

DEPARTMENT OF CRIMINAL JUSTICE SERVICES

**REPORT ON AUDIT
FOR THE FOUR-YEAR PERIOD ENDED
JUNE 30, 2013**

AUDIT SUMMARY

Our audit of the Department of Criminal Justice Services for the four-year period ended June 30, 2013, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System and in Criminal Justice Services' accounting records;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

- TABLE OF CONTENTS -

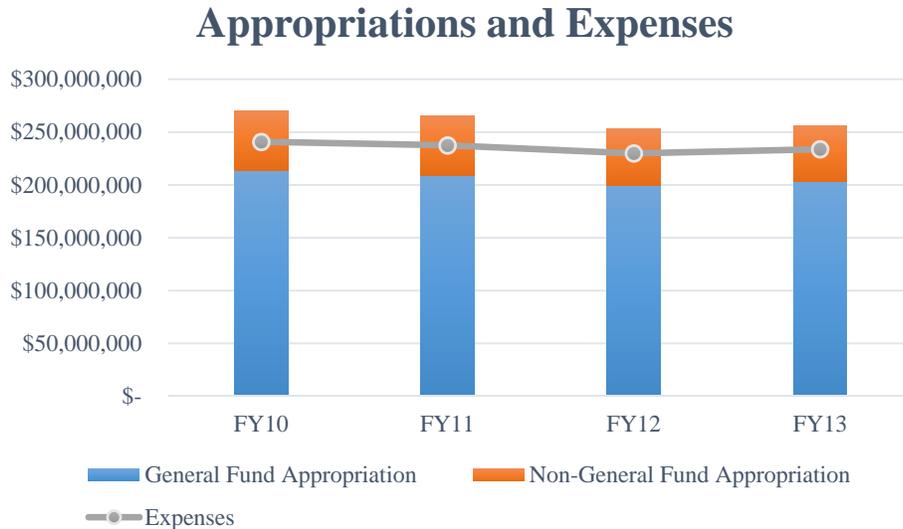
	<u>Pages</u>
AUDIT SUMMARY	
AGENCY HIGHLIGHTS	1-2
INDEPENDENT AUDITOR'S REPORT	3-4
AGENCY OFFICIALS	5

AGENCY HIGHLIGHTS

The Department of Criminal Justice Services (Criminal Justice Services) plans and carries out programs and initiatives to improve the functioning and effectiveness of the criminal justice system. Criminal Justice Services monitors and distributes funds to localities, state agencies, and nonprofit organizations to support local criminal justice system programs and services. Criminal Justice Services also provides training, technical assistance, and program development services to all segments of the justice system.

FINANCIAL SUMMARY

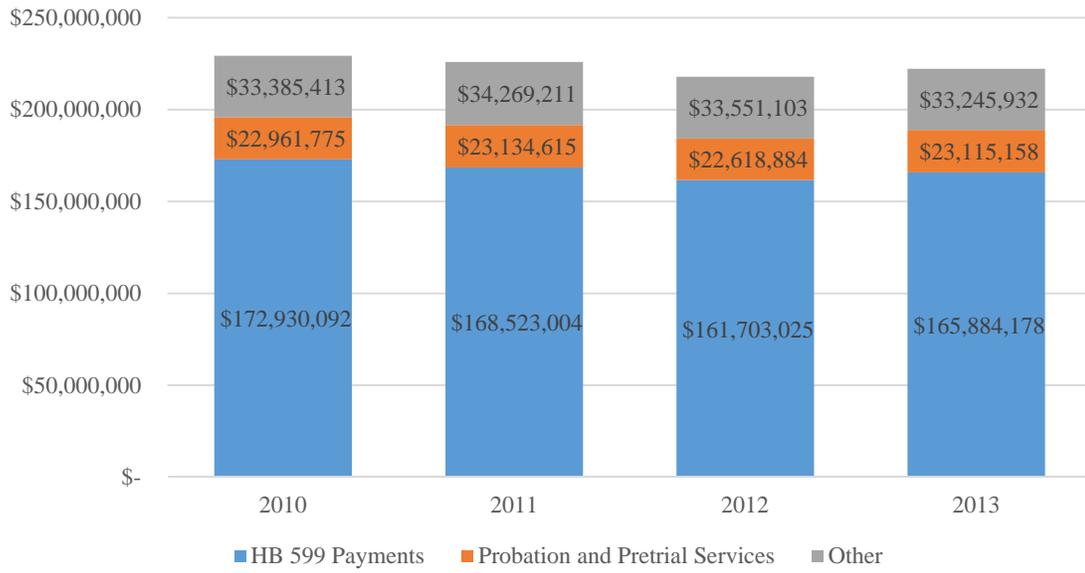
Criminal Justice Services receives approximately 79 percent of their funding from General Fund appropriations. The remaining funding comes from federal grants, fines and fees collected by the courts, asset seizure and forfeiture fees, and regulating private security services. Criminal Justice Services' total appropriations have decreased approximately 5 percent since 2010, while expenses have decreased approximately 3 percent. The majority of the decrease was a result of mandatory reductions in state aid to localities imposed by the General Assembly. The chart below shows Criminal Justice Services' appropriations and expenses for fiscal years 2010-2013.



Source: Commonwealth Accounting and Reporting System

Criminal Justice Services' appropriations are primarily used to provide financial assistance to localities. The majority of this assistance is payments to local police departments, commonly referred to as House Bill 599 payments. These payments are made based on eligibility requirements, a distribution formula, and timetable outlined in the Appropriation Act and Code of Virginia. In addition to House Bill 599 payments, Criminal Justice Services provides funding to localities to support local probation and pretrial services. These funds are authorized under the Comprehensive Community Corrections Act and Pretrial Services Act as specified in the Code of Virginia. Payments are made based on eligibility requirements and are awarded by the Criminal Justice Services Board. The chart below shows Criminal Justice Services' expenses for fiscal years 2010-2013.

Expenses by Fiscal Year



Source: Commonwealth Accounting and Reporting System



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 30, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Department of Criminal Justice Services** for the four-year period ended June 30, 2013. We conducted this performance audit 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.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of Criminal Justice Services' financial transactions and test for compliance for Statewide Single Audit. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and in Criminal Justice Services' accounting records, reviewed the adequacy of Criminal Justice Services' internal controls, tested compliance with applicable laws, regulations, contracts, and grant agreements, and reviewed corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

Criminal Justice Services' 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 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 significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Grant management
Revenues
Expenses
General system controls

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 Services' operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

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

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Criminal Justice Services has taken adequate corrective action with respect to audit findings reported in the prior year.

Exit Conference and Report Distribution

We discussed this report with management on February 14, 2014.

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

STT/clj

AGENCY OFFICIALS

As of June 30, 2013

Garth L. Wheeler, Director

CRIMINAL JUSTICE SERVICES BOARD

Charles Jett, Chairperson

Carol Adams
Sherman Vaughan, Sr.
Jeffrey Brown
Ted Byrd
Charles Ciccotti
Rick Clark
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