



# DEPARTMENT OF CRIMINAL JUSTICE SERVICES

## CRIME VICTIM ASSISTANCE FEDERAL GRANT PROGRAM

### REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2017

Auditor of Public Accounts  
Martha S. Mavredes, CPA

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## AUDIT SUMMARY

Our audit of the Crime Victim Assistance federal grant program, administered by the Department of Criminal Justice Services (Department) for the fiscal year ended June 30, 2017, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system, in the Department's accounting records, and in the Federal Schedules attachment submitted to the Department of Accounts;
- two matters involving internal control and its operation necessary to bring to management's attention; and
- two instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### **Improve Internal Controls over Financial Reporting**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The Department of Criminal Justice Services (Department) is not reporting accurate information to the federal government. Of the four federal financial reports (SF-425 Reports) reviewed, we noted that three quarterly reports did not include one of the Victims of Crime Act (VOCA) funded programs and one quarterly report was mathematically incorrect

The Office of Justice Programs Financial Guide: Section 3.15 Reporting Requirements, states that grantees must submit all SF-425 Reports quarterly and report the cumulative expenses incurred under the award. Reporting inaccurate or incomplete information prevents the U.S. Department of Justice from adequately monitoring the status of funds awarded to the Department. Additionally, since the reports are cumulative, uncorrected mathematical errors will carry on throughout the life of the reporting process of the award.

In order to meet the deadlines and avoid being past due on the quarterly reports, the Department's Financial Services Manager submitted SF-425 Reports without a completed review. Further, confusion in determining the amounts to report for VOCA funding caused the Financial Services Manager to omit a program. The Department should reevaluate internal controls governing federal financial reporting to ensure all reports are complete and accurate. This includes completing SF-425 Reports promptly to allow time for the Financial Services Manager to review them and ensure information is complete and accurate prior to submission to the federal government.

### **Complete Risk Assessments for Subrecipients**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The Office of Grants Management (Office) is not completing a formal risk assessment for subrecipients receiving VOCA funds. Of the 25 subrecipients reviewed, the Office provided no documentation showing they performed the risks assessments.

Uniform Guidance 2 CFR §200.331 (b) states each pass-through entity must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Additionally, the Department's Policy 5.3, Risk-Based Monitoring, requires that the Office complete a risk assessment for each sub-grantee at the beginning of the year and develop a monitoring strategy for each, based on the outcome of the assessment.

Throughout the audit period, the Department has been reevaluating its policies and procedures over subrecipient monitoring, causing the Office to focus less on compliance with the current policy and instead on performing informal risk assessments. Without documenting the risk of noncompliance, the Office is unable to demonstrate that each monitoring strategy is reasonable to ensure compliance with federal regulations. Additionally, undocumented risk assessments prevent the continued adequate monitoring of subrecipients in the event of Office turnover.

The Office should adopt the new monitoring policies and procedures to strengthen internal controls and ensure continued compliance with federal regulations. Further, the Office should document all risk assessments and monitoring strategies to allow others to understand and execute the monitoring strategies in the event of staff turnover.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 29, 2018

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Crime Victim Assistance federal grant program**, administered by the Department of Criminal Justice Services (Department) for the year ended June 30, 2017. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, in support of the Commonwealth's Single Audit. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Audit Objectives**

Our audit's primary objective was to audit the Crime Victim Assistance federal grant program in support of the Commonwealth's Single Audit. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, in the Department of Criminal Justice Services' accounting records, and in the Federal Schedules attachment submitted to the Department of Accounts. We also reviewed the adequacy of the Department's internal controls over the federal program; and tested for compliance with applicable laws, regulations, contracts, and grant agreements.

## **Audit Scope and Methodology**

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations, contracts and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the Crime Victim Assistance federal grant program.

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, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, contracts, and observation of the Department's operations. We also tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

## **Conclusions**

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system, in the Department's accounting records, and in the Federal Schedules attachment submitted to the Department of Accounts for the Crime Victim Assistance federal grant program.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts and grant agreements that require management's attention and corrective action. These matters are described in the section entitled "Internal Control and Compliance Findings and Recommendations."

Since the findings noted above have been identified as significant deficiencies, they will be reported as such in the "Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance," which is included in the Commonwealth of Virginia's Single Audit Report for the year ended June 30, 2017. The Single Audit will be available on APA's website at [www.apa.virginia.gov](http://www.apa.virginia.gov) in February 2018.

## **Exit Conference and Report Distribution**

We discussed this report with management on January 30, 2018. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

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

AUDITOR OF PUBLIC ACCOUNTS

KKH/alh





# COMMONWEALTH of VIRGINIA

*Department of Criminal Justice Services*

Shannon Dion  
Director

1100 Bank Street  
Richmond, Virginia 23219  
(804) 786-4000

February 6, 2018

Ms. Martha S. Mavredes, CPA  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes,

The purpose of this letter is to respond to findings of the audit of the Crime Victim Assistance federal grant program dated January 29, 2018, administered by the Department of Criminal Justice Services (DCJS):

## Improve Internal Controls over Financial Reporting

The audit found that a Victim of Crime Act (VOCA) program award category was not included in submitted financial reports, as well as an addition error in one of the reports. Both errors have been corrected and the reports have been amended.

*Corrective Action:* DCJS has developed a review process to ensure that similar errors will not occur in the future. The quarterly federal financial reports submitted to the Department of Justice will be reviewed for accuracy and initialed by the preparer. The Manager of Grants Administration will then review and initial the reports. The Division Director of Finance and Administration will ensure compliance with this new process which will be immediately implemented.

## Complete Risk Assessments for Sub-recipients

Although DCJS currently does not utilize a formal, scored, risk assessment tool for sub-recipients receiving VOCA grant funds, the assessment of risk of sub-recipients receiving VOCA funds is assessed through other effective and evaluative factors. DCJS grant monitors determine risk and monitoring priority among their assigned grants based on several factors provided for in Federal Uniform Guidance 200.331(b) and determine the on-site monitoring schedule based on the following factors:

1. Length of time since the last on-site monitoring visit;

2. Assessing the significance of any programmatic or financial reporting issues identified through a desk audit/review of grant files, progress reports and financial reports;
3. Staffing issues i.e. turnovers, employment of new Directors and program staff; and
4. Notification of complaints/concerns by constituents or victims served by the program.

*Corrective Action:* To ensure compliance with new VOCA rules and sub-recipient monitoring under the Federal Uniform Guidance, DCJS Victims Services staff, in collaboration with Grants Administration, have drafted a *Crime Victim Services Monitoring Plan and Policy*, which includes the use of a formal, scored, risk assessment instrument and written documentation of the assessment results. The *Crime Victim Services Monitoring Plan and Policy* will be implemented prior to the next funding cycle of sub-recipients. In an effort to stay abreast of changes or updates, Victims Services and Grants Administration staff will receive ongoing training on the Uniform Guidance requirements for sub-recipient monitoring.

Additionally, to ensure continued compliance and promote consistency, two full-time Victims Services grant monitor positions are currently in recruitment. The addition of these positions, and adoption of an updated agency monitoring plan and policies, will increase DCJS capacity to conduct on-site monitoring, guided by the formal, scored, risk assessment tool.

The Division Directors of Finance and Administration and Programs and Services will ensure adherence to the *Crime Victim Services Monitoring Plan and Policy*.

Thank you for the opportunity to respond to the audit.

Sincerely,



Shannon Dion

cc: John Colligan, DCJS  
Tom Fitzpatrick, DCJS  
Kay Bullock, DCJS  
John Mahoney, DCJS  
Monica Darden, DCJS  
Janice Waddy, DCJS  
Albert Stokes, DCJS

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Shannon Dion, Director

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