



DEPARTMENT OF CRIMINAL JUSTICE SERVICES

CRIME VICTIM ASSISTANCE FEDERAL PROGRAM

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2020

Auditor of Public Accounts

Staci A. Henshaw, CPA

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AUDIT SUMMARY

Our audit of the Crime Victim Assistance federal program, administered by the Department of Criminal Justice Services (Criminal Justice Services), for the fiscal year ended June 30, 2020, found:

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

The matter noted above is a partial repeat finding from the previous audit indicating that while some progress has been made, the finding has not been adequately resolved. Criminal Justice Services has taken adequate corrective action with respect to the remaining audit finding included in the previous report.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION	1
INDEPENDENT AUDITOR'S REPORT	2-4
AGENCY RESPONSE	5-6
AGENCY OFFICIALS	7

INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Improve Internal Controls over Financial Reporting

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes, partial repeat finding (first issued for fiscal year 2017)

Criminal Justice Services did not report accurate information to the federal government. For one of the four (25%) Federal Financial Reports (SF-425 Reports) reviewed, Criminal Justice Services under reported its total state matching amount required by the Federal Government for the 2016 grant award year and was unable to provide additional information clarifying the nature of the under-reported amount.

According to the Office of Justice Programs Financial Guide, Section 3.15 Reporting Requirements, the U.S. Department of Justice requires award recipients to submit SF-425 Reports quarterly and report the cumulative expenses and cumulative matching expenses incurred under the award. The required state share of expenses should include all matching and cost sharing provided by the recipients and third-party providers to meet the level required by the program. Criminal Justice Services excluded its administrative expenses from the total project costs when calculating its required matching amount for the 2016 grant award year. Reporting inaccurate or incomplete information prevents the U.S. Department of Justice from adequately monitoring the status of funds awarded to the Criminal Justice Services. By not reporting the full matching share, Criminal Justice Services could be subject to collection of matching funds by the U.S. Department of Justice if the amount reported was found to represent actual under reporting of the required matching amount.

Criminal Justice Services' policies and procedures for the preparation of SF-425 Reports do not clarify the calculations necessary to accurately prepare the reports, nor do they state whether administrative expenses should be excluded from total project costs before calculating recipients' share of expenses. Criminal Justice Services was not able to provide an explanation for the under reporting noted in its 2016 grant award year report, and a different reporting methodology was used for the remaining reports reviewed.

While some progress has been made to address issues identified related to federal financial reporting since our last audit, Criminal Justice Services should continue to improve its internal controls over federal financial reporting by updating its policies and procedures to ensure they outline all costs that are considered project costs. In doing so, Criminal Justice Services will mitigate the risk of improper reporting of federal financial information required going forward.



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 22, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Crime Victim Assistance federal program**, administered by the **Department of Criminal Justice Services (Criminal Justice Services)**, for the year ended June 30, 2020. 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 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, the internal accounting and reporting system, and in the Federal Schedules attachment submitted to the Department of Accounts. We reviewed the adequacy of the Criminal Justice Services' internal controls over compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings and recommendations included in the 2017 Commonwealth of Virginia Single Audit Report.

Audit Scope and Methodology

Criminal Justice Services' management has responsibility for establishing and maintaining internal control and complying with applicable laws, 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 Criminal Justice Services' 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, and contracts; and observation of Criminal Justice Service'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.

Our consideration of internal control over federal compliance was for the limited purpose described in the section "Audit Objectives" and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the section titled "Internal Control and Compliance Finding and Recommendation."

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Conclusions

We found that Criminal Justice Services properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system, the internal accounting and reporting system, and the Federal Schedules attachment submitted to the Department of Accounts.

We noted a matter involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that requires management’s attention and corrective action. This matter is described in the section titled “Internal Control and Compliance Finding and Recommendation.”

Criminal Justice Services has taken adequate corrective action with respect to the audit finding reported in the 2017 Commonwealth of Virginia Single Audit Report that is not repeated in this letter.

Since the finding noted above has been identified as a significant deficiency, it 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, 2020. The Single Audit Report will be available at www.apa.virginia.gov in February 2021.

Exit Conference and Report Distribution

We discussed this report with management on February 2, 2021. Management’s response to the findings and recommendations 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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DM/vks

Ms. Staci Henshaw



COMMONWEALTH of VIRGINIA

Department of Criminal Justice Services

Shannon Dion
Director

Megan Peterson
Chief Deputy Director

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January 28, 2021

Staci Henshaw
Auditor of Public Accounts
101 S. 14th Street
Richmond, Virginia 23219

RE: DCJS Response to APA Audit Report

Dear Ms. Henshaw:

We appreciate the opportunity to respond to the Auditor of Public Accounts (APA) draft audit report for the Crime Victim Assistance grant program (CFDA 16.575). The Department understands that this program was selected as a major program for FY2020 because it has expenditures in excess of \$30 million and has not been audited in three years (last audited in 2017).

The Department has made great strides to improve the administration and monitoring of grants. The significant influx in the 2015 federal award stressed the capacity of our processes and staff. Our antiquated database technologies for grants management and data-collection necessitated manual processes and tedious interchanges of excel sheets and emailed PDF documents. A new online grants management system is currently in the implementation phase and on track to be fully operational by July 2021. This new system will provide current and prospective sub-recipients with a streamlined and efficient mechanism through which to submit grant applications, itemized budgets and narratives, and all related grant documentation. Additionally, the new online grants management system will benefit Department staff in the overall management and reporting of state and federal grant awards. The new system will also provide staff with automated generated reports that are in sync with Cardinal, the Commonwealth's official accounting system.

Ms. Staci Henshaw
January 28, 2021
Page Two

The APA finding related to the need to Improve Internal Controls over Financial Reporting is duly noted. Although a documentation reporting error occurred in one of four reports reviewed by the APA, it should be noted that the Department correctly and satisfactorily provided the required match funds to the federal government. To remedy the reporting error, as included in the Corrective Action Workplan, the Department is developing, and will implement, a detailed policy and procedures guide that will include specific language related to federal match requirements and processes to complete the SF-425 Reports as required by the federal government. This guide will ensure continuity in reporting requirements and processes for the Department and mitigate any future issues from occurring.

Sincerely,



Shannon Dion

DEPARTMENT OF CRIMINAL JUSTICE SERVICES

as of June 30, 2020

Shannon Dion
Director

Megan Peterson
Chief Deputy Director