

Audit Report

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**Criminal Injuries Compensation Board**

October 2005

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**OFFICE OF LEGISLATIVE AUDITS**  
**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

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Karl S. Aro  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Bruce A. Myers, CPA  
Legislative Auditor

October 11, 2005

Delegate Charles E. Barkley, Co-Chair, Joint Audit Committee  
Senator Nathaniel J. McFadden, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Criminal Injuries Compensation Board (CICB) for the period beginning February 1, 2002 and ending May 16, 2005.

Our audit disclosed that CICB was not adequately monitoring the financial status of claimants receiving monthly installment awards.

Respectfully submitted,

Bruce A. Myers, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Criminal Injuries Compensation Board (CICB) provides financial aid to innocent victims of crime or to their dependents. To be eligible for such aid, the victim must have sustained a physical injury, death, or suffered psychological injury as a direct result of a crime, and had a minimum of \$100 in unreimbursed expenses and/or lost at least two continuous weeks of earnings or support. CICB is a unit of the Department of Public Safety and Correctional Services (DPSCS).

State law established CICB as a special non-lapsing fund to be used for the payment of criminal injury awards and related administrative costs. Awards are granted based on available funding received through fees collected by the State courts and through federal funds. CICB makes awards in accordance with the schedule of benefits and degree of disability specified by law. The awards granted to claimants are settled by lump sum or monthly installment payments that cannot exceed \$45,000 per award. According to the State's accounting records, approximately \$5.1 million was deposited into the Fund during fiscal year 2004 and related claim payments totaled approximately \$4.2 million. The Fund had a balance of approximately \$3.7 million as of June 30, 2004.

### **Current Status of Findings From Preceding Audit Report**

Our audit included a review to determine the current status of the four fiscal/compliance findings contained in our preceding audit report dated May 22, 2002. We determined that CICB satisfactorily addressed three of these findings. The remaining finding is repeated in this report.

# Findings and Recommendations

## Monthly Installment Awards

### **Finding 1**

**CICB had not established adequate procedures to monitor the financial status of claimants receiving monthly installment awards, as required by State regulations.**

### **Analysis**

CICB was not adequately monitoring the financial status of claimants receiving monthly installment awards, which are generally used to pay loss of support claims resulting from a victim's death or disability. Specifically, during its annual review of such awards in November 2004, CICB only requested financial disclosures from 13 claimants even though there were 18 claimants receiving monthly installment awards at that time, and each had been receiving payments for over one year. CICB management personnel were unable to explain why requests for financial disclosures were not made to the remaining 5 claimants. Additionally, 12 of the aforementioned 13 claimants did not respond to the requests for financial disclosure, and CICB made no further attempts to obtain financial information from them. Furthermore, although required by State regulations, CICB did not suspend monthly award payments to any of these 12 claimants for failure to respond to the financial disclosure request. According to CICB's records, the remaining balance of monthly awards due the 18 claimants totaled approximately \$98,870 as of April 2005. A similar situation was commented upon in our preceding audit report.

State regulations require CICB to obtain annual financial disclosures from claimants receiving monthly installment awards to determine if the monthly payments should be adjusted (for example, reduced) as a result of changes in the claimant's financial status, such as recent employment income. In addition, State regulations specify that, if the claimant fails to provide CICB with updated financial information within 60 days of a request for such information, the claimant's monthly payments shall be suspended until the requested information is provided.

### **Recommendation 1**

**We again recommend that CICB obtain annual financial disclosures from claimants receiving monthly installment awards to determine if monthly payments should be adjusted based upon changes in the claimant's financial status. Furthermore, for those claimants who fail to provide the required financial information within 60 days of CICB's request, we recommend that CICB suspend monthly award payments until such information is provided.**

## **Audit Scope, Objectives, and Methodology**

We have audited the Criminal Injuries Compensation Board (CICB) for the period beginning February 1, 2002 and ending May 16, 2005. The audit was conducted in accordance with generally accepted government auditing standards.

As prescribed by State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine CICB's financial transactions, records and internal controls, and to evaluate its compliance with applicable State laws, rules and regulations. We also determined the current status of the findings included in our preceding audit report.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of CICB's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit did not include certain support services provided to CICB by the Department of Public Safety and Correctional Services – Office of the Secretary (DPSCS). These support services (for example, payroll, purchasing, maintenance of accounting records and related fiscal functions) are included within the scope of our audits of the Office of the Secretary.

Our audit scope was limited with respect to CICB's cash transactions because the Office of the State Treasurer was unable to reconcile the State's main bank accounts during the audit period. Due to this condition, we were unable to determine, with reasonable assurance, that all CICB cash transactions were accounted for and properly recorded on the related State accounting records as well as the banks' records.

CICB's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report does not include any findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect CICB's ability to maintain reliable financial records, operate effectively and efficiently and comply with applicable laws, rules, and regulations. Our report includes a finding regarding a significant instance of noncompliance with applicable laws, rules or regulations. Other less significant findings were communicated to CICB that did not warrant inclusion in this report.

DPSCS' response, on behalf of CICB, to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DPSCS regarding the results of our review of its response.





## Department of Public Safety and Correctional Services

### Office of the Secretary

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October 5, 2005

STATE OF MARYLAND

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DEPUTY SECRETARY

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INMATE GRIEVANCE OFFICE

Mr. Bruce A. Myers, CPA  
Legislative Auditor  
Office of Legislative Audits  
Department of Legislative Services  
Room 1202  
301 West Preston Street  
Baltimore, Maryland 21201

Dear Mr. Myers:

The Department of Public Safety and Correctional Services has reviewed the September 16, 2005, draft audit report of the **Criminal Injuries Compensation Board** (CICB) for the period beginning February 1, 2002, and ending May 16, 2005. I am pleased that the audit findings have decreased from 4 to only 1 (i.e., a 75% reduction) when compared to the previous reporting period. This significant accomplishment demonstrates the effective and efficient team of professionals that Executive Director Robin Woolford leads.

It should be noted that during or subsequent to this audit period, there have been significant initiatives by the CICB that were designed to improve customer service to Maryland's citizens by increasing economy and efficiency, creating safer communities, and enhancing relationships with local governments and other stakeholders that share a mutual vision. The Department is proud of the record of accomplishments for the CICB and continues to strongly support its efforts to achieve excellence in developing, administering, and delivering services to the people it serves. The following is a brief synopsis of two examples of the CICB's more significant accomplishments:

- ◆ The number of new claimants has risen 17% since fiscal year 2003 to a record high of 1590 in fiscal year 2005. Increased staffing and the installation of a new claims tracking software has enabled the CICB to handle this larger number of claims and payments in a shorter period of time with no loss of accuracy. Additionally, the new software has provided better management tools for measuring program performance outcomes and staff performance, as well as more accurate reporting of required information to State, local, and federal agencies.

- ◆ In the very near future another staff person will be hired whose function will be to collect restitution from offenders who have been ordered by the courts to reimburse the fund. Currently, a new system is being tested that will automatically match offenders with those victims who have filed a claim with the CICB. Additionally, in those cases where the courts fail to order restitution, the CICB may file civil judgments against offenders to seek fund reimbursement.

Attached is Executive Director Woolford's response to the draft audit report, with which I concur. Corrective action has been implemented for the recommendation found in the audit report. I trust that this responds to your request. If you have any questions concerning this correspondence, please contact me.

Sincerely,



Mary Ann Saar  
Secretary

**Attachment**

c: G. Lawrence Franklin, Deputy Secretary, DPSCS  
Sandy A. Roberts, Chair, CICB  
Robin Woolford, Executive Director, CICB  
Susan Dooley, Director of Financial Services, DPSCS  
Joseph M. Perry, Inspector General, DPSCS



## Department of Public Safety and Correctional Services

### Criminal Injuries Compensation Board

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ROBIN WOOLFORD  
EXECUTIVE DIRECTOR

October 4, 2005

The Honorable Mary Ann Saar, Secretary  
Department of Public Safety and Correctional Services  
300 East Joppa Rd.  
Suite 1000  
Towson, MD 21286

Dear Secretary Saar:

I am pleased to present to you the Criminal Injuries Compensation Board's (CICB) response to the Office of Legislative Audits report covering the period of February 1, 2002 through May 16, 2005.

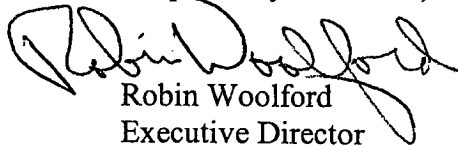
We respond to the auditors' finding as follows:

Finding #1 - Monthly Installment Awards - CICB had not established adequate procedures to monitor the financial status of claimants receiving monthly installment awards, as required by State regulations.

Agree. Annual financial disclosure statements will be sent to those claimants who are receiving monthly installment awards to determine if monthly payments should be adjusted based upon changes in the claimant's financial status. Those who respond will be evaluated and the Board will issue an appropriate decision. For those who do not provide the required financial information, payments will be suspended until such time as the information is provided.

We at CICB are proud of our accomplishments as we continue to make great strides in providing assistance to crime victims throughout Maryland. As always, we thank you for your continued support of CICB.

Respectfully submitted,

  
Robin Woolford  
Executive Director

cc: Mr. G. Lawrence Franklin, Deputy Secretary, DPSCS  
Mr. Sandy A. Roberts, Chair, Criminal Injuries Compensation Board  
Mr. Joseph M. Perry, Inspector General, DPSCS

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