we found that none of the sampled claims resulted in the state retaining federal funds longer than permitted. However, we found that Illinois’s drawdowns policy does not reference the 10-day requirement related to federal cash-on-hand, and we believe Illinois should bring its policy into alignment with DOJ guidance. Therefore, we recommend that OJP ensure that the Illinois Court of Claims updates the Illinois Court of Claims’ drawdown policy to ensure that federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period, as well as cumulative expenditures on each financial report. To determine whether Illinois submitted accurate Federal Financial Reports, we compared the three most recent reports to Illinois’s accounting records for the FY 2020, FY 2021, and FY 2022 grants. We determined that the quarterly and cumulative expenditures for the reports reviewed matched Illinois’s accounting records for these grants.

Conclusion and Recommendations

Overall, we determined that Illinois implemented a victim compensation program that provided monetary compensation to crime victims and survivors throughout the state of Illinois. However, we found that Illinois's policies and procedures did not include adequate guidance on identifying and handling potential conflicts of interest, compiling information for the state certification forms, compiling performance reports, computing loss of earnings and loss of dependent support, and retaining records. We also found errors in Illinois's submitted certification forms for FYs 2020 through 2022 and significant delays in the adjudication of claims; Illinois addressed the delayed claims adjudications through recent policy updates. Further, we identified unsupported and unallowable costs related to compensation claims and believe that Illinois should assess its needs and its use of the administrative expenditure allowance. Finally, we found that Illinois's policy related to drawdowns was not in complete alignment with DOJ guidance. We provide 11 recommendations to OJP to address these deficiencies and remedy a total of \$125,165 in questioned costs. Because the Illinois Court of Claims is the recipient of the grants we audited, our recommendations direct OJP to work with the Illinois Court of Claims.

We recommend that OJP:

1. Ensure that the Illinois Court of Claims develops a conflict of interest policy.
2. Work with the Illinois Court of Claims to ensure its FY 2020, FY 2021, and FY 2022 Crime Victim State Certification Forms accurately reflect all activity and payments and take necessary steps to recover any excess awarded funds as appropriate.
3. Ensure that the Illinois Court of Claims incorporates its informal procedure for completing state certification forms into the Illinois Court of Claims' official accounting procedures and that this procedure instructs the use of actual expenditures, rather than drawdown amounts, when computing the total amount of VOCA victim compensation formula grant funds used to pay compensation claims.
4. Ensure that the Illinois Court of Claims updates its policies and procedures to reflect the current method for tracking performance information and that the Illinois Court of Claims follows its existing policy of conducting a secondary review of performance data prior to its entry into the performance report.
5. Ensure that the Illinois Court of Claims examines its existing financial management activities and establishes enhanced controls to help mitigate the risk associated with manual data entry. As part of this effort, the Illinois Court of Claims should consider the use of an electronic financial management system with inherent controls.
6. Ensure that the Illinois Court of Claims assesses its grant administration needs and identifies how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure and the

prudence of utilizing grant funds to pay the full compensation of a commissioner for periods in which no work is performed.

7. Remedy the \$123,965 in unsupported costs associated with victim compensation claims.
8. Remedy the \$1,200 in unallowable costs relating to the fitness equipment.
9. Ensure that the Illinois Court of Claims aligns its policies and procedures with the DOJ Grants Financial Guide's record retention requirements.
10. Ensure that the Illinois Court of Claims enhances its policies and procedures to include the daily loss of earnings computation methodology and the use of the templated spreadsheet.
11. Ensure that the Illinois Court of Claims updates its drawdown policy to ensure that federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of the audit was to evaluate how the Illinois Court of Claims 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 2020-V1-GX-0025, 15POVC-21-GG-00426-COMP, and 15POVC-22-GG-00577-COMP from the Crime Victims Fund (CVF) awarded to the Illinois Court of Claims.¹⁶ The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$5,710,000 to the Illinois Court of Claims, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 2019 through September 2023. As of April 2024, the Illinois Court of Claims had drawn down a total of \$5,667,637 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the Illinois Court of Claims' activities related to the audited grants, which included conducting interviews with Illinois Court of Claims and the Office of the Illinois Attorney General staff, reviewing policies and procedures, and examining grant documentation and financial records. We performed sample-based audit testing of grant expenditures, including payroll and fringe benefit charges; financial reports; performance reports; approved, denied, and appealed claims; and drawdowns. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the three 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; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 System, as well as from the Illinois Court of Claims' accounting system specific to the management of DOJ funds during the audit period. We did not

¹⁶ As mentioned in the [Victim Compensation Claims Expenditures](#) section of the report, we are questioning two claims that were paid with Illinois's FY 2019 victim compensation formula grant (2019-V1-GX-0059). The audit team was not made aware that some of the claims in our sample were paid with FY 2019 grant funds until the end of the audit (which Illinois originally identified as being paid with FY 2020, FY 2021, and FY 2022 grants).

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 objective. We did not evaluate the internal controls of Illinois to provide assurance on its internal control structure as a whole. Illinois'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 Illinois's internal control structure as a whole, we offer this statement solely for the information and use of Illinois and OJP.

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 whether Illinois management designed control activities to achieve objectives and respond to risks, designed its information system and related control activities to achieve objectives and respond to risks, implemented control activities through policies, and used quality information to achieve its objectives. 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 objective of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs: ¹⁷			
Unallowable Claim	2020-V1-GX-0025	\$1,200	
Unallowable Costs		\$1,200	11
Unsupported Claims	2019-V1-GX-0059	\$10,556	
Unsupported Claims	2020-V1-GX-0025	\$66,514	
Unsupported Claim	2020-V1-GX-0025 & 15POVC-21-GG-00426-COMP ¹⁸	\$420	
Unsupported Claims	15POVC-21-GG-00426-COMP	\$46,475	
Unsupported Costs		\$123,965	11
TOTAL DOLLAR-RELATED FINDINGS		<u>\$125,165</u>	

¹⁷ **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.

¹⁸ Illinois determined that FY 2020 and FY 2021 grants were used to pay the claim associated with this \$420 in questioned costs.

APPENDIX 3: The Illinois Court of Claims Response to the Draft Audit Report¹⁹



STATE OF ILLINOIS

COURT OF CLAIMS

July 16, 2024

Todd A. Anderson
Department of Justice, Office of the Inspector General
Regional Audit Manager
Chicago Regional Audit Office

Dear Mr. Anderson,

Below are the Illinois Court of Claims' written responses to your 11 recommendations referenced in the draft audit report of June 27, 2024. Each response corresponds to the recommendation numbers referenced on pages 14 and 15 of the draft audit report. Response numbers 1, 4, and 9 have attachments, included on separate pages of this letter.

Response no. 1 – The Court of Claims concurs with this recommendation and has drafted a conflict of interest policy. See Attachment 1.

Response no. 2 – The Court of Claims concurs with this recommendation and, during the post-audit process, will work with OJP to ensure accurate reporting and potential recovery of excess awarded funds.

Response no. 3 – The Court of Claims concurs with this recommendation and, during the post-audit process, will work with OJP to develop official accounting procedures for computing grant fund formulas.

Response no. 4 – The Court of Claims concurs with this recommendation and has updated its written procedures for performance reporting. See Attachment 2.

Response no. 5 – The Court of Claims concurs with this recommendation and, during the post-audit process, will examine and potentially update its financial management system.

Response no. 6 – The Court of Claims concurs with this recommendation and, during the post-audit process, will assess the use of its administrative expenditure allowance.

Response no. 7 – The Court of Claims concurs with this recommendation and, during the post-audit process, will remedy the referenced unsupported costs.

Administrative Office • 630 South College Street • 2nd Floor • Springfield, IL 62756
Telephone: (217) 782-0111 • Fax: (217) 785-1856

¹⁹ The Illinois Court of Claims' response to the draft audit report included three attachments, which were not included in this report due to their size and technical nature.

Response no. 8 – The Court of Claims concurs with this recommendation and, during the post-audit process, will remedy the referenced unallowable costs.

Response no. 9 – The Court of Claims concurs with this recommendation and has amended its written policies and procedures regarding record retention. See Attachment 3.

Response no. 10 – The Court of Claims concurs with this recommendation and, during the post-audit process, will enhance its policies and procedures regarding loss of earnings computation.

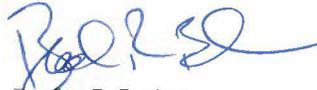
Response no. 11 – The Court of Claims concurs with this recommendation and, during the post-audit process, will update its drawdown policy to reference the immediate use of funds.

It is our understanding that these responses will be included in the final audit report. We look forward to working with the Office of Justice Programs in the audit resolution phase to close each of these matters.

In addition, please find attached to this letter a signed version of the Management Representation Letter that you have requested.

If you have questions or need additional information, please contact me.

Sincerely,



Bradley R. Bucher
Court Administrator

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

July 25, 2024

MEMORANDUM TO: Todd A. Anderson
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley *Jeffery A Haley*
Deputy Director, Audit and Review Division

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Victim Compensation Grants, Awarded to the Illinois Court of Claims, Springfield, Illinois*

This memorandum is in reference to your correspondence, dated June 27, 2024, transmitting the above-referenced draft audit report for the Illinois Court of Claims. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **11** recommendations and **\$125,165** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

- 1. We recommend that OJP ensure that the Illinois Court of Claims develops a conflict of interest policy.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims provided a copy of its draft conflict of interest policy. However, we reviewed the draft policy, and do not believe it adequately addresses this recommendation, as the policy does not require employees to complete and submit an annual conflict of interest disclosure form; or detail the type of mechanism employees will use to disclose whether an actual or potential conflict of interest may exist.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of its formal written conflict of interest policy, developed and implemented, to strengthen its processing of victims' claims.

2. **We recommend that OJP work with the Illinois Court of Claims to ensure its FY 2020, FY 2021, and FY 2022 Crime Victim State Certification Forms accurately reflect all activity and payments and take necessary steps to recover any excess awarded funds, as appropriate.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will work with OJP to ensure accurate reporting and potential recovery of excess awarded funds.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of its corrected Fiscal Year 2020 through 2022 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.

3. **We recommend that OJP ensure that the Illinois Court of Claims incorporates its informal procedure for completing state certification forms into the Illinois Court of Claims official accounting procedures and that this procedure instructs the use of actual expenditures, rather than drawdown amounts, when computing the total amount of VOCA victim compensation formula grant funds used to pay compensation claims.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will work with OJP to develop official accounting procedures for computing grant fund formulas.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure its informal procedure for completing state certification forms is incorporated into the Illinois Court of Claims' official accounting procedures, and include instructions on the use of actual expenditures, rather than drawdown amounts, when computing the total amount of Victims of Crime Act (VOCA) victim compensation formula grant funds used to pay compensation claims.

4. **We recommend that OJP ensure that the Illinois Court of Claims updates its policies and procedures to reflect the current method for tracking performance information and that the Illinois Court of Claims follows its existing policy of conducting a secondary review of performance data prior to its entry into the performance report.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims provided a copy of its updated written procedures for performance reporting. While these procedures appear adequate to address this recommendation, they were not signed by an Illinois Court of Claims official, and evidence was not provided that the procedures were distributed to staff responsible for managing Federal award funds.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance information is tracked using its current method; and that it follows its existing policy of conducting a secondary review of performance data prior to its entry into the performance report.

5. **We recommend that OJP ensure that the Illinois Court of Claims examines its existing financial management activities and establishes enhanced controls to help mitigate the risk associated with manual data entry. As part of this effort, the Illinois Court of Claims should consider the use of an electronic financial management system with inherent controls.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will examine and potentially update its financial management system.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain evidence that the Illinois Court of Claims has: 1) examined their existing financial management activities and established enhanced controls to help mitigate the risk associated with manual data entry; and 2) considered the use of an electronic financial management system with inherent controls.

6. **We recommend that OJP ensure that the Illinois Court of Claims assesses its grant administration needs and identifies how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure and the prudence of utilizing grant funds to pay the full compensation of a commissioner for periods in which no work is performed.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will assess the use of its administrative expenditure allowance.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain evidence that the Illinois Court of Claims has assessed their grant administration needs and identified how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure and the prudence of utilizing grant funds to pay the full compensation of a commissioner for periods in which no work is performed.

7. **We recommend that OJP work with the Illinois Court of Claims to remedy the \$123,965 in unsupported costs associated with victim compensation claims.**

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will work with OJP to remedy the referenced unsupported costs.

Accordingly, we will review the \$123,965 in questioned costs, associated with unsupported victim compensation claims charged to Grant Numbers 2019-V1-GX-0059, 2020-V1-GX-0025, and 15POVC-21-GG-00426-COMP, and will work with the Illinois Court of Claims to remedy, as appropriate.

8. We recommend that OJP work with the Illinois Court of Claims to remedy the \$1,200 in unallowable costs relating to the fitness equipment.

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will remedy the referenced unallowable costs.

Accordingly, we will review the \$1,200 in questioned costs, related to unallowable costs charged to Grant Number 2020-V1-GX-0025 for fitness equipment, and will work with the Illinois Court of Claims to remedy, as appropriate.

9. We recommend that OJP ensure that the Illinois Court of Claims aligns its policies and procedures with the DOJ Grants Financial Guide's record retention requirements.

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims provided a copy of its amended written policies and procedures regarding record retention. However, we determined that the policies and procedures were not adequate to address this recommendation, as they do not outline the types of records, or the retention and disposition schedule for the records.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of its written policies and procedures, developed and implemented, to ensure that record retention requirements align with the Department of Justice Grants Financial Guide.

10. We recommend that OJP ensure that the Illinois Court of Claims enhances its policies and procedures to include the daily loss of earnings computation methodology and the use of the templated spreadsheet.

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will enhance its policies and procedures regarding loss of earnings computation.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure that the daily loss of earnings computation methodology is included, and the templated spreadsheet is used.

11. We recommend that OJP ensure that the Illinois Court of Claims updates its drawdown policy to ensure that Federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days.

OJP agrees with this recommendation. In its response, dated July 16, 2024, the Illinois Court of Claims stated that it will update its drawdown policy to reference the immediate use of funds.

Accordingly, we will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are based on actual expenditures incurred, or are the minimum needed for disbursements to be made immediately or within 10 days of draw down.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, of my staff, on (202) 514-7270.

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

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

Linda J. Taylor
Lead Auditor, Audit Coordination Branch
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

James Simonson
Director of Operations, Budget, and
Performance Management
Office for Victims of Crime

Jeffrey Nelson
Deputy Director of Operations, Budget, and
Performance Management Division
Office for Victims of Crime

cc: Willie Bronson
Director, State Victim Resource Division
Office for Victims of Crime

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

Elizabeth Flowers
Grant Management Specialist
Office for Victims of Crime

Charlotte Grzebien
Deputy General Counsel

Jennifer Plozai
Director
Office of Communications

Rachel Johnson
Chief Financial Officer

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

cc: OJP Executive Secretariat
Control Number OCOM000996

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

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Illinois Court of Claims and the Office of Justice Programs (OJP). The Illinois Court of Claims' response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations; and as a result, the status of the audit report is resolved. In addition, the Illinois Court of Claims concurred with each of our 11 recommendations. The following provides the OIG's analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

1. Ensure that the Illinois Court of Claims develops a conflict of interest policy.

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Illinois Court of Claims provided a copy of its draft conflict of interest policy. OJP further stated that based upon its review, OJP does not believe the draft policy adequately addresses the recommendation because the policy does not require employees to complete and submit an annual conflict of interest disclosure form and it does not detail the type of mechanism employees will use to disclose whether an actual or potential conflict of interest may exist. As a result of OJP's concurrence with the recommendation, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it drafted a conflict of interest policy, which was attached to its response.

We reviewed the Illinois Court of Claims' draft conflict of interest policy and, similar to OJP's assessment, believe the draft policy should be further enhanced to conform to the requirement. This recommendation can be closed when we receive evidence that the Illinois Court of Claims developed and implemented a conflict of interest policy that includes a requirement that employees complete and submit an annual conflict of interest disclosure form, as well as detail the type of mechanism employees will use to disclose whether an actual or potential conflict interest may exist.

2. Work with the Illinois Court of Claims to ensure its Fiscal Year (FY) 2020, FY 2021, and FY 2022 Crime Victim State Certification Forms accurately reflect all activity and payments and take necessary steps to recover any excess awarded funds as appropriate.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Illinois Court of Claims to obtain a copy of its corrected FY 2020 through FY 2022 Crime Victim State Certification Forms to ensure that the forms accurately reflect all activity and payments. OJP also stated that it will work with the Illinois Court of Claims to take the necessary steps to recover any funds awarded in error, as appropriate. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will work with OJP to ensure that the Crime Victim State Certification Forms accurately reflect all activity and payments and the potential recovery of any excess awarded funds.

This recommendation can be closed when we receive evidence that the Illinois Court of Claims' FY 2020, FY 2021, and FY 2022 Crime Victim State Certification Forms accurately reflect all activity and payments and necessary steps were taken to recover any excess awarded funds as appropriate.

- 3. Ensure that the Illinois Court of Claims incorporates its informal procedure for completing state certification forms into the Illinois Court of Claims' official accounting procedures and that this procedure instructs the use of actual expenditures, rather than drawdown amounts, when computing the total amount of Victims of Crime Act (VOCA) victim compensation formula grant funds used to pay compensation claims.**

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure its informal procedure for completing state certification forms is incorporated into the Illinois Court of Claims' official accounting procedures, and include instructions on the use of actual expenditures, rather than drawdown amounts, when computing the total amount of VOCA victim compensation formula grant funds used to pay compensation claims. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will work with OJP to develop official accounting procedures for computing grant fund formulas.

This recommendation can be closed when we receive evidence that that the Illinois Court of Claims incorporated its informal procedure for completing state certification forms into the Illinois Court of Claims' official accounting procedures and that this procedure instructs the use of actual expenditures, rather than drawdown amounts, when computing the total amount of VOCA victim compensation formula grant funds used to pay compensation claims.

- 4. Ensure that the Illinois Court of Claims updates its policies and procedures to reflect the current method for tracking performance information and that the Illinois Court of Claims follows its existing policy of conducting a secondary review of performance data prior to its entry into the performance report.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Illinois Court of Claims provided a copy of updated written procedures for performance reporting. OJP further stated that while these procedures appear adequate to address the recommendation, the procedures were not signed by an Illinois Court of Claims official. In addition, OJP stated that the Illinois Court of Claims did not provide evidence that the procedures were distributed to staff responsible for managing federal award funds. As a result of OJP's concurrence with the recommendation, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it updated its written procedures for performance reporting, which was attached to its response.

We reviewed the updated written procedures for performance reporting and came to the same conclusion as OJP's assessment of the updated procedures. In addition, we noted that the updated procedures included a requirement for a secondary review of the statistical data, which, once the procedures are signed by an appropriate official and disseminated to relevant staff, will address the second part of the recommendation. This recommendation can be closed when we receive evidence that the updated procedures were approved by an appropriate Illinois Court of Claims official and that the procedures were distributed to staff responsible for managing federal award funds.

5. Ensure that the Illinois Court of Claims examines its existing financial management activities and establishes enhanced controls to help mitigate the risk associated with manual data entry. As part of this effort, the Illinois Court of Claims should consider the use of an electronic financial management system with inherent controls.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Illinois Court of Claims to obtain evidence that the Illinois Court of Claims: (1) examined its existing financial management activities and established enhanced controls to help mitigate the risk associated with manual data entry, and (2) considered the use of an electronic financial management system with inherent controls. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will examine and potentially update its financial management system.

This recommendation can be closed when we receive evidence that the Illinois Court of Claims examined its existing financial management activities and established enhanced controls to help mitigate the risk associated with manual data entry. As part of this effort, the Illinois Court of Claims should provide evidence that it considered the use of an electronic financial management system with inherent controls.

6. Ensure that the Illinois Court of Claims assesses its grant administration needs and identifies how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure and the prudence of utilizing grant funds to pay the full compensation of a commissioner for periods in which no work is performed.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Illinois Court of Claims to obtain evidence that the Illinois Court of Claims assessed its grant administration needs and identified how best to use the administrative expenditure allowance in carrying out its grant administration activities. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will assess the use of its administrative expenditure allowance.

This recommendation can be closed when we receive evidence that the Illinois Court of Claims assessed its grant administration needs and identified how best to use the administrative expenditure allowance in carrying out its grant administration activities, including considering its need for improvements to its program infrastructure and the prudence of utilizing grant funds to pay the full compensation of a commissioner for periods in which no work is performed.

7. Remedy the \$123,965 in unsupported costs associated with victim compensation claims.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$123,965 in questioned costs associated with unsupported victim compensation claims, as well as work with the Illinois Court of Claims to remedy the costs, as appropriate. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will remedy the unsupported costs.

This recommendation can be closed when we receive evidence that the \$123,965 in unsupported costs associated with victim compensation claims has been appropriately remedied.

8. Remedy the \$1,200 in unallowable costs relating to the fitness equipment.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$1,200 in questioned costs related to unallowable fitness equipment costs, as well as work with the Illinois Court of Claims to remedy the costs, as appropriate. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will remedy the unallowable costs.

This recommendation can be closed when we receive evidence that the \$1,200 in unallowable costs relating to fitness equipment has been appropriately remedied.

9. Ensure that the Illinois Court of Claims aligns its policies and procedures with the DOJ Grants Financial Guide's record retention requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Illinois Court of Claims provided a copy of its amended written policies and procedures regarding record retention. OJP further stated that based upon its review, OJP does not believe the amended policies and procedures adequately address the recommendation because the policies and procedures do not outline the types of records or the retention and disposition schedule for the records. As a result of OJP's concurrence with the recommendation, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it amended its written policies and procedures regarding record retention, which were attached to its response.

We reviewed the amended written policies and procedures for record retention policy and, similar to OJP's assessment, believe the draft policy can be further enhanced. This recommendation can be closed when we receive evidence that the Illinois Court of Claims aligned its policies and procedures with the DOJ Grants Financial Guide's record retention requirements.

10. Ensure that the Illinois Court of Claims enhances its policies and procedures to include the daily loss of earnings computation methodology and the use of the templated spreadsheet.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure that the daily loss of earnings computation methodology is included and that the templated spreadsheet is used. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will enhance its policies and procedures regarding the loss of earnings computation.

This recommendation can be closed when we receive evidence that the Illinois Court of Claims enhanced its policies and procedures to include the daily loss of earnings computation methodology and the use of the templated spreadsheet.

11. Ensure that the Illinois Court of Claims updates its drawdown policy to ensure that federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Illinois Court of Claims to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of federal grant funds are based on actual expenditures incurred, or are the minimum needed for disbursements to be made immediately or within 10 days of drawdown. As a result, this recommendation is resolved.

The Illinois Court of Claims concurred with our recommendation and stated in its response that it will update its drawdown policy to reference the immediate use of funds.

This recommendation can be closed when we receive evidence that the Illinois Court of Claims updated its drawdown policy to ensure that federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days.