

EXECUTIVE DIGEST

CRIME VICTIMS COMPENSATION PROGRAM

INTRODUCTION

This report contains the results of our performance audit of the Crime Victims Compensation Program, Department of Management and Budget, for the period October 1, 1992 through September 30, 1995.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The Crime Victims Compensation Program was established within the Crime Victims Compensation Board by Act 223, P.A. 1976 (Sections 18.351 - 18.368 of the *Michigan Compiled Laws*). The Program is to compensate victims* and persons aiding victims of crimes* who, through no significant fault of their own, suffer personal physical injury* as a direct result of crimes.

For the fiscal year ended September 30, 1995, the Board processed 1,490 applications for compensation from victims, made payments of approximately \$2.5 million to 1,105 victims,

and had administrative expenditures of approximately \$279,000. As of September 30, 1995, there were five full-time equivalent employees assigned to the Crime Victims Compensation Program.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness and efficiency of the Board's administration of the Crime Victims Compensation Program.

Conclusion: Our assessment disclosed that the Board was effective and efficient in administering the Crime Victims Compensation Program.

Noteworthy Accomplishments: The Board substantially reduced the number of claimant* applications in process from approximately 1,800 as of October 1, 1992 to less than 500 as of September 30, 1995.

Audit Objective: To assess the effectiveness of the Board's internal control structure* related to processing crime victims' claims*.

Conclusion: Our assessment disclosed that the Board's internal control structure related to processing crime victims' claims was generally effective. However, our assessment disclosed two reportable conditions* related to processing claimant applications and developing Board policies and procedures (Findings 1 and 2).

Audit Objective: To assess the Board's compliance with the Crime Victims Compensation Act, the *Michigan Administrative Code*,

State procedures, and Board policies and procedures applicable to the Board's administration of the Crime Victims Compensation Program.

Conclusion: Our assessment disclosed that the Board substantially complied with the Crime Victims Compensation Act, the *Michigan Administrative Code*, State procedures, and Board policies and procedures applicable to the Board's administration of the Crime Victims Compensation Program.

However, our assessment disclosed two reportable conditions related to processing claimant applications and developing Board policies and procedures that are reported under the internal control structure objective (Findings 1 and 2).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Crime Victims Compensation Program for the period October 1, 1992 through September 30, 1995. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included reviewing the Crime Victims Compensation Act, the *Michigan Administrative Code*, State procedures, Board policies and procedures, Board meeting minutes, and program and financial records to assess the effectiveness and efficiency of the Board's administration of the Crime Victims Compensation Program.

We performed tests of program and financial records to assess the effectiveness of the Board's internal control structure related to processing claimant applications and granting awards* to claimants.

We also performed tests of program and financial records to assess the Board's compliance with the Crime Victims Compensation Act, administrative rules, State procedures, and Board policies and procedures applicable to the Board's administration of the Crime Victims Compensation Program.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 2 findings and recommendations. The Board agreed with the recommendations and indicated that it has complied.

The Department had complied with the one prior audit recommendation.