Audit Report

Criminal Injuries Compensation Board

July 2008

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

- This report and any related follow-up correspondence are available to the public through the Office of Legislative Audits at 301 West Preston Street, Room 1202, Baltimore, Maryland 21201. The Office may be contacted by telephone at 410-946-5900, 301-970-5900, or 1-877-486-9964.

- Electronic copies of our audit reports can be viewed or downloaded from our website at http://www.ola.state.md.us.

- Alternate formats may be requested through the Maryland Relay Service at 1-800-735-2258.

- The Department of Legislative Services – Office of the Executive Director, 90 State Circle, Annapolis, Maryland 21401 can also assist you in obtaining copies of our reports and related correspondence. The Department may be contacted by telephone at 410-946-5400 or 301-970-5400.

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Bruce A. Myers, CPA
Legislative Auditor

July 14, 2008

Senator Verna L. Jones, Co-Chair, Joint Audit Committee
Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Criminal Injuries Compensation Board for the period beginning May 17, 2005 and ending April 21, 2008.

Our audit did not disclose any findings that warrant mention in this report.

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 the Criminal Injuries Compensation Fund 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 may be settled by lump sum or monthly installment payments that cannot exceed $45,000 per award. According to the State's accounting records, approximately $5.5 million was deposited into the Fund during fiscal year 2007 and related claim payments totaled approximately $5.4 million. The Fund had a balance of approximately $2.7 million as of June 30, 2007.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the finding contained in our preceding audit report dated October 11, 2005. We determined that CICB satisfactorily addressed this finding.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of CICB's internal control. Nor did our audit disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Certain less significant findings were communicated to CICB that did not warrant inclusion in this report.

A draft copy of this report was provided to DPSCS. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have audited the Criminal Injuries Compensation Board (CICB) for the period beginning May 17, 2005 and ending April 21, 2008. The audit was conducted in accordance with generally accepted government auditing standards. 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.

As prescribed by the 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 control, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the finding contained 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. 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 a portion of the audit period. Due to this condition, we were unable to determine, with reasonable assurance, that all CICB cash transactions prior to July 1, 2005 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.

AUDIT TEAM

Mark A. Ermer, CPA
Audit Manager

James Alexander Twigg
Senior Auditor