

Audit Highlights



Highlights of performance audit report on the Victims of Crime Program issued on January 17, 2018. Legislative Auditor report # LA18-10.

Background

The Victims of Crime Program was established in 1969 by the Nevada Legislature. The Program is responsible for assisting eligible victims who suffer injuries from violent crimes that occur in Nevada. The Program provides payment of crime related medical expenses, counseling, lost income, and other approved benefits. The mission of the Program is to provide financial assistance to victims of crime in a timely, cost efficient, and compassionate manner.

The State Board of Examiners is the governing authority of the Program and adopts rules and regulations to formulate standards for the payment of compensation to victims of crime. The Hearings Division's Senior Appeals Officer serves as the Program Coordinator. The Program has office locations in Las Vegas and Carson City. As of November 2016, all seven of the Program's authorized full-time equivalent positions were filled.

The Program is funded primarily from court assessments and a federal grant. Expenditures for fiscal year 2016 totaled \$6.1 million.

Purpose of Audit

The purpose of this audit was to (1) determine whether the Program has adequate controls to protect personally identifiable information and sensitive health information; and (2) determine if the Program has adequate controls related to performance measures, subrogation and revenue tracking, and employee performance evaluations. The scope of our audit focused on activities in certain areas from fiscal years 2014 through 2016.

Audit Recommendations

This audit report contains two recommendations to improve the protection of sensitive information and five recommendations to improve controls over performance measures, receipts, subrogation tracking, and employee evaluations.

The Program accepted the seven recommendations.

Recommendation Status

The Program's 60-day plan for corrective action is due on April 12, 2018. In addition, the six-month report on the status of audit recommendations is due on October 12, 2018.

Victims of Crime Program

Department of Administration

Summary

The Program's controls related to the protection of personally identifiable information and sensitive health information are weak. Documents containing sensitive information were not stored in a secure manner. Additionally, the Program's policies do not address document security until time of shredding. Furthermore, the Program has not reviewed the security of the contractor's server and the contract does not address protecting the server from unauthorized access by outside parties. The documents on the server contain sensitive information such as victims' personal information, medical records, and Social Security numbers.

Program controls related to certain administrative and financial practices need strengthening. First, the Program's policies and procedures regarding performance measures need improvements to ensure reported results are reliable. In addition, the Program needs to improve its process of recovering funds from victims when appropriate. Finally, the Program's controls related to reconciling revenues and evaluating employee performance can be strengthened.

Key Findings

Documents containing sensitive information are stored in an insecure manner. Boxes containing victim medical records and various other documents that are waiting to be shred are located in an open area that is accessible by all Program employees and janitorial staff provided by the building owner. These documents contained medical information and applications that include victim name, address, date of birth, crime information, and Social Security numbers. (page 4)

The Program's contractor stores victim data on its server at the contractor's office in Las Vegas. According to Program staff, neither the Program nor Enterprise Information Technology Services have reviewed the contractor's server security settings. Additionally, the contract does not address protecting the victims' data from unauthorized access by an outside party. Weak security controls may leave some information unprotected and vulnerable to third party security breaches. (page 5)

The Program's controls over collecting information and calculating performance measures do not provide assurance that the performance measures are accurate and reliable. The Program did not retain underlying records to support its reported performance measure numbers. Additionally, staff could not re-create the reports to match the numbers reported to the Department of Administration. In addition, there is no evidence that anyone reviewed the measures to ensure consistency with the budget instructions. (page 8)

The Program has not developed adequate policies to help ensure reliable and consistent reporting of performance measures. The Program's policies and procedures do not indicate how measures are calculated, who calculates the measures, how often they are calculated, who reviews the calculations, and to whom the measures are reported. The State Administrative Manual requires agencies to develop written procedures on how performance measures are calculated, including where data are obtained and which reports are used. (page 10)

The Program is entitled to and has the right to seek reimbursement from victims for money paid by the Program if victims obtain any recoveries. The Program refers to this reimbursement as a subrogation. However, there is no process in place to track known subrogation opportunities so there is no assurance that all subrogations are paid to the Program. Similar programs in other states we contacted have developed methods to track and recover subrogation funds. (page 10)

The Program's revenue collection and tracking processes need improvement. Staff are not adhering to some revenue collection and tracking procedures, such as performing reconciliations. While we did not detect evidence of fraud, the Program increases the risk that money could be lost or stolen, or errors could go undetected when it does not follow its internal control policies and procedures. The Program receives checks for restitution, subrogation, reimbursements, and donations. In fiscal year 2016, this amounted to \$162,500 in receipts. (page 12)

The Program continues to have problems completing timely employee evaluations. In fiscal year 2015 and fiscal year 2016, 16 employee evaluations were due, but only 9 (56%) were conducted by the Program. Furthermore, seven of the nine evaluations conducted were past due by an average of 109 days. One employee's file did not contain any evaluations conducted since 2011. (page 13)