

AUDIT SUMMARY

Our audit of the Department of Criminal Justice Services for the year ended June 30, 1999 found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no material weaknesses in the internal control structure; however, we did identify one matter that we consider a reportable condition; and
- no instances of noncompliance that are required to be reported.

Our audit finding is discussed in the section entitled “Internal Control Finding and Recommendation.”

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May 8, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Department of Criminal Justice Services** for the year ended June 30, 1999. We conducted our audit according to the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objective, Scope and Methodology

Our audit's primary objectives were to evaluate the Department's accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of internal control, and test compliance with applicable laws and regulations. We also determined the status of the audit finding contained in our prior year report.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenue and Cash Receipts
Expenditures

We obtained an understanding of the relevant policies and procedures for these internal accounting controls. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are processed in accordance with management's authorizations, properly recorded, and comply with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Audit Conclusions

We found that the Department properly stated, in all material aspects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System and the Department's records.

We noted a certain matter involving internal control and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial records. The reportable condition is discussed in the section entitled "Internal Control Finding and Recommendation." We believe the reportable condition is not a material weakness.

The results of our tests of compliance disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The Department has not taken adequate corrective action on the audit finding reported in the prior year. Accordingly, we included this finding in the section entitled "Internal Control Finding and Recommendation."

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on May 31, 2000.

AUDITOR OF PUBLIC ACCOUNTS

LRC:jld
jld:58

INTERNAL CONTROL FINDING AND RECOMMENDATION

Improve Information Security Controls

The Department needs to improve controls over information security by improving its risk assessment and contingency plan, and strengthening access controls. As a result of our prior year's audit, the Department conducted a business impact analysis and risk assessment, and developed a contingency plan. We reviewed these and recommend the Department make the following improvements to ensure they comply with Council on Information Management (CIM) Standard 95-1.

- The Department's business impact analysis did not include all critical information systems and did not include an estimation of how long the agency could continue to function without the critical systems. Also, the agency director did not approve the analysis. The business impact analysis identifies all systems that contain sensitive information while the risk assessment provides a measure of the relative vulnerabilities and threats to each sensitive system. Completion of this process helps management evaluate if security safeguards are effective to minimize potential future losses.
- The Department's contingency plan did not include several critical elements. The plan did not include adequate details, did not identify the priority for restoring critical systems if there are limited resources, and did not provide evidence of periodic disaster recovery testing of those critical systems. A contingency plan should provide for the continuation of critical business functions in the event of disruptions.
- The Department should keep a log of tapes stored off site. The Department stores back-up tapes at an off-site location, but does not maintain a log of the tapes stored off site. A log of back-up tapes in a disaster helps staff to locate the tapes to restore the system.
- The Department should implement procedures to require periodic password changes. Currently, the Department does not require users of all sensitive systems to change their passwords regularly. The Department has systems that contain sensitive and confidential information restricted by the Code of Virginia. Changing passwords on a regular basis decreases the possibility of potential security violations.
- The Department should require employees to sign an information security agreement. A security agreement would outline the user's responsibility not to misuse the information system for personal reasons or divulge confidential information contained on the system. The agreement should also address policies regarding access controls such as not sharing passwords and changing them on a frequent basis.

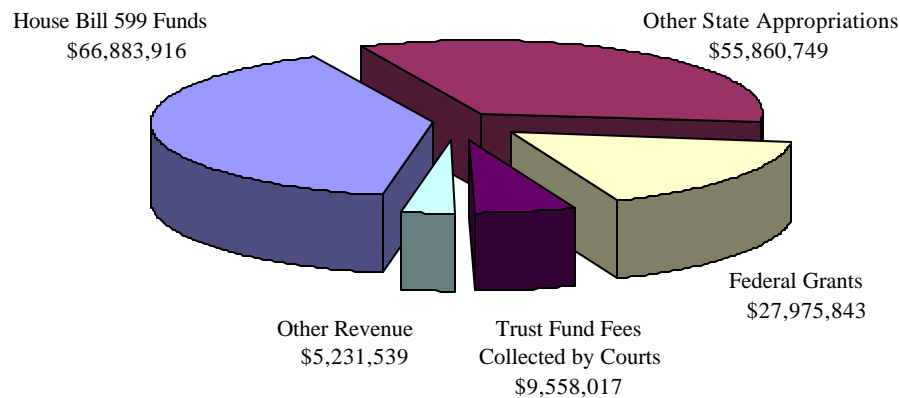
AGENCY BACKGROUND AND FINANCIAL INFORMATION

The Department of Criminal Justice Services provides operational and support services to local governments to promote and enhance public safety. The Department provides educational programs, technical assistance, grant funding, and forensic laboratory services. The Department receives most of its funding from state appropriations and federal grants. The majority of the state appropriations go to localities as part of the House Bill 599 program. This program provides assistance to localities with police departments in an effort to balance state financial aid to local law enforcement agencies. The Department also collects licensing and certification fees for private security firms, and administers several trust funds.

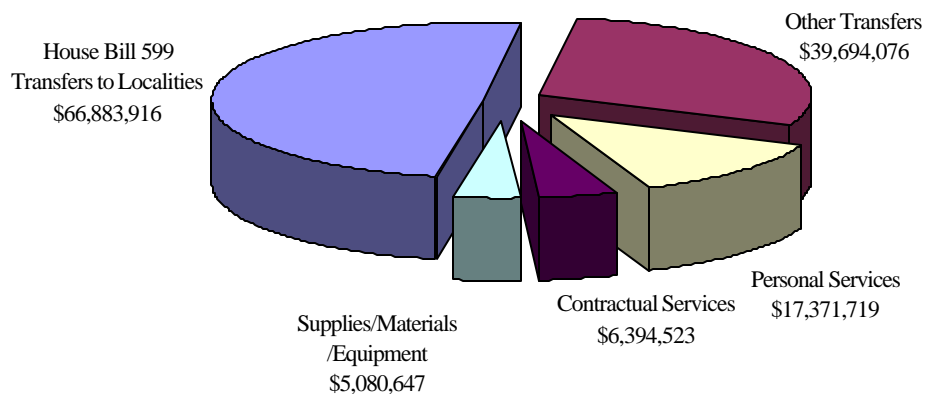
Financial Information

The Department is primarily funded with General Fund appropriations. The following charts provide an overview of the Department's revenues and expenses in fiscal year 1999.

Types of Revenue



Types of Expenditures



The Department's budget for fiscal year 2000 includes an additional \$99 million in House Bill 599 funds to fully fund the House Bill 599 formula for localities with police departments.

Trust Funds

Intensified Drug Enforcement Fund

This fund helps localities start drug enforcement programs. Courts collect a \$2 fee on certain convicted cases and deposit collections into this fund. The Department then allocates this money to localities based on applications received or at the direction of the Governor.

At June 30, 1999, this fund has a cash balance of over \$6.7 million which is expected to decrease over the next two years. The Department's budget over the next two years includes funding for new grants as well as continued funding for the "weed and seed" programs and drug court programs in two circuit courts. The budget also includes \$1.9 million in local grants to start local Virginia Exile Programs, which target gun crimes. The following table shows actual and budgeted financial activity through fiscal year 2001.

	1997 <u>(actual)</u>	1998 <u>(actual)</u>	1999 <u>(actual)</u>	2000 <u>(estimated)</u>	2001 <u>(estimated)</u>
Beginning cash balance	\$3,644,689	\$4,265,679	\$5,047,334	\$6,703,119	\$5,317,741
Fees collected by courts	2,783,338	2,966,550	3,500,648	3,500,000	3,500,000
Expenses	<u>(2,162,348)</u>	<u>(2,184,895)</u>	<u>(1,844,864)</u>	<u>(4,885,378)</u>	<u>(5,000,000)</u>
Ending cash balance	<u>\$4,265,679</u>	<u>\$5,047,334</u>	<u>\$6,703,119</u>	<u>\$5,317,741</u>	<u>\$3,817,741</u>

Crime Victims Trust Fund

Courts collect a \$3 fee on certain cases for deposit into this fund. The Department allocates these funds, along with federal funds, to localities for victim assistance services. Types of services provided include protection, financial assistance, and court assistance. Over the past three years, this fund has built up a cash balance of over \$8 million. This is due, in part, to \$5 million in additional federal funding that was available in fiscal 1998. The Department plans to use these balances in the future to provide localities even funding as federal funding fluctuates from year to year. The following table shows actual and budgeted financial activity through fiscal year 2001.

	1997 <u>(actual)</u>	1998 <u>(actual)</u>	1999 <u>(actual)</u>	2000 <u>(estimated)</u>	2001 <u>(estimated)</u>
Beginning cash balance	\$2,789,354	\$5,476,275	\$6,994,212	\$8,147,547	\$8,382,699
Fees collected by courts	4,076,525	4,404,830	4,859,608	4,500,000	4,500,000
Expenses	<u>(1,389,604)</u>	<u>(2,886,893)</u>	<u>(3,706,273)</u>	<u>(4,264,848)</u>	<u>(5,000,000)</u>
Ending cash balance	<u>\$5,476,275</u>	<u>\$6,994,212</u>	<u>\$8,147,547</u>	<u>\$8,382,699</u>	<u>\$7,882,699</u>

Criminal Justice Academy Fund

Beginning in 1998, courts began collecting a \$1 fee on certain cases. The Department uses these fees to help pay for Justice Academies due to decreasing federal funds. The Department received \$1.4 million in fees in fiscal 1999 for allocation to Justice Academies in fiscal 2000.

Asset Forfeiture Fund

The Department records assets seized by local and state law enforcement agencies in drug-related investigations. Local agencies convert assets to cash and deposit it into this fund. The Department keeps 10 percent of the fund for administrative costs and returns 90 percent to the locality. The Department recorded approximately \$2.4 million in seized assets in fiscal 1999, and transferred approximately \$2.5 million back to localities.

Integrated Criminal Justice Information System Project

The Department is managing the implementation of the Integrated Criminal Justice Information System (ICJIS) under the direction of the Secretary of Public Safety. This system will allow the sharing of information between the Departments of State Police, Motor Vehicles, Corrections, Juvenile Justice, the Supreme Court, and the Compensation Board. The goal of ICJIS is improving access to criminal history information, probation and parole reports, court disposition information, driving records, and other public safety information. System development and implementation should take six years at an estimated cost of \$20 million. The Department spent \$1.5 million in fiscal years 1999 and 2000 to contract with a consultant to develop a prototype. Although the General Assembly has not budgeted any additional funds for the project, the Department and the consultant are continuing to work on the development of a common data dictionary and resolving data integrity issues.

Division Information

The Department reorganized in fiscal year 1998, including the addition of the Division of Forensic Science, previously a part of the Department of General Services. The Department now has three divisions: Forensic Science, Programs and Services, and Administration. We discuss each division below.

Division of Forensic Science

The Division of Forensic Science (DFS) is a nationally accredited forensic laboratory. DFS provides forensic laboratory services to state and local law enforcement officials, medical examiners, local fire departments, and other state agencies. DFS examiners evaluate and analyze evidence, provide technical assistance and training, and provide expert testimony on crime scene evidence. DFS has a central laboratory in Richmond, and three regional laboratories in Fairfax, Roanoke, and Norfolk. The Norfolk regional lab moved into leased space in a new building in November 1999 that is part of the Norfolk public health complex.

DFS's primary funding is General Fund appropriations. Over the past several years, the Division's appropriations and staffing levels have been steadily increasing as shown.

	<u>FY 1997</u> <u>(actual)</u>	<u>FY 1998</u> <u>(actual)</u>	<u>FY 1999</u> <u>(actual)</u>	<u>FY 2000</u> <u>(budgeted)</u>
State appropriations	\$11,898,180	\$15,774,649	\$17,875,958	\$22,399,763
Staffing level	168	186	208	218

The increase in appropriations and staffing levels in 1998 reflects the relocation of the DFS central laboratory into the Biotech II Building. With the relocation, the Division had to hire additional security and maintenance staff for the new building. In addition, the Division hired several more laboratory staff. The increase in appropriations and staffing levels in 1999 is due to a new contract to outsource some DNA testing, hiring of additional DNA staff, and position regrades. The expected increases in 2000 are for the relocation of the Norfolk regional laboratory, which will increase the laboratory capacity and allow DFS to hire additional staff.

Forensic Cases

One of the Division’s primary responsibilities is examination and analysis of crime scene evidence. Currently, DFS receives evidence in over 55,000 cases each year. The Division’s current staffing levels do not allow them to keep up with the evidence, resulting in a backlog of cases. DFS examiners prioritize cases based on discussions with prosecutors and police. Currently, it takes an average of 50 days to complete a case. The following case statistics show the activity through December 31, 1999.

<u>Forensic Cases</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000 (through 12/31/99)</u>
Beginning backlog	3,715	5,115	6,909	8,567
Cases received	54,992	57,700	58,492	29,840
Cases completed	53,592	55,906	56,834	33,846
Ending backlog	5,115	6,909	8,567	4,561
Ending backlog over 30 days	2,024	3,042	4,292	1,669
Average days in system	33	44	51	50

DFS management has taken steps to reduce the backlog of forensic cases. The Division has requested and received additional positions over the last several years; however, staff turnover and the lack of qualified applicants hinder resolving the backlog. DFS examiners try to improve efficiency by reducing the testing of duplicate pieces of evidence and concentrating on the most conclusive pieces of evidence. The Division also has periods of compensated overtime for its examiners to help reduce case backlogs. The Division’s goal is a 30-day turnaround on forensic cases.

DNA Samples

The Division is required to perform a DNA analysis on blood samples of all convicted felons. These results go into a national database of DNA profiles to help in solving cases in other states. The Division has had difficulty keeping up with the volume of DNA samples. DFS management has taken steps to address these issues. They have increased DNA personnel and updated DNA testing methods to increase their testing capacity. DFS estimates they can analyze approximately 10,000 samples in-house each year. In addition, DFS contracted with an outside vendor to perform DNA analysis on some of the samples. The \$9 million contract was effective July 1, 1998 and covers three years. Under the contract, the vendor will test 50,000-60,000 samples each year. DFS estimates they will eliminate the backlog of untested samples by 2001. In addition, DNA examiners can focus more time on forensics analysis. The following chart shows DNA testing results since 1997. The increase in the number of samples tested through the first six months of 2000 reflects the new contract.

Convicted Felon DNA Samples	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	FY 2000 (through 12/31/99)
Samples received	19,540	26,140	23,920	12,481
Samples completed	2,448	4,665	66,479	41,543

Alcohol Breath Testing Program

The Division also administers the Breath Alcohol Testing program, which the Department of Alcoholic Beverage Control funds. DFS trains and certifies law enforcement officers to operate breath alcohol testing equipment. The Division also certifies breath alcohol equipment throughout the state.

Division of Programs and Services

The Division has eight sections: Crime Prevention and Enforcement, Standards and Training, Correctional Services, Victims Services, Private Security, Research Center, Juvenile Services, and Grants Administration.

Crime Prevention and Enforcement manages the Comprehensive Crime Prevention Plan, school and youth safety, and crime prevention through environmental design. They also coordinate law enforcement agency accreditation, manage law enforcement grants, maintain the model policy manual for law enforcement agencies, and coordinate training in the areas of community policing and drug investigation and management.

Standards and Training manages academy certification and funding, maintains criminal history record information, and monitors criminal justice personnel training. This section also provides job task analysis, jail personnel training, civil process training, and monitors training standards and the relevancy of training courses.

Correctional Services is involved with a broad range of correctional issues inclusive of state and federal prisons, local and regional jails, state probation and parole, local probation and community-based corrections, pretrial services, and diverse correctional programs and services.

Victims Services develops and supports crime assistance programs throughout the state. Using state and federal funds, the section currently has two discrete grant programs – the Victims/Witness (V/W) program and the V-STOP program. The V/W program supports programs in 96 localities and 3 statewide programs. The V-STOP program currently supports 118 state and local grant programs. They also provide a mentoring program to V/W staff, and training to local service providers and criminal justice officials. The staff monitors, assesses, and disseminates information about legislation and studies affecting crime victims.

Private Security Services manages the licensing and regulation of private and electronic security industries including businesses, individual officers and investigators, and training schools. They maintain active records of approximately 30,000 security guards and businesses. This section also monitors training received by private security officers and investigates complaints against them. Private Security Services collects fees for business licenses, training schools, and individual certifications.

The Research Center provides research and data support to task forces and commissions throughout the state, evaluates criminal justice programs, forecasts inmate populations, calculates and recommends allocation of the state's Financial Assistance to localities, as well as provides statistical reporting for the criminal justice community. The Technical Services section within Research and Development coordinates the integration of the criminal justice information systems at courts, law enforcement agencies, and the Department of Corrections, enforcing privacy and security standards over these systems. They also assist in linking local criminal justice databases with regional, state, and national information pools.

Juvenile Services administers the planning, policy development, and funding of juvenile justice and delinquency prevention initiatives funded by federal or state resources. Staff provide coordination, program support, technical assistance, training, and monitoring of programs designed to address juvenile justice improvement, delinquency prevention, and programs to improve the investigation, prosecution, and administrative and judicial handling of child abuse cases.

Grants Administration administers state and federal grants, reviews grant requests, makes awards, and responds to sub-grantee inquiries. This section currently manages approximately 900 grants.

Division of Administration

The Division of Administration manages the Department's support activities including Human Resources, Finance, Procurement, Information Systems, Public Relations, and Office Services. The Finance section performs all fiscal management functions and prepares required state and federal reports. The Finance section also provides budgetary support for the Commonwealth Attorneys' Services and Training Council and fiscal management functions for the Department of Fire Programs.