

Memorandum for the Attorney General
From Michael Horowitz, Inspector General
Top Management and Performance Challenges Facing the Department of Justice
October 16, 2017

Grants

The Department, with a total active grant portfolio of \$12 billion through 11,000 awards, faces challenges in both grant management and oversight. OIG audits have consistently identified instances in which the Department was unable to ensure adequate performance by grantees and sub-grantees. Specifically, our audits have identified the following findings and deficiencies: the failure to demonstrate progress toward achieving the awards' stated goals and objectives; non-compliance with essential award conditions related to performance reports, use of funds, drawdowns, and contract management; and weaknesses and deficiencies in the areas of internal control environment, expenditures, matching, budget management, monitoring of contractors, reporting, and program performance and accomplishments.

In prior years' Top Management and Performance Challenges reports, we highlighted the increased responsibility the Department faces in its management of the Crime Victims Fund (CVF), due to significant funding increases provided to recipients. CVF awards, which primarily fund formula grants to states and territories to support compensation and services for victims of crime, continue to present significant management challenges as the program funding increases.

The \$2.36 billion available in FY 2015 for CVF distributions more than tripled the FY 2014 funding, and sustained levels above that figure for FYs 2016 and 2017 increase this challenge. We

have a continuing concern that the Department, state administering agencies, and recipients do not yet have the proper controls in place to oversee the large influx of funding. For example, in a September 2017 OIG [audit](#), we identified areas of risk for which the Office for Victims of Crimes' (OVC) management of CVF grant programs should be strengthened. Specifically, we found improvements were necessary regarding the frequency and adequacy of OVC monitoring efforts. Additionally, our audit found risks associated with the OJP staff's understanding and performance of grant recipient monitoring procedures. We also identified risks associated with OJP's performance measures for CVF-funded activities.

We will continue our oversight of programs funded by the CVF and to recommend improvements for the Department and grantees to best ensure that the use of CVF funds results in effective services for victims of crime.

OIG Reports: Crime Victims Fund

As part of the FY 2015, 2016, and 2017 appropriations, \$10 million in CVF funding was provided each year to the OIG for increased oversight and auditing activities associated with the anticipated increases in both funds available, and in the number of grant recipients. From January 2016 through September 2017, OIG has issued 18 CVF audits that identified approximately \$2.5 million in questioned costs and numerous concerns about various state governments' management of these funds including conflicts of interest and unallowable costs.