



Victim Compensation and Government Claims Board:

It Has Begun Improving the Victim Compensation Program,
but More Remains to Be Done

December 2008 Report 2008-113



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December 9, 2008

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The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the Victim Compensation Program (program). This report concludes that program compensation payments sustained a 50 percent decrease from fiscal years 2001–02 through 2004–05 as a result of the Victim Compensation and Government Claims Board (board) members' attempts to maintain the fiscal viability of the Restitution Fund. Compensation payments have increased since fiscal year 2004–05, but not to the level they reached in fiscal year 2001–02. Despite the significant decline in payments, the costs the board incurs to support the program have increased. These costs—ranging from 26 percent to 42 percent annually—account for a significant portion of Restitution Fund disbursements. In addition, although the board generally complied with state laws and regulations for determining whether applicants are eligible for program benefits, it did not always process applications and bills as promptly or efficiently as it could have. The board's procedures for following up with outside entities to obtain necessary information to verify applications and bills are not sufficiently detailed and contribute to inconsistencies in staff efforts to obtain the information promptly.

In late June 2006 the board began transitioning to its current application and bill processing system. Although the board expects to gain efficiencies and benefits from the use of the new system, it generally has not developed benchmarks or measured results. Further, the board has experienced numerous problems with the transition. Most troubling was our identification of payments that appeared to be erroneous. Although board staff provided explanations, asserting that the payments were appropriate and the data were flawed, the fact that they were unaware of these items indicates the absence of controls that would prevent erroneous payments from being made. In addition, the board's current process for managing its workload is informal: it has not established benchmarks, performance measures, or formal written procedures for workload management. Finally, the board has not established a comprehensive outreach plan to assist it in appropriately prioritizing its efforts and focusing on those in need of program services.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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but More Remains to Be Done

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Summary

Results in Brief

California's Victim Compensation Program (program) provides compensation for victims of crimes who are injured or threatened with injury. Eligible family members or other specified persons may also be eligible for compensation under the program. The program covers many types of services, including medical and mental health services, when the costs are not covered by other sources, such as insurance. The Victim Compensation and Government Claims Board (board) administers the program.

State law prescribes the type of compensation the board can make, and depending on the circumstances, payment can be made either directly to an individual or to a provider of services. From fiscal years 2001–02 through 2004–05, program compensation payments sustained a 50 percent decrease (\$123.9 million to \$61.6 million) as a result of the board members' attempts to maintain the fiscal viability of the Restitution Fund, from which the board makes disbursements for the program. Compensation payments have increased since fiscal year 2004–05, but not to the level they reached in fiscal year 2001–02.

Despite the significant decline in payments, the costs the board incurs to support the program have increased. These costs account for a significant portion of Restitution Fund disbursements—ranging from 26 percent to 42 percent annually during the seven-year period we reviewed. However, the board does not set a goal that focuses on the correlation between compensation payments and program support costs, nor does it set similar goals, although creating and maintaining such goals could help the board ensure that it is providing the highest possible level of assistance to victims and their families.

Our testing of 49 applications from fiscal years 2003–04 through 2007–08 revealed that the board generally complied with state laws and regulations for determining whether applicants are eligible for program benefits. However, the program did not always process applications and bills as promptly or efficiently as it could have. State law requires the board to approve or deny applications within an average of 90 calendar days and to take no longer than 180 calendar days from the acceptance date to approve or deny any individual application. For the 49 applications we reviewed, the average processing time was 76 days, which is well within the statutory average. However, we noted two instances in which the board did not make a determination within 180 days of the application acceptance date. We also noted various instances in

Audit Highlights . . .

Our review of the Victim Compensation Program (program) at the Victim Compensation and Government Claims Board (board) revealed the following:

- » *From fiscal years 2001–02 through 2004–05, program compensation payments decreased from \$123.9 million to \$61.6 million—a 50 percent decline.*
- » *Despite the significant decline in payments, the costs to support the program have increased. These costs make up a significant portion of the Restitution Fund disbursements—ranging from 26 percent to 42 percent annually.*
- » *The program did not always process applications and bills as promptly or efficiently as it could have. We noted staff took longer than 180 days to process applications in two instances out of 49 and longer than 90 days to pay bills for 23 of 77 paid bills we examined.*
- » *The program's numerous problems with the transition to a new application and bill processing system led to a reported increase in complaints regarding delays in processing applications and bills.*

continued on next page . . .

- » *Some payments in CaRES appeared to be erroneous. Although board staff provided explanations for the payments when we brought the matter to their attention, the fact that they were unaware of these items indicates an absence of controls that would prevent erroneous payments.*
- » *The board lacks the necessary system documentation for CaRES.*
- » *There are no benchmarks, performance measures, or formal written procedures for workload management.*
- » *Despite the board's efforts to increase awareness of the program, several victim witness assistance centers do not think the public is generally aware of program services. Further, the board has not established a comprehensive outreach plan.*

which the board did not demonstrate that it approved or denied applications as promptly as it could have after receiving the information necessary to make a determination.

State law also requires the board to pay initial mental health bills within 90 days of receipt and bills for medical services within an average of 90 days of receipt, if the application has been approved. Although state law does not require all bill types to be paid within specific time frames, we believe 90 days is reasonable. For comparative purposes, we measured all of the bills against the 90-day time frame. For the 77 paid bills we reviewed, the average processing time was 66 days. However, in 23 instances, staff took more than 90 days to pay the bills.

The board's procedures for following up with outside entities—such as law enforcement, physicians, hospitals, and employers—to obtain information necessary to verify bills are not sufficiently detailed and contribute to inconsistencies in staff efforts to obtain the information promptly. Even when staff initially request information promptly and follow up if it is not received, some entities delay their response. The board told us it is reaching out to some entities to emphasize the importance of providing requested information in a timely manner. This needs to be a continuing area of focus for the board. Further, although the board has procedures to verify whether bills are reimbursable from other sources such as insurance or public assistance, staff were not consistent in following these procedures. Also, the board could not always provide documentation to support the formal approval of the applications and bills we reviewed.

The board began transitioning to its current system for processing applications and bills, the Compensation and Restitution System (CaRES), in late June 2006 and began using CaRES exclusively after June 2008. Although the board expects to gain efficiencies and benefits from the use of the new system—such as speeding up payments to applicants and providers, enhancing customer service, and facilitating improved sharing of workload—it generally has not developed benchmarks or measured results. Further, the board has experienced numerous problems with the transition to CaRES. Perhaps most troubling was our identification of payments that appeared to be erroneous. Specifically, data from CaRES indicated that bills that had been denied were paid, bills that had been marked as purged from the system were paid, and amounts exceeding the figures billed were paid. Although board staff provided explanations for these payments, asserting that the payments were appropriate but that the data were flawed due to problems with the system, the fact that they were unaware of these items indicates an absence of controls that would prevent erroneous payments from occurring.

Representatives we interviewed from five victim witness assistance centers (assistance centers) told us that during the transition they experienced an increase in complaints regarding delays in processing applications and bills. We also discovered that the board lacks the necessary documentation for the system, hindering its ability to efficiently undertake modifications to CaRES or respond to questions about the system.

The board's current process for managing its workload is informal: It has not established benchmarks, performance measures, or formal written procedures for workload management. Because the reporting function in CaRES, which would provide aging information concerning items not yet processed, is not working yet, the board is forced to use ad hoc reports that are not reliable, causing it to lack important information needed to effectively manage its workload. Our efforts to assess the board's processing of its backlog were hampered by data problems and the transition to CaRES. However, our analysis of processing times for the board's initial decisions on completed CaRES applications indicates that, while on average the board is making decisions on applications within the statutory deadline, it is not doing so within the statutory deadline established for individual applications in many instances. Our analysis of the average time taken to process bills, for bills received through request for payment, is 87 days, which does not include the additional time between payment request and when a payment is issued.¹

For outreach, an important responsibility, the board's primary focus in fiscal year 2007–08 was to increase awareness of the program. Its efforts include a variety of activities such as a multimedia campaign and improving outreach materials. The board worked with its key partners—joint powers (JP) units, which review applications and bills at the local level, and victim advocates at assistance centers—to further expand outreach efforts. However, representatives we spoke to at several of the assistance centers do not think the public is generally aware of program services and believe the board could conduct more outreach to certain groups.

The board has not established a comprehensive outreach plan to assist it in appropriately prioritizing its efforts and focusing on those in need of program services. It is just beginning to consider demographic and crime statistics information in planning outreach. Further, the board has an opportunity to do more to ensure that it is reaching vulnerable populations—those groups of individuals

¹ The 66 days previously discussed reflects the average processing time of 77 paid bills associated with our review of 49 applications for a five-year period. The 87 days discussed here represents the average processing time of bills as reported by CaRES, which reflects the board's more recent performance.

that are more susceptible to being victims of crime and those that are less likely to participate in the program. In May 2008 the board identified a goal to increase program awareness by 10 percent by July 2009. However, as of October 2008 management was still considering various outreach efforts and how best to quantitatively measure their success.

Recommendations

The board should establish a complementary set of goals designed to measure its success in maximizing assistance to victims and their families. These goals should include one that focuses on the correlation of compensation payments to program support costs and one that establishes a target fund balance.

To improve its processing time for making decisions on applications and for paying bills, the board should identify the primary problems leading to delays and take action to resolve them. As part of its efforts, it should develop specific procedures for staff to use when following up with verifying entities, and it should continue its outreach efforts to communicate to verifying entities the importance of responding promptly to requests for information.

The board should ensure that staff consistently verify and document that bills received could not be paid from other reimbursable sources. Additionally, the board should consistently maintain documentation of its formal approval of applications and bills.

To ensure that it maximizes its use of CaRES, the board should continue correcting problems as they arise and develop goals, objectives, and benchmarks related to the functions it carries out under CaRES that will allow it to measure its progress in providing prompt, high-quality service. Additionally, it should develop and maintain system documentation sufficient to allow staff to address modifications and questions about the system more efficiently and effectively.

The board should develop written procedures for managing its workload and should implement the reporting function in CaRES as soon as possible. Further, it should establish benchmarks and performance measures to evaluate whether it is effectively managing its workload.

To ensure that the board appropriately carries out its outreach efforts, it should develop a comprehensive plan that prioritizes its efforts and focuses on those in need of program services, and it should consider demographic and crime statistics information when planning outreach strategies. Additionally, the board should

seek input from key stakeholders such as assistance centers, JP units, and other advocacy groups and associations to gain insight regarding underserved and vulnerable populations. Further, it should establish quantitative measures to evaluate the effectiveness of its outreach efforts.

Agency Comments

The board responded that it agreed with the recommendations and outlined a number of steps that it will take to implement them.

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Introduction

Background

The Victim Compensation Program (program) covers certain expenses for victims of crime who are injured or threatened with injury. State law defines which crimes qualify under the program and who is eligible to apply for compensation. Among the crimes covered are domestic violence, child abuse, physical and sexual assault, homicide, driving under the influence, and vehicular manslaughter. Victims must meet several eligibility requirements, including not having participated in the crime. Eligible family members or other specified persons may also be eligible for compensation under the program.

The program pays for many types of services when the costs are not covered by other sources, such as insurance. Eligible services include medical and dental care, mental health services, lost wages or support, funeral or burial expenses, and relocation. State law prescribes limits on how much can be paid for certain types of expenses and in total. Expenses that are not covered under the program include those for lost, stolen, or damaged property, except for items that are medically necessary due to a qualifying crime. Individuals can apply for compensation by filing an application with the Victim Compensation and Government Claims Board (board), which administers the program.

Key Entities and Their Roles

The board, which is located in Sacramento, is overseen by a governing body that consists of three members: the secretary of the State and Consumer Services Agency, who serves as the chair; the state controller; and a public member appointed by the governor (board members). Staff at the board recommend the approval or denial of an application or bill after conducting a review to determine whether all eligibility requirements were met. Board members, or the board's executive staff in instances in which the board members have delegated their authority, make the final decision. State law authorizes the board members to establish maximum rates and service limitations for reimbursement of certain program benefits, such as medical and medical-related services and mental health and counseling services. State law also establishes the maximum reimbursement amount allowed in total for certain individual categories of program benefits, such as mental health and counseling services. Further, state law establishes a limit on total benefits to be paid to an individual under the program.

The most recent annual report on salaries and wages issued by the Department of Finance reported that the board had 273 positions for fiscal year 2006–07. The majority of these (133) were positions in the Victim Compensation Division, many of which were involved in processing applications and bills. An additional 27 positions were in the Fiscal Services Division, which includes, among other positions, the restitution and revenue recovery staff who coordinate the board’s and other entities’ efforts to collect money to fund the program. The board is also responsible for overseeing the Government Claims Program, which receives, investigates, and processes claims for money or damages against the State. For fiscal year 2006–07, 12 positions were reported as working in this separate program. The annual report indicates that the board’s remaining 101 positions were in administration; of these, four were located in the executive office. The Information Technology Section was the largest administrative unit, with 23 positions. Except for the Government Claims Program, the costs for all these personnel, along with contracts and other expenses, constitute the program support costs. We discuss program support costs in Chapter 1.

The board partners with various entities to provide the services that are the focus of this audit: application and bill processing and outreach services to promote awareness of the program. It contracts with 21 joint powers (JP) units throughout the State to aid the board in the approval or denial of applications and bills. Like board staff, JP staff review applications and bills and recommend approval or denial. One JP unit is in the city of Los Angeles, and the remaining 20 are in various counties. The JP units are located within the victim witness assistance centers (assistance centers) that we discuss next. Although many counties do not have their own JP units, some have entered into agreements with other counties that do have JP units to process their applications and bills.

Assistance centers, which oversee a variety of services to victims and are often located in local district attorney’s offices, are funded through the State’s Office of Emergency Services. Assistance centers provide outreach for the board and the program. They are present in each of the 58 counties, as well as in the city of Los Angeles. Each assistance center employs victim advocates who can assist victims in their applications for compensation. The victim advocates help victims identify whether they are eligible for the program, assist them in determining what sort of compensation they could be eligible to receive, and help them understand other critical aspects of applying to the program.

Verifying entities also play a key role in the application and billing process. Verifying entities include law enforcement, physicians, hospitals, and employers, among others. These entities provide

proof of a crime or an injury resulting from a crime. Verifying entities also help to confirm the amount of expenses or losses incurred by the applicant.

The Program’s Funding Sources and Disbursements

The program is financed by money held in the State’s Restitution Fund. As shown in Table 1, the two main sources of revenue for the Restitution Fund are restitution fines, penalty assessments, and other amounts collected by the State and counties, and a federal grant. In total, the board received \$145.1 million from these two sources for fiscal year 2006–07, \$124.3 million of which it spent in compensation payments and program support costs. The money received in excess of the funds disbursed for fiscal year 2006–07 contributed \$20.8 million to the ending fund balance.

Table 1
Restitution Fund Receipts and Disbursements of the Victim Compensation and Government Claims Board
Fiscal Year 2006–07
(In Millions)

Adjusted Beginning Fund Balance*	\$111.6
Restitution fines, penalty assessments, and other amounts collected by the State and counties	119.6
Federal grant	25.5
Total Receipts	\$145.1
Program support costs	49.4
Compensation payments	74.9
Total Disbursements	\$124.3
Receipts in Excess of Disbursements	\$20.8
Ending Fund Balance	\$132.4

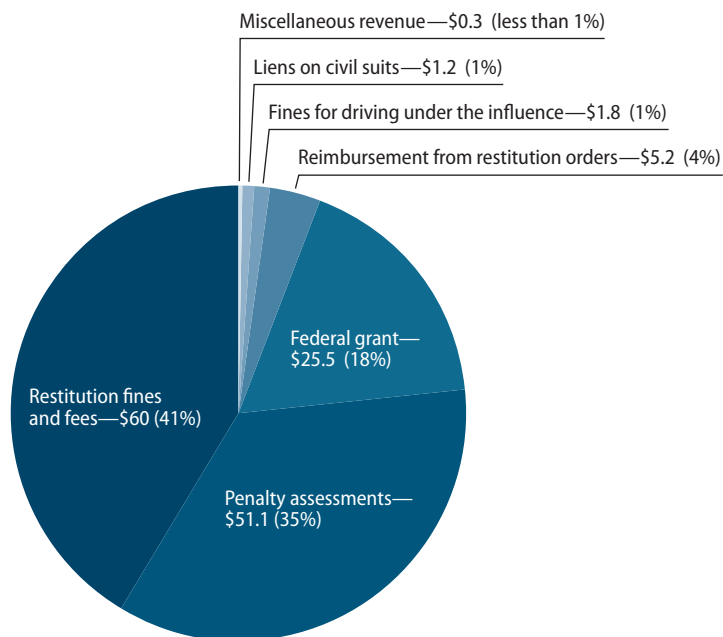
Sources: Victim Compensation and Government Claims Board’s year-end financial reports, annual reports, and actual expenditures for fiscal year 2006–07 from the 2008–09 Governor’s Budget.

* Adjustments include returned checks and payments.

Amounts collected by the State and counties accounted for \$119.6 million, or 82 percent, of the program’s funding for fiscal year 2006–07 and are generated from sources in six main categories, as depicted in Figure 1 on the following page. Most of the money (\$111.1 million) is collected from criminal defendants in the form of restitution fines and penalty assessments imposed on defendants convicted of criminal offenses. The other categories of collections, representing \$8.5 million, consist of court-ordered reimbursements

to the Restitution Fund, a portion of fines collected from individuals convicted of driving under the influence, liens on civil suits, and miscellaneous revenue, such as fees and uncashed payments.

Figure 1
Victim Compensation and Government Claims Board Funding by Type
Fiscal Year 2006–07
(Dollars in Millions)



Source: Victim Compensation and Government Claims Board's year-end financial reports for fiscal year 2006–07.

As shown in Figure 1, the remaining 18 percent of the program's funding for fiscal year 2006–07 comes from a federal grant. The federal Office for Victims of Crime administers the Victims of Crime Act Victim Compensation Grant Program. This grant program is funded by criminal fines, forfeited bail bonds, penalties, and special assessments and does not derive any resources from taxes. To continue to obtain grants, the State must fill out an application each year. The federal program is administered in the form of a grant generally valued at 60 percent of all compensation payments made from state sources in the year preceding the application. The grant can be spent during the year of the award and the following three years. Only 5 percent of the grant can be spent on training and other administrative costs; the rest must go toward compensation payments. Additionally, the federal Office for Victims of Crime sets several conditions on the types of costs that may be reimbursed from the federal grant, such as those for

medical expenses. The federal Office for Victims of Crime also prohibits the use of the federal grant to reimburse certain costs, such as property loss.

Although the board is the primary user of the Restitution Fund, the fund has become a source for programs operated by other entities as well. For fiscal year 2006–07, the Restitution Fund provided \$3 million for the California Witness Protection Program, which is administered by the Department of Justice. The fiscal year 2008–09 Budget Act (budget act) expands the use of the Restitution Fund to other entities as well. It allocates \$5.2 million to the Department of Justice for the California Witness Protection Program and \$10 million to the Office of Emergency Services, primarily to provide local grants to reduce gang activities. The 2008–09 budget act also calls for the state controller to transfer, upon order of the director of the Department of Finance, \$50 million from the Restitution Fund to the General Fund.

Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the Bureau of State Audits to review the program to determine the overall structure of victim compensation services and the role of each entity involved, and to assess the effectiveness of the structure and communication among the entities. The audit committee also asked us to review the funding structure for the program and determine any limitations or restrictions. We were also asked to determine the types of expenses made from the Restitution Fund in each of the last four years, including identifying the annual amount used for administering the program and the annual amount reimbursed to victims. Further, the audit committee directed us to identify significant fluctuations in costs and determine the reasons for those fluctuations.

The audit committee requested us to determine and assess the board's process of approving or denying applications and bills, including how it communicates its decisions to applicants. Additionally, the audit committee directed us to review a sample of applications and bills that the board received from 2003 through 2007 to determine whether it adhered to proper protocols for the approval process. The audit committee also asked us to review, for the selected sample, the amount of time various steps took. Further, the audit committee asked us to review the board's change in the definition of application processing time and whether the change affected the timeliness of decisions for approval or denial. In addition, it asked us to determine whether the board has a backlog of applications and bills awaiting its decision, the extent of the backlog, and any efforts taken to reduce the backlog.

Finally, the audit committee directed us to review and assess the board's overall process for outreach to potential victims of violent crimes and whether it considers the demographics of the populations it serves in establishing its outreach program. The audit committee also asked us to determine what impact demographic information has on outreach efforts to vulnerable populations. Further, the audit committee asked us to determine whether the board's outreach efforts clearly communicate the process to various vulnerable populations and whether the methods of communication take into consideration literacy rates and access to information.

As part of our review of the funding structure for the program, we identified the types of funding the board received for fiscal year 2006–07, reconciled the amounts recorded in the year-end financial reports to the board's published annual report for that year, and investigated any significant differences. We identified pertinent limitations and restrictions by reviewing documentation, such as federal law and grant agreements, and interviewing key personnel at the board.

Although we were asked to look at four years of expense data, we learned that to provide important context, it was necessary to present data back to fiscal year 2001–02. The primary source of information for the compensation payment information we present was the board's annual reports because they present information by type of expense. The primary source of information regarding the costs to support the program was the board's year-end financial reports because they reflect the necessary detail. However, we typically compared relevant totals from the annual reports to those in the year-end financial reports, as well as to information presented in the annual governor's budgets, to ensure that they were reasonably consistent. For the two earliest years—fiscal years 2001–02 and 2002–03—we relied solely on the board's annual reports for information. After reviewing trends in the expense information, we sought explanations for significant fluctuations from key personnel at the board and considered corroborating information to the extent possible.

To select a sample of applications and bills, we obtained lists of applications from the board for fiscal years 2003–04 through 2007–08. We selected 10 applications from each fiscal year to test, for a total of 50. For each fiscal year, we selected six applications from the JP units and four from the board. For one of the 50 cases selected, the board was unable to locate the original file. Although the board provided some documentation, it was incomplete for our testing purposes, and therefore we have included the results for our review of 49 applications. For each of the applications we reviewed, we also selected up to two bills that the board processed and paid. If an applicant submitted

only one bill, our review was limited to that one. We also selected five applications that the board initially denied and for which the applicant subsequently appealed the decision.

To determine whether the board adhered to proper protocols when approving or denying applications and bills, we reviewed case files for each application selected, which includes associated bills, and examined whether the board obtained the necessary information to approve or deny the application. We also reviewed whether the board obtained and reviewed necessary information to verify that a bill could not be paid by another source such as insurance and that the paid bills complied with program rates and service limitations. We reviewed relevant state laws, regulations, and program policies and procedures. We also evaluated the amount of time the board took to process the applications and bills and investigated significant delays, including assessing the board's efforts to follow up with applicants and verifying entities to obtain the necessary information. Further, we determined whether the board processed the applications and bills within statutory requirements. Finally, for the appealed applications, we assessed the length of time it took to resolve the appeals.

To assess the board's overall communication and organizational structure related to the processing of applications and bills, we interviewed representatives of five JP units. We considered the number of applications processed by the JP units and selected JP units from both Northern and Southern California.

To understand the board's current process for managing workload, we interviewed managers responsible for workload oversight. To determine whether the board has a backlog of applications and bills awaiting a decision, we considered whether the board has aging reports of its current inventory. We also obtained electronic data from its application and bill processing system, the Compensation and Restitution System (CaRES), and attempted to analyze the data available. Chapter 3 discusses the reason we could not use the data to present information on the size of the board's inventory of applications and bills.

Using the data, we were able to present information on how long the board and JP units took to process completed applications and bills that had been entered into CaRES. Government auditing standards issued by the U.S. Government Accountability Office require us to assess the reliability of computer-processed data. We assessed the reliability of the board's data entered into CaRES by performing electronic testing of selected data elements and testing the accuracy and completeness of the data. Application identification numbers are assigned sequentially in CaRES. Thus, to test the completeness of the data, we reviewed it to identify gaps

in the sequence of application numbers. To test the accuracy of the application and billing data, we traced key data elements to source documentation for 29 items. Based on that testing, we concluded that the data were not sufficiently reliable for the purposes of concluding on the length of time taken to process applications and bills. Nevertheless, we present the results of the analysis in Chapter 3, as the data represent the best available source of information.

Further, during the course of our analysis we removed items identified as “purged” that the board advised us were, for a variety of reasons, erroneous. In late October 2008, the board advised us that some “purged” items were subsequently reinstated. The board offered additional data not previously provided to us that would have allowed us to identify these items. However, we were unable to reperform the analysis due to the late date at which we were informed of this issue. As such, we are aware that the information we present in Chapter 3 may be misstated to some degree.

To evaluate its outreach program and efforts related to the program, we reviewed the board’s 2006 through 2008 strategic plan and related operational plan for outreach, its new plan adopted in 2008, and outreach materials and presentations used in fiscal year 2007–08. To further understand the board’s outreach priorities, strategies, and efforts, we interviewed the deputy executive officer responsible for outreach. We also interviewed representatives of five assistance centers to understand their perspective on the board’s overall outreach efforts and effectiveness. We selected the assistance centers by ranking the number of applications, crime statistics, and population by county for fiscal year 2006–07. We then selected assistance centers with high rankings in three counties that had JP units and two counties that did not have JP units.

Chapter 1

ALTHOUGH COMPENSATION PAYMENTS UNDER THE VICTIM COMPENSATION PROGRAM SIGNIFICANTLY DECLINED, THE COSTS OF CARRYING OUT THE PROGRAM INCREASED

Chapter Summary

The purpose of the Victim Compensation Program (program) is to help victims and their families pay unreimbursed expenses after a crime occurs. State law prescribes the type of compensation payments the Victim Compensation and Government Claims Board (board) can make, and depending on the circumstances, payment can be made directly to an individual or to a provider of services. From fiscal years 2001–02 through 2004–05, compensation payments from the program decreased by 50 percent (\$123.9 million to \$61.6 million) as a result of actions board members took in an attempt to maintain the fiscal viability of the Restitution Fund, from which the board makes disbursements for the program. Although payments have increased since fiscal year 2004–05, they have not returned to their fiscal year 2001–02 level.

Although the board’s compensation payments significantly declined from their level in fiscal year 2001–02, program support costs have increased. These program support costs account for a significant portion of the board’s Restitution Fund disbursements—ranging from 26 percent to 42 percent during the seven-year period we reviewed. Although the board does not set a goal that focuses on the correlation between compensation payments and program support costs, nor does it set other similar goals, such goals could ensure that the board is providing the highest possible level of assistance to victims and their families.

Compensation Payments Are Increasing After a Sharp Decline

Compensation payments declined sharply after fiscal year 2001–02. In that fiscal year, compensation payments totaled \$123.9 million. By fiscal year 2003–04, payments had plummeted to \$66.5 million, before bottoming out at \$61.6 million in fiscal year 2004–05. This represents a 50 percent decrease in compensation payments. Payments for each of the board’s five types of compensation shown in the text box declined. However, the decreases were most significant in the two largest

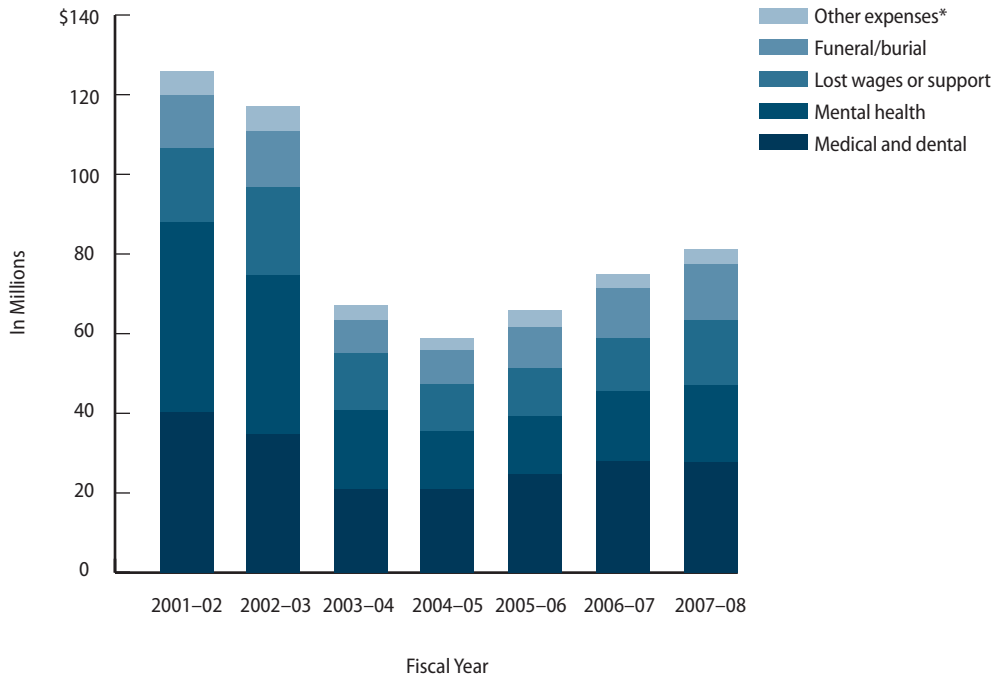
Types of Compensation Payments

- Medical and dental:** Includes expenses such as hospital services, physician services, and prescriptions.
- Mental health:** Includes inpatient and outpatient sessions.
- Lost wages or support:** Includes wages to victims who are unable to work because of a crime-related disability.
- Funeral/burial:** Includes casket, headstone, and cremation costs.
- Other expenses:** Includes relocation and retraining costs.

Sources: Victim Compensation and Government Claims Board (board) annual reports and other board documents.

types of compensation: mental health and medical and dental payments. Figure 2 presents the changes by type for fiscal years 2001–02 through 2007–08.

Figure 2
Victim Compensation and Government Claims Board Compensation Payments by Type
Fiscal Years 2001–02 Through 2007–08



Sources: Victim Compensation and Government Claims Board's annual reports, except for fiscal year 2007–08, which the board provided.

* Other expenses include payments for relocation and retraining costs.

The deputy executive officer for the program (program officer) attributed the decrease in compensation payments after fiscal year 2001–02 to actions that the board members took as they attempted to ensure that the Restitution Fund, the fund from which the board makes disbursements for the program, remained financially viable. Effective September 2002, the board members reduced the reimbursement rates for certain bills in anticipation of the Restitution Fund becoming insolvent. For example, rates for medical bills, which generally had been paid at workers'

compensation rates, were reduced to Medicare levels.² Also, hourly rates for mental health services were decreased by type of service. For example, the board members reduced the hourly rate for clinical social workers and counselors from \$90 to \$70 and reduced the hourly rate for psychiatrists from \$130 to \$90. However, in early 2003 the board did not have enough money to pay all the bills it approved, so the board members again reduced the reimbursement rates for medical payments and delayed paying bills from providers for four months. The rates, which had been at Medicare levels, were reduced to 20 percent less than Medicare. The board members also imposed limits on the number of sessions for mental health services.

The board members' actions had a chilling effect on the number of applications submitted for the program. In fiscal year 2001–02, the board received 63,200 applications. By fiscal year 2003–04, the number of applications submitted had decreased significantly, to 49,700, reaching a low point of 46,900 in fiscal year 2005–06. The program officer indicated that the decrease in applications and the related reduction in payments were likely the result of several factors stemming from the board members' attempts to maintain the solvency of the Restitution Fund. He stated that the board members' actions of cutting rates and delaying provider payments reduced providers' desire to work with the program. As a result, providers were probably less likely to tell victims to apply for reimbursement. The program officer also stated that victim advocates were less likely to promote the program as a source of reimbursement to cover a victim's costs. Finally, he noted that as the fund experienced difficulties, outreach efforts were curtailed, which reduced knowledge of the program, especially among providers and first responders.

In mid-2004 the board members raised the medical rates to 20 percent more than the Medicare level, and in early 2006 they raised the mental health rates to pre-September 2002 rates. These rate increases have contributed to higher overall compensation payment levels. Since reaching their low point of \$61.6 million in fiscal year 2004–05, total compensation payments have steadily increased to \$81.2 million in fiscal year 2007–08. Similarly, the board reported that by fiscal year 2007–08 the number of applications received had climbed to 50,900. The program officer believes this increase has occurred for a number of reasons that include increased confidence of the providers in the program, the increase in rates, and outreach efforts. Nevertheless, the program is still far short of the compensation payment levels it achieved in fiscal year 2001–02.

The board's reduction of reimbursement rates for medical and mental health payments and delays in paying bills from providers led to a significant decrease of applications submitted for the program. Despite subsequent raises to medical and mental health rates, the program is still far short of the compensation payment levels it achieved in fiscal year 2001–02.

² Board staff characterized the workers' compensation rates as providing higher reimbursement than Medicare but indicated that the workers' compensation rates were not uniformly set at a certain percentage higher than Medicare.

Types of Program Support Costs

Salaries and benefits: All wages and benefits paid to board staff with the exception of administrative and executive office personnel.

Joint powers contracts: Contracts the board has with each of the 21 joint powers units throughout the State.

Administrative and executive office: All costs incurred by the executive office and administrative personnel.

Other contracts: Includes contracts with other state agencies and counties related to restitution and recovery activities that support the program.

Ten percent rebate program: Payments to counties in the amount of 10 percent of the funds the counties collect for the Restitution Fund if the funds are deposited within a specified time period.

Facilities and data management: Expenses including building rent and information technology costs.

Other program expenses: Miscellaneous costs such as printing, communications, travel, and training.

Sources: Department of Finance Uniform Codes Manual and Victim Compensation and Government Claims Board financial reports, annual reports, and other documents.

Program Support Costs Account for a Significant Portion of Restitution Fund Disbursements

While the board's compensation payments significantly declined from the levels reached in fiscal year 2001–02, its program support costs, such as those listed in the text box, increased. As shown in Table 2, program support costs increased from \$44.4 million in fiscal year 2001–02 to \$51.4 million in fiscal year 2007–08. Much of the increase did not occur until after fiscal year 2005–06. Board staff pointed to several reasons for the increase. For example, in fiscal year 2006–07 a significant portion of the implementation of the Compensation and Restitution System (CaRES) took place. Thus, the board incurred administrative costs for added personnel and information technology supplies. The board also incurred costs for a scan facility that receives all new documents for applications and bills and uploads them to CaRES. Another factor that led to the increase is a greater number of contracts with counties related to restitution and recovery activities that support the program.

Program support costs accounted for between 26 percent and 42 percent of the board's total disbursements during fiscal years 2001–02 through 2007–08. According to the deputy executive officer for fiscal services (fiscal services officer), several factors contribute to the board's program support costs making up such a substantial portion of its total disbursements. One factor is that the board is a stand-alone entity that shares no administrative or overhead costs with other entities. As a result, costs for all the management functions required for a state entity, such as human resources, business services, and information technology, are absorbed primarily by the Restitution Fund.³

The board also engages in revenue-generating activities. To this end, it maintains restitution and revenue recovery staff (recovery staff) and has contracts with counties, the Franchise Tax Board, and the California Department of Corrections and Rehabilitation. These contracts and the recovery staff generate revenue but also contribute to program support costs. Table 2 shows that program

³ The board also oversees the Government Claims Program, which receives, investigates, and processes claims for money or damages filed against the State. The program is self-funded, supported by a filing fee and a surcharge paid by state agencies on approved claims.

Table 2
Victim Compensation and Government Claims Board
Disbursements From the Restitution Fund
Fiscal Years 2001–02 Through 2007–08
(Dollars in Millions, Except as Noted)

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
Program Support Costs							
Salaries and benefits	\$18.6	\$18.9	\$12.5	\$13.1	\$12.5	\$12.2	\$12.9
Joint powers contracts	12.5	12.4	10.3	10.0	10.4	11.0	11.1
Administrative and executive office	*	*	7.1	7.6	7.2	9.6	9.7
Other contracts	1.5	5.3	5.0	5.2	5.7	7.2	6.6
10% rebate program [†]	6.0	4.0	6.6	4.0	5.5	4.7	5.7
Facilities and data management	3.9	3.5	4.2	4.0	2.9	3.6	2.4
Other program expenses	1.9	1.7	0.8	1.2	1.4	1.1	3.0
Totals	\$44.4	\$45.8	\$46.5	\$45.1	\$45.6	\$49.4	\$51.4
Compensation Payments							
Total payments	\$125.9	\$118.1	\$67.2	\$58.9	\$66.7	\$74.6	\$81.2
Adjustments [‡]	-2.0	-1.1	-0.7	2.7	-0.7	0.3	NA
Adjusted Payments	\$123.9	\$117.0	\$66.5	\$61.6	\$66.0	\$74.9	NA
Total Restitution Fund Disbursements	\$168.3	\$162.8	\$113.0	\$106.7	\$111.6	\$124.3	\$132.6
Total program support costs as a percentage of total disbursements	26%	28%	41%	42%	41%	40%	39%
Dollars spent on compensation payments per dollar spent on program support costs (in actual dollars)	\$2.79	\$2.55	\$1.43	\$1.37	\$1.45	\$1.52	\$1.58
Program support costs excluding revenue-generating costs as a percentage of total disbursements [§]	NA	NA	33%	36%	34%	33%	32%
Dollars spent on compensation payments per dollar spent on program support costs excluding revenue-generating costs (in actual dollars) [§]	NA	NA	\$2.06	\$1.77	\$1.95	\$1.99	\$2.17

Sources: Year-end financial reports and annual reports of the Victim Compensation and Government Claims Board (board) except for fiscal year 2007–08 compensation payments, which the board provided.

NA = Not applicable.

* The board's annual reports were the source of the data for fiscal years 2001–02 and 2002–03. These reports do not separately identify administrative and executive office costs. Further, these reports do not separately identify Government Claims Program costs. Costs for the Government Claims Program, which totaled \$0.8 million in fiscal year 2003–04, were excluded for fiscal years 2003–04 through 2007–08.

† State law requires the board to pay counties 10 percent of the funds the counties collect for the Restitution Fund if the funds are deposited within a specified time period.

‡ Adjustments include returned checks and payments. As of October 2008 these adjustments were not available for fiscal year 2007–08.

§ Program support costs, excluding revenue-generating costs, do not include the 10 percent rebate, any revenue-generating contracts, the salaries and operating expenses of the revenue recovery staff, or administrative costs allocated to revenue recovery activities. The information necessary to isolate costs for revenue-generating activities was not available for fiscal years 2001–02 and 2002–03.

support costs, excluding revenue-generating costs, account for between 32 percent and 36 percent of total disbursements from the Restitution Fund. Although total program support costs depict the complete costs of the program, the percentages reflecting the costs net of revenue-generating costs more closely depict the percentages of costs associated with the review of applications and payment of bills and other related program activities. As Table 2 indicates, the difference between the two support percentages—the percentage of total program costs and the percentage of program costs excluding revenue-generating costs—is between 6 percent and 8 percent.

The fiscal services officer stated that another factor contributing to the support costs is the level of review that state laws and regulations require board analysts to perform to ensure that they pay only eligible bills. The fiscal services officer pointed out that board analysts must determine the eligibility of all applications received, and many applications do not result in bills being received and paid. Thus, not all the work board analysts perform results in compensation payments. Another significant contribution to program support costs is that the board contracts with the 21 joint powers units, which operate in 20 counties and one city and aid in reviewing bills and applications.

We recognize that not all the work board analysts perform results in compensation payments. However, the correlation between compensation payments and program support costs provides an overall measure that is informative because it indicates the board's "return on investment" for the level of costs it incurs. As shown in Table 2, in fiscal year 2001–02, for every dollar spent on program support costs, the board distributed \$2.79 in compensation payments. However, for the last five years, the return has been at a much lower level—ranging from \$1.37 to \$1.58 in compensation payments distributed for every dollar in program support costs spent.

For the last five years, the board's "return on investment" for the level of costs it incurs has been at a much lower level—ranging from \$1.37 to \$1.58 in compensation payments distributed for every dollar spent in program support costs.

To a certain extent, this payment ratio indicates the relative inflexibility of the board's cost structure. Although compensation payments significantly declined, the board's basic infrastructure and certain operating costs were relatively fixed. The board also experienced additional costs as it transitioned to a new processing system for applications and bills—CaRES—that it anticipates will provide efficiencies in the future, potentially lowering program support costs. Nevertheless, using this ratio provides insight into how money is spent by the board. If there is a low return on investment, the board could be sacrificing compensation payments for a higher level of program support costs than is necessary.

Additionally, creating a target ratio could help the board set goals for a sustainable level of compensation payments that would prolong the solvency of the Restitution Fund.

The program officer acknowledged that the board does not compare program support costs to compensation payments. He stated that the amount of compensation payments the board makes depends on the number and validity of applications received, as well as the related bills submitted on the applications. Additionally, he stated that the board's program support costs are relatively fixed and that the board does not have the ability to expand and shrink the workforce as easily as private sector companies do. Finally, the program officer pointed out that in fiscal year 2002-03, one of the years in which the ratio of compensation payments to program support costs was higher, the program had to delay payments to providers to avoid insolvency of the Restitution Fund. He commented that this indicated that a high ratio is not always an indicator of an effective program.

Nevertheless, we continue to believe that having a goal that takes into account the amount of compensation payments and program support costs is important as the board strives to ensure that it is providing the highest level of assistance to victims and their families. Any individual goal may have limitations, and thus the board would benefit from establishing a variety of goals that complement one another. For example, it could also implement a goal that measures applications received to program support costs in recognition of the fact that staff are required to review all applications received. Further, the board could implement a goal that measures the amount of approved applications to applications received. This information could prove useful as it considers how effective its efforts are at informing potential applicants of the program's eligibility requirements. Better applications can lead to efficiencies on the part of the staff who process them.

The board has flexibility as it considers which goals are most informative with regard to ensuring that it is providing the highest level of assistance possible. However, to aid its efforts to maximize assistance to victims and their families while maintaining a viable Restitution Fund, it is particularly important for the board to develop a method or calculation to establish an annual target fund balance amount. The board's determination of an appropriate method should evaluate various factors that affect the program, such as revenues available and demands for compensation payments over multiple years. Continuously trending the various factors over multiple years will allow the board to consistently apply the method annually when it projects the target fund balance amount needed to avoid financial shortfalls.

Continuously trending over multiple years the various factors that affect the program will allow the board to develop and apply a consistent method to establish an annual target fund balance amount to avoid financial shortfalls.

Recommendations

The board should establish a complementary set of goals designed to measure its success in maximizing assistance to victims and their families. These goals should include, but not be limited to, one that focuses on the correlation of compensation payments to program support costs and one that establishes a target fund balance needed to avoid financial shortfalls. As it monitors the goals it has created, the board should ensure that its cost structure is not overly inflexible and that it is carrying out its support activities in the most cost-effective manner possible.

Chapter 2

THE VICTIM COMPENSATION PROGRAM CAN IMPROVE ITS PROCESSING TIMES FOR APPLICATIONS AND BILLS

Chapter Summary

Our testing of 49 applications from fiscal years 2003–04 through 2007–08 reveals that the Victim Compensation and Government Claims Board (board) generally complied with state laws and regulations for determining whether applicants were eligible to receive Victim Compensation Program (program) benefits. However, the program did not always process applications and bills as promptly or efficiently as it could have. For the 49 applications we reviewed, the board’s average processing time was 76 days, which is well within the statutory average of 90 calendar days.⁴ Nevertheless, we noted two instances in which it did not make a determination within 180 days of the application acceptance date, as required by statute. Further, we noted various instances in which the board did not demonstrate that it approved or denied applications as promptly as it could have after receiving the information necessary to make the determination.

State law requires the board to pay certain bills within specific time frames as well. For example, the board must pay initial mental health bills within 90 days of receipt, if the application has been approved. The board must also pay bills for medical services within an average of 90 days of receipt, if the application has been approved. Although state law does not require all bill types to be paid within specific time frames, we believe 90 days is reasonable. For comparative purposes, we measured all of the bills against the 90-day time frame. For the 77 paid bills we reviewed, the board’s average processing time was 66 days. However, the board took more than 90 days to pay 23 individual bills and sometimes did not meet statutory time frames.

The board’s procedures for following up with outside entities—such as law enforcement, physicians, hospitals, and employers, as well as state agencies—to obtain information necessary to verify bills are not sufficiently detailed and contribute to inconsistencies in staff efforts to obtain the information promptly. Additionally, even when staff initially request information and follow up promptly, some entities delay providing the necessary information. The board told

⁴ In this chapter, we report on the processing times for applications and bills associated with our review of 49 case files for a five-year period. In Chapter 3, we present processing times as reported by the board’s new processing system, which reflects the program’s more recent performance.

us it is reaching out to some entities to emphasize the importance of providing requested information more promptly. This needs to be a continuing area of focus for the board. Further, in spite of existing procedures, staff were not consistent in verifying whether bills were reimbursable from other sources such as insurance or public assistance. Also, the board could not always provide documentation to support formal approval of the applications and bills we reviewed.

The Board Follows a Standard Process When Approving Applications and Bills

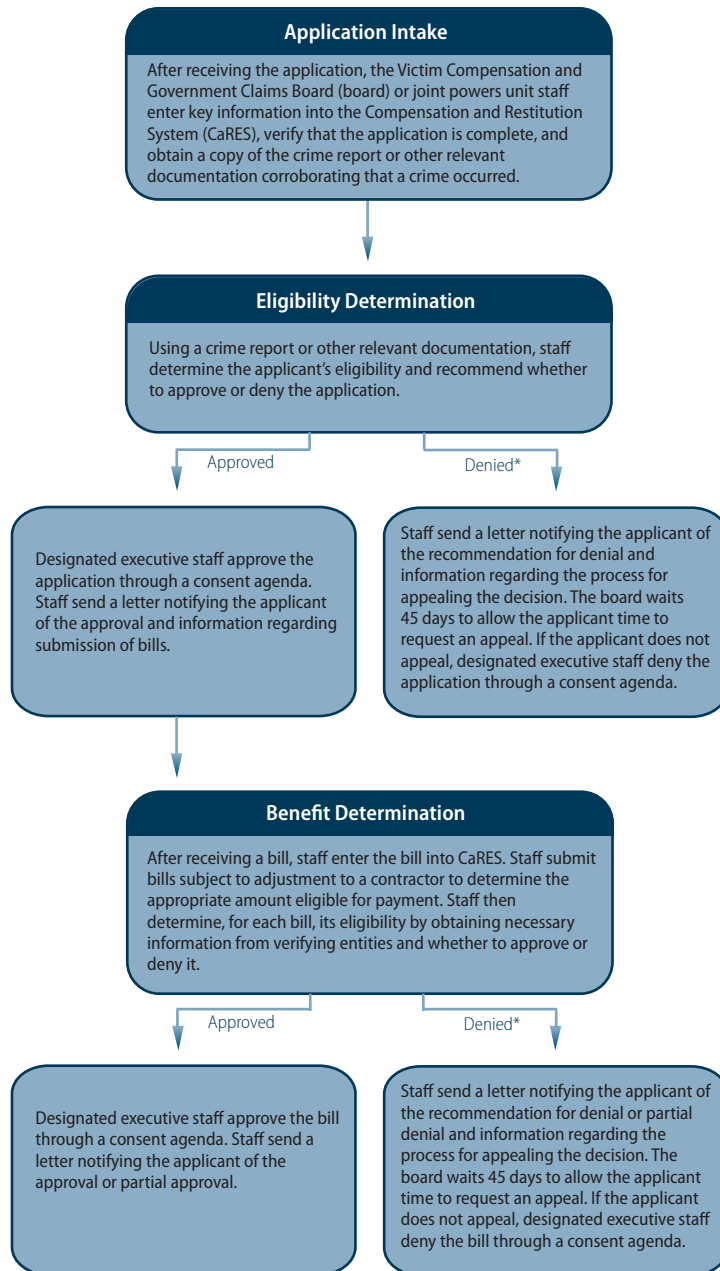
The board follows a reasonable three-step process—application intake, eligibility determination, and benefit determination—when approving applications and bills. In addition, it follows an appeal process when applicants disagree with its decisions. Figure 3 depicts the three-step process as well as where in the process individuals can appeal decisions.

Individuals can fill out an application on their own and send it directly to the board in Sacramento. They can also go to one of the victim witness assistance centers (assistance centers), where a victim advocate can help them apply for compensation. Each county, as well as the city of Los Angeles, has an assistance center. Assistance center staff work directly with the board or the relevant joint powers (JP) unit to assist victims. The board has 21 JP agreements with 20 counties and the city of Los Angeles that assist in processing applications and bills.

The application intake process brings together the data required to determine whether an applicant is eligible to receive benefits from the program. Board or JP unit staff document all the information from the application in the Compensation and Restitution System (CaRES) and determine whether it is complete. Application intake staff verify, among other things, that the application includes the applicant's name, address, and date of birth and whether the applicant is the victim, derivative victim, or a person entitled to be reimbursed for funeral, burial, or crime scene cleanup expenses resulting from the qualifying crime.⁵

⁵ A derivative victim is an individual who sustains economic loss as a result of injury or death to a victim.

Figure 3
Victim Compensation and Government Claims Board’s Three-Step Process for Reviewing Applications and Bills



Sources: Victim Compensation and Government Claims Board’s (board) Compensation and Restitution System training manual, manager of appeals process section, and Bureau of State Audits’ review of 49 application files.

* Applicants who disagree with the decision to deny an application or bill may appeal. The board has a formal appeal process in which designated legal staff hold a hearing and make a recommendation to approve or deny the application or bill. The board members make the final decision. Whenever a denial is made in the process—whether appealed or not—an applicant can request the board to reconsider its decision.

Questions Used in Determining an Applicant's Eligibility

1. Is a program-covered crime alleged?
2. Is there a preponderance of evidence that a program-covered crime occurred?
3. Did the victim participate in the crime?
4. Was the victim involved in the events leading up to the crime?
5. Did the applicant cooperate with law enforcement?
6. Did the applicant cooperate with the Victim Compensation and Government Claims Board?

Source: Compensation and Restitution System training manual on eligibility determination.

Eligibility determination staff decide on the applicant's eligibility based on the answers to six questions (see the text box). In accordance with state law, staff verify pertinent information with law enforcement agencies or other relevant parties to answer the six questions. The eligibility determination process involves reviewing a victim's eligibility to receive program benefits and results in a recommendation to approve or deny the application.

During the benefit determination process, board or JP unit staff review, verify, and recommend for payment or denial all bills submitted by providers or applicants. Bills subject to adjustment based on maximum rates and service limitations established by the board are sent to an outside contractor for adjustment. Staff enter the bills into CaRES, verifying the information, such as the dates of

service, the amount billed, and the amount the applicant has paid. To properly calculate the benefit amounts to be paid by the program, CaRES tracks the amount paid to date for each benefit category (updated after each payment is approved by the board), the amount paid and reserved (including amounts not yet approved by the board), and the amount available (the remaining amounts for each benefit category).

Benefit determination staff recommend whether the board should allow, partially allow, or deny the bill, as well as calculate the amount to be paid. The amount paid may be the adjusted amount if the bill was subject to adjustment, the applicant's co-payment or deductible based on an explanation of benefits if the applicant was insured, or the applicant's out-of-pocket loss if there is no insurance and the bill is not subject to adjustment. State law sets limits on available benefits for specific types of services, such as \$2,000 for moving or relocation expenses and \$7,500 for funeral or burial expenses. The benefit determination process results in a staff recommendation to approve or deny the bill.

State law provides board members with the ability to delegate certain duties and responsibilities to the executive officer and staff. Board members have formally delegated to the executive officer the ability to adopt staff recommendations on applications and bills when the applicant has not filed an appeal of a recommendation. The executive officer, in turn, has delegated this responsibility to specific executive staff: the program deputy executive officer (program officer) and the chief deputy executive officer.

The board's process is to schedule recommendations of approval on the next available consent agenda. For recommendations of denial, the board must wait 45 days to give the applicant time to appeal. If the applicant does not appeal, the board adds the recommendation for denial to the next consent agenda. The designated executive staff generally receive and approve the consent agendas twice per week. The consent agendas include a list of applications, bills, and staff-recommended decisions.

According to the manager of the appeals process section (appeals manager), when an appeal of a recommendation is received, the information submitted with the appeal and the file containing the application and bills are reviewed by the appeals staff. Appeals staff may contact the individual, providers, or others to attempt to resolve the issue. The appeals manager stated that if the appeals staff are able to resolve the issue, the application or bill is returned to other board staff with processing instructions. If appeals staff are not able to resolve the issue, a written analysis is prepared, and the appeal is scheduled for a hearing with one of the board's attorneys. Hearings may be conducted in person or by telephone and are scheduled 30 days in advance. The appeals manager stated that notice of the hearing date and time, as well as a copy of the written analysis, is mailed to the individual who appealed. The hearing officer considers all information and the testimony that was presented during the hearing, then drafts a proposed decision and submits it to the board members. Their decision is communicated to the individual.

Whether a denial recommendation was appealed or not, after the board members' action the individual has a specified period of time to request reconsideration, which may be up to 60 days from the date that the decision is mailed to the applicant. According to the appeals manager, appeals staff review reconsiderations of decisions that were not previously appealed. If an individual requests reconsideration of an appeal hearing decision, the board's legal section reviews the decision, any newly submitted information, and all relevant case documents. The appeal and reconsideration processes allow applicants the opportunity to provide additional information for the board's consideration when they disagree with a board decision.

The Board Generally Complied With State Laws and Regulations Requiring It to Determine an Applicant's Eligibility for the Program

During the eligibility determination process, board staff determine whether both the crime and the applicant qualify under the program. To be a qualifying crime, the victim or derivative victim must have sustained, as a direct result of the crime, one or more

Staff typically use crime reports to determine if a qualifying crime occurred; however, they can use other corroborating information as we noted in our review of 49 applications.

of the following: physical injury, emotional injury and a threat of physical injury, or emotional injury alone if resulting from certain specified crimes. In addition, board staff must determine if the crime occurred within the State and if the victim is a state resident. A qualifying crime may occur outside of California if the victim is a state resident, a member of the military stationed in California, or a family member living with a member of the military stationed in California. A qualified applicant must have been the victim or a derivative victim of the qualifying crime, or be a person entitled to be reimbursed for funeral, burial, or crime scene cleanup expenses resulting from the qualifying crime.

Although staff typically use crime reports to determine if a qualifying crime occurred, they can consider other evidence. State regulations describe other factors that may be used as evidence of a qualifying crime. For example, a conviction is sufficient proof that a crime occurred. Significant weight may also be given to the evidence and conclusions of a law enforcement agency, and the filing of a criminal charge for the qualifying crime may be considered. We found instances in our review of 49 applications in which staff appropriately used other corroborating information in lieu of crime reports. For example, in one case staff used juvenile court documents, in another case staff used information from child protective services, and in two cases staff used traffic collision reports.

Our review of 49 applications from fiscal years 2003–04 through 2007–08 demonstrated that the board generally determined the eligibility of applicants appropriately. Most of those applying for benefits (36 of 49) were direct victims; the remaining 13 were derivative victims. Of the 36 direct victims, 24 were adults and 12 were minors.

However, for one of the 49 applications, the board lacked documentation to support a finding of eligibility. In this case, the board approved the application for eligibility based on a determination that the applicant had been the victim of rape. However, the application file contained no documentation confirming that the crime occurred. The initial police report in the file indicated only that there had been a possible rape, and a separate form submitted by the investigative agency noted that the alleged victim, who was a minor, had become voluntarily intoxicated prior to the incident and had not fully disclosed her relationship with the suspect. When we questioned the board about the application, we were told that a police officer had confirmed the crime in a telephone conversation with eligibility staff, but this was not reflected in the application file. We then asked board staff about the lack of documentation in the file. We were told that law enforcement would not provide a copy of the complete crime report because the victim and the suspect were both minors.

Further, board staff stated that the program took extra precautions to maintain confidentiality because the victim is related to a county victim assistance employee. However, the need to maintain confidentiality should not preclude the board from maintaining the proper support for a finding of eligibility.

In addition, we discovered one application, which was not part of the 49 we reviewed, in which we determined that the board incorrectly found the applicant to be an eligible victim for a crime that did not occur. The applicant was physically injured after his motorcycle collided with a quadricycle and he fell into the path of oncoming traffic. Our review of the documents in the application file revealed that staff incorrectly concluded, based on information in a police officer's collision report, that when a pedestrian with a physical disability, who had been drinking, triggered an accident by venturing into a traffic lane on his battery-powered quadricycle, the pedestrian committed the crime of driving under the influence. The board reached this conclusion even though the collision report referred to the person on the quadricycle as a pedestrian, the report made no mention of driving under the influence and the operation of a quadricycle, even by a person under the influence of alcohol, cannot constitute driving under the influence because the California Vehicle Code defines the operator of a quadricycle as a pedestrian. When we asked about this case, the program officer stated that the board could have qualified the application under a statute that makes it a misdemeanor to be intoxicated to the point of being unable to care for one's own safety or the safety of others or, by reason of intoxication, obstructs the free use of any street. However, nothing in the application file, including the police report, provides support for such a conclusion.

The Board Notifies Applicants of Decisions Through the Use of Standard Letters

State laws and regulations require that the board communicate with applicants in certain instances. For example, under state law, if an application for an emergency award is denied, the board must notify the applicant in writing of the reasons for the denial.⁶ State law also requires the decisions of the board regarding hearings to be in writing. Further, state laws and regulations require the board to notify the applicant in the following instances:

Although in our review of 49 applications we found that the board generally determined the eligibility of applicants appropriately, for one application the board lacked documentation to support the eligibility decision. For an additional application we reviewed, the board incorrectly determined eligibility for a crime that did not occur.

⁶ State law requires the board to make an emergency award available to a person eligible for compensation if it determines that such an award is necessary to avoid or mitigate substantial hardship that may result from delaying compensation until complete and final consideration of an application. Funds for emergency awards must be disbursed within 30 calendar days of the application.

- When the board receives an incomplete application, incomplete request for an emergency award, or incomplete request for reimbursement of a bill.
- When a hearing is granted, not less than 10 days prior to the date of the hearing.
- Prior to denying a request for hearing. The applicant must be notified of the reason for denying the request and must be given 30 days to submit written materials that either refute the reason for denial or show a basis upon which relief may be granted.
- If program staff recommend that the board allow an application or bill.⁷
- If program staff recommend that the board disallow an application or disallow or partially disallow a bill. The notice must explain the reason for the recommendation.

Our review of the board's practices for communicating with applicants found that the board uses standard letters to notify applicants of decisions, such as those previously noted. Additionally, the board's practice is to communicate in writing with applicants when an application is considered complete. The board cited benefits to communicating its decisions in writing. According to the assistant deputy executive officer for the program (assistant program officer), letters are the most consistent and accepted method of communication for all recommendations and decisions. The assistant program officer further stated that the letters establish a legal basis for items such as subpoenas, as well as for confirming dates, which can be essential in reviewing timeliness of appeals and requests for reconsideration.

The Program Did Not Always Process Applications and Bills Promptly

State law related to eligibility determinations for the program requires the board to approve or deny applications, based on the recommendation of board staff, within an average of 90 calendar days, and no later than 180 calendar days after the acceptance date for an individual application. For the 49 applications we reviewed, the board's average processing time was 76 days, which is well within the statutory average. However, the board did not make a determination within 180 days in two instances. We also noted various instances in which the board did not demonstrate

⁷ As we discuss later, the board recently revised its process to notify applicants of eligibility decisions once the board reaches its final decision, rather than when staff recommend the decision. When we noted that this revision was not consistent with state regulations, the board commented that it would pursue a change to this regulation as part of its current efforts to modify various regulations.

that it approved or denied the applications as promptly as it could have after receiving the information necessary to make the determination. Finally, our review of 77 paid bills associated with approved applications found that the board’s average processing time was 66 days. Because the board took more than 90 days to pay some bills, however, it did not always meet statutory time frames.

Opportunities Exist for the Board to Shorten Its Processing Time for Applications

For the 49 applications we reviewed from fiscal years 2003–04 through 2007–08, we found that the board’s average processing time was 76 days, which is well within the 90-day average required under state law. However, we noted that in 16 of the 49 applications we reviewed, the board took more than 90 days from acceptance to notify the applicant of its recommended decision to approve or deny the application.⁸ Although taking more than 90 days to approve or deny an individual application is not a violation of state law, any unnecessary delays in processing contribute to crime victims waiting longer than necessary to be reimbursed for out-of-pocket expenses. Delays may also cause providers to become frustrated and stop participating in the program, reducing services available to crime victims and their families. Table 3 summarizes the results of our review by depicting the various ranges of days it took to process the applications we tested.

Table 3
Total Number of Days to Process Applications and Notify Applicants of Decision for 49 Applications Reviewed

NUMBER OF DAYS FROM ACCEPTANCE	NUMBER OF APPLICATIONS*
0-90	33
91-180	14
181-365	2
Total	49

Source: Bureau of State Audits’ review of 49 application files at the Victim Compensation and Government Claims Board (board) for fiscal years 2003–04 through 2007–08.

Note: We adjusted the numbers in the table to correct for errors we identified in the acceptance dates that we describe in the text.

* The board recently changed its process to notify applicants of eligibility decisions once the final decision is approved, rather than when staff recommend the decision. Thus, notification for seven of the applications occurred on or shortly after the date of approval.

⁸ We initially focused on the time taken to notify the applicant of the decision because we were specifically asked to report on this information. Later in the section, we report on the time taken from notification to final decision.

The board considers the date of acceptance to be the date that it determines it has received an application that is “complete” rather than the date that it receives an application. State regulations describe a complete application as including, among other things, information requested from the applicant that allows board staff to confirm that the applicant is qualified and a crime report or other documentation necessary to corroborate that a qualifying crime occurred. Our legal counsel advised us that the board’s interpretation does not conflict with any of the statutes governing the processing of applications. However, the acceptance date recorded in the board’s previous automated system for eight applications we tested was incorrect and was missing for one additional application.⁹ In seven cases for which the acceptance date was incorrect, the recorded date was prior to the receipt of all necessary information. According to a board analyst, board staff should not have accepted the applications as complete until after the receipt of information necessary to verify the application and corroborate that a qualifying crime occurred.

The board measures its success in meeting the statutory requirement for approving or denying applications within 90 days, on average, of the date the application was accepted and in no cases beyond 180 days. Errors in recording the acceptance date could lead to the board being unaware of its actual success in meeting the statutory requirement. Based on the 36 files we reviewed from its previous automated system for processing applications, the level of inaccuracy we found represents a 25 percent error rate in the “accepted date” field. Further, according to the board’s acting chief information officer, the “accepted date” data field in CaRES, the board’s current automated processing system, is not working. She stated that, as of September 2008, a developer has been assigned to resolve this issue. To overcome this problem, we reviewed documentation in the application files to verify the accuracy of the acceptance dates and have used the correct dates to compile the data shown in Table 3.

In many instances in which the board took more than 90 days to approve an application, the files indicate that staff had all of the information needed but did not make a prompt decision. In some instances, board staff cited workload issues as a potential factor for the application processing delays. For example, for two of the 49 applications we reviewed, the board took 199 days and 358 days, respectively, to notify applicants of the staff recommendations to approve their applications. In the first instance, the application file contained nothing to indicate that the board was trying to obtain verifying information. One of the board analysts told us that the

⁹ During the five-year period we reviewed, the board began its transition to a new system for processing applications and bills. Thus, two systems were used during the period of our review. See Chapter 3 for additional details.

delay was most likely due to a workload issue. In the latter instance, the board notified the applicant twice regarding the delay, first 208 days and then 270 days after the board accepted the application as complete. Although state law requires the notification to inform the applicant of the reason for the delay, the first notification did not do so. The second notification stated that the board was trying to obtain clarification from law enforcement regarding the status of the crime. Shortly after the board accepted the application, it requested some additional information from the law enforcement agency. Although it never received a written response, the file contains an undated contact with a detective regarding additional information. However, because we cannot determine when the board received this information, we are unable to determine what impact the information had on the delay. When we asked the board about the delay, it was unable to explain the reason or provide any additional information.

We also reviewed five applications that the board denied and the applicant appealed. According to the board's appeals manager, the board does not have written procedures that govern the appeals process and has not established time frames for processing appeals. The board took more than 250 days to resolve four of the applications we reviewed. The fifth was more than a year old as of October 2008 and was not yet resolved. According to the appeals manager, the process can be lengthy because it takes time to evaluate the appeals and obtain additional information as needed. He also indicated that workload could affect the time it takes to resolve an individual appeal. However, without procedures and time frames, the board cannot ensure that appealed applications and bills are processed in a prompt manner. Prompt consideration of appeals is critical so that applicants can either move forward with receiving their compensation or begin pursuing other methods of reimbursement.

The Board Briefly Used a Different Definition for Application Processing Time

As part of our audit, we were asked to determine whether the board's change in the definition of application processing time affected whether individuals received prompt decisions on their applications. According to the June 2004 executive officer's report to the board members, the board changed its method for calculating the time it takes to process applications to more closely follow statute. The report stated that for approximately 18 months the board used the federal Office for Victims of Crime's definition of processing time, which started with the date the application was received rather than the date it was accepted as complete. In the report, the executive officer commented that the

The board took more than 250 days to resolve appeals for four of the five denied applications we reviewed. The fifth was more than a year old and was not yet resolved.

federal Office for Victims of Crime no longer used that definition as part of its performance reporting and that the definition had inherent inaccuracies.

We attempted to obtain more information from the federal government regarding this matter. According to a program specialist from the federal Office for Victims of Crime, no written criteria for a federal definition of processing time exist. The board's program officer believes the federal government did not actually require the program to change its definition. He commented that in 2001 the federal Office for Victims of Crime requested that the board report the processing time in a different way. Our review indicated that using either the receipt date or the acceptance date generally resulted in conclusions similar to those presented in Table 3 on how long it took to process the applications.

Until recently the board's process generally was to approve staff recommendations for application approvals using a consent calendar shortly after the board notified the applicants of the staff recommendation. According to the program officer, the board schedules the recommendations for application approval on the next available consent agenda—normally on Tuesday and Friday of each week. Our review of 49 applications revealed that the board approved most applications within a week of notification of the staff-recommended decision, and in all but one instance issued its approval no later than 16 days after notification. The board's current process is to notify applicants once the actual decision has been approved. Thus, notification for seven of the 49 applications we reviewed were sent on or shortly after the approval date.

The Board Sometimes Took More Than 90 Days to Disburse Payments

State law requires the board to pay all bills for medical or medical-related services within an average of 90 days of receipt and to pay the initial bill for any psychological, psychiatric, or mental health counseling services (mental health services) within 90 days of receipt, if the application has been approved. Further, the law requires the board to pay subsequent bills for mental health services within one month of receiving the bill. However, based on our testing, the board and the JP units did not consistently meet these payment time frames.

We examined 77 paid bills for the 49 approved applications we reviewed and measured the number of days the board took to pay those bills. Our review of the 77 paid bills found that the board's average processing time was 66 days. However, as Table 4 shows, for 23 of the 77 paid bills, the board took more than 90 days to disburse payments after it received the bill. We present two columns

For 23 of 77 paid bills we examined, the board took more than 90 days to disburse payments.

in Table 4 to address the board’s compliance with statutory requirements for paying bills. The two columns differ in that the first column provides processing times only for bills received after the related applications were approved. We were also asked to provide information on the amount of time the board takes to make payments after the notification of approval. However, as discussed previously, our review indicated that there was generally a short time between application approval and notification. Although state law does not require all bill types to be paid within specific time frames, we believe 90 days is reasonable. For comparative purposes, we measured all of the bills against the 90-day time frame. When the board does not process bills promptly, crime victims may wait longer than necessary to be reimbursed for out-of-pocket expenses, and providers may stop participating in the program, reducing services available to crime victims and families of crime victims.

Table 4
Processing and Payment of Selected Bills Related to 49 Applications Reviewed

NUMBER OF DAYS TO PROCESS AND PAY BILL	NUMBER OF BILLS WITHIN TIME RANGE	
	DATE BILL RECEIVED TO DATE BILL PAID	DATE APPLICATION APPROVED OR BILL RECEIVED TO DATE BILL PAID
Bill received prior to application approval	39	NA*
0-90	24	54
91-180	12	18
181-365	2	5
Totals	77	77

Source: Bureau of State Audits’ review of paid bills related to 49 application files at the Victim Compensation and Government Claims Board for fiscal years 2003–04 through 2007–08.

NA = Not applicable.

* Not applicable because this column measures from the later of either the bill received date or the application approved date, consistent with statutory time frames for paying bills.

Our review found that the board and the JP units did not consistently meet statutory payment time frames for either the initial or subsequent mental health bills. Of the 77 paid bills we reviewed, 31 were for mental health services, including 24 initial bills requiring payment within 90 days of receipt if the application was approved and seven subsequent bills requiring payment within one month of receipt. The board paid 15 of those bills late, including eight initial bills and seven subsequent ones. Additionally, 20 of the 77 bills were for medical or medical-related services. The board’s average processing time for these bills was 95 days, which exceeds the statutory requirement.

In one example, the board took 157 days to pay a bill. A delay in receiving information accounted for only 31 days.

In some instances, we were able to identify that a significant part of the delay in processing bills was a result of the board or JP units waiting to receive information from the verifying entities. In contrast, for some of the remaining bills, nothing in the files explained the delays. In one instance, although the board took 255 days to pay the bill, it had not requested any verifying information, and we could not find any other documentation that would explain the delay. When we asked the board for an explanation, the assistant program officer told us that she could not specifically explain the reason for the delay, although she thought staffing may have been an issue.

In another example, the board took 157 days to pay a bill. A delay in receiving information accounted for only 31 days. Board staff acknowledged that according to the information in the file, staff recommended the bill for approval a few weeks after receiving the information but did not promptly place the bill on the consent agenda for approval. The board did not discover the delay until much later, resulting in a payment 126 days after receiving the necessary information.

State law requires verifying entities to provide requested verifying information within 10 business days. Efforts by board and JP unit staff to follow up with verifying entities when they did not receive requested information within the requisite 10 business days were inconsistent. We noted many instances in which board or JP unit staff followed up with an additional request. However, we also noted many instances in which the files contained no documentation of follow-up efforts. We also noted inconsistencies in the time frames within which staff completed follow-up and the number of attempts. For example, when staff followed up at all, they generally sent the initial follow-up request within 20 to 30 days, but we noted instances in which the initial follow-up was sent as late as 43 and 70 days after the initial attempt. Further, for instances when the initial follow-up did not result in prompt receipt of the requested information, board and JP unit staff sometimes made multiple follow-up attempts with the verifying entities, and other times they made only one attempt to obtain the requested information.

The Board's Procedures and Communications for Following up With Verifying Entities Warrant Improvement

As described in the previous section, some of the board's delays in processing bills resulted at least in part from its inability to obtain information promptly from verifying entities. The board's procedures for following up with verifying entities are not sufficiently detailed and contribute to inconsistencies in board and

JP unit efforts to obtain the information promptly. Additionally, we found that even when board and JP unit staff requested information initially and performed follow-up promptly, some verifying entities still did not provide information promptly. The board believes it should continue to work with entities to gain their cooperation. We learned that the board is performing outreach efforts to some verifying entities to increase program awareness and emphasize the importance of providing requested information promptly. Our review indicated that this needs to be a continuing area of focus for the board.

The Board's Procedures for Following Up With Verifying Entities Lack Sufficient Detail

The board's procedure manual for processing applications and bills requires staff to obtain certain types of information to determine eligibility and validate expenses. However, the board's written policies do not provide specific instructions to staff on follow-up time frames or the number of attempts they should make when trying to obtain information. Such instructions are important because they help ensure that staff are being consistent and strategic in following up on information.

The program officer commented that the board does not have written procedures specifically scripted to deal with a situation in which a verifying entity does not provide the requested information within 10 days, as state law requires. Further, he stated that, as of September 2008, the board plans to develop a new procedure manual for the program, and the procedures will emphasize the steps to use for verification. However, the board has not developed the manual due to other workload issues, including the development of CaRES. Finally, the program officer told us that the board anticipates potential further assistance from CaRES through automatically generated follow-up letters. However, this function in CaRES is not yet implemented, and as of October 2008, there was not yet a time frame for doing so.

The Board Needs to Improve Communications With Verifying Entities

Even when board and JP unit staff requested information to verify bills and performed follow-up efforts promptly, we noted instances in which the verifying entities did not cooperate by providing prompt responses. According to the program officer, the board does not have an enforcement mechanism to ensure that verifying entities comply with the state law requiring them to provide requested information within 10 business days. He stated that the board can deny the application or bill if it does not receive

The board's written policies do not provide specific instructions to staff on follow-up time frames or the number of attempts they should make when trying to obtain information.

the necessary information, but that is not the preferred option, so staff attempt to obtain the information. He also stated that pursuing a legislative change to create such a mechanism would be impractical and potentially create an adversarial relationship with the verifying entities.

The program officer told us that the enforcement mechanism would need to include some type of sanction for failing to provide information. However, he believes this would not be prudent because imposing a sanction against one of the board's clients—crime victims—would only serve to create more stress for them. Further, he stated that imposing sanctions on providers would create adversarial relationships with them, reducing their willingness to work with the board to provide services to its clients. He stated that the information requested from providers is normally necessary for payment, and that this is their incentive to provide the needed information promptly. Finally, he believes that imposing sanctions against law enforcement agencies would also create adversarial working relationships, and it is his opinion that enforcing a sanction would likely prove difficult. The program officer told us he believes that it is better to work with the stakeholders to obtain the necessary information.

We asked the board's Legislation and Public Affairs Division's deputy executive officer, who has been in charge of outreach since September 2007, about the efforts the board undertakes to reach verifying entities and impress upon them the importance of providing prompt responses to requests for information. He provided us with the talking points for the board's presentations to first responders, which not only focus on program awareness but also communicate the importance of receiving crime reports promptly so that the board can approve applications.

In addition, the assistant program officer told us that the board performs a number of outreach efforts. She stated that the board attends provider forums and medical board meetings throughout the State to inform service providers about the program and communicate the importance of receiving timely information from the providers, including the impacts of delays in receiving the necessary verification information on payments. Our review indicated that this needs to be a continuing area of focus for the board.

The Board Did Not Consistently Explore Alternative Coverage of Expenses or Document Its Approval Process

Although the board has procedures for staff to follow when verifying whether bills are reimbursable from other sources such as insurance or public assistance, we found that board and JP unit staff were not consistent in their verification efforts. According to state law, the board may reimburse eligible individuals for pecuniary loss, subject to the limitations established by type of benefit. A pecuniary loss is an economic loss or expense resulting from an injury or death to a victim of crime that has not been and will not be reimbursed from any other source.

During our review of bills, we found inconsistencies in staff efforts to ensure that expenses were not reimbursed from another source. For example, in one instance, the board received documentation indicating that an insurance company had denied a bill because the service provider's name and degree or license were not listed on the bill. However, the board has no documentation demonstrating that staff discussed the question with the provider or insurance company and no explanation for why the board decided to pay the bill. In contrast, we noted other instances in which JP unit staff contacted providers and insurance companies to resolve questions or concerns.

When we asked a board analyst about this, he stated that board staff should have requested that the provider resubmit the bill, including the missing information, to the insurance company; further, staff should have suspended the bill until the insurance company had provided a new explanation of benefits. He also stated that if board staff had contacted the insurance company and determined that the company would still have denied the bill, even with the provider's name and degree or license, staff should have documented this new information in the system. However, no such documentation exists.

Board and JP unit staff were also inconsistent in their efforts to verify whether applicants were on public assistance, which could be used as a source of reimbursement. For a bill processed at one of the JP units, the applicant indicated that she was covered by Medi-Cal, but staff did not send a letter to verify whether the applicant had received public assistance, including Medi-Cal. According to the notes in the system, staff later changed the reimbursement source to none, with no explanation for this change. When we asked a board analyst about this, he stated that staff are supposed to document in the system all contacts with providers and applicants. The analyst went on to state that if staff contacted this provider and learned the provider does not accept Medi-Cal, this should have been documented. We noted another instance at the board in which an applicant indicated having insurance coverage through

During our review of bills, we found inconsistencies in staff efforts to ensure that expenses were not reimbursed from another source. In some instances, there was documentation of staff contacting providers and insurance companies; in another there was none.

The board could not always provide the documentation to support the formal approval of the applications and bills we reviewed.

an employer, but staff still sent a letter to find out if the applicant was on public assistance. Because the board does not ensure that its staff and JP unit staff demonstrate that they follow procedures consistently to verify whether bills can be paid from sources other than the program, applicants may be treated inconsistently, and the board may use program funds inappropriately.

As discussed previously in this chapter, staff at the board and the JP units process the applications and bills and make recommendations for approval or denial. These recommendations are placed on consent agendas. The consent agendas, which designated executive staff review and approve on behalf of the board members, include a list of applications and bills and staff-recommended decisions.

However, the board could not always provide the documentation to support the formal approval of the applications and bills we reviewed. It provided us with documentation of the approvals for 18 of the 49 applications we reviewed. For the remaining 31 applications, the board provided consent agendas listing the applications, so we were able to confirm the inclusion of the applications on the consent agendas. However, it could not provide the signature pages of the consent agendas. Similarly, for the 77 paid bills we reviewed, the board provided approval documentation for 35, and for the remaining 42 it could provide only a listing of the bills included on the consent agenda. According to a manager over fiscal services, the approval documentation was either lost or destroyed, some in a move by the board. Because the board did not maintain documentation for the approvals of staff recommendations on applications and bills, it is unable to demonstrate the required approvals and may encounter legal problems if decisions are challenged. According to the deputy executive officer for fiscal services, to ensure consistent consent agenda record keeping and prevent future incidents of inadvertent loss, the board implemented a new process in mid-2007 to maintain consent agenda records in the accounting area.

The Board's Organizational and Communication Structure With JP Units and Victim Witness Assistance Centers Is Generally Effective

As described in the Introduction, the board contracts with JP units throughout the State to aid board staff in processing applications and bills for the program. The board requires JP unit staff to follow the same laws, regulations, and policies and procedures that the board is to follow when reviewing and verifying applications and bills. According to its JP section manager, the board's communication structure includes analysts designated to ensure open communication for troubleshooting program issues and to answer questions that arise at the JP units. She also told us that the

analysts meet weekly to discuss inventory and processing reports, as well as any issues that have come up regarding a particular JP unit.

We interviewed representatives from five JP units throughout the State to obtain their perspective on the effectiveness of the board's organizational and communication structures related to the program's processing of applications and bills. Representatives of the five JP units were generally pleased with the communication structure and did not note deficiencies with the organizational structure for the most part. However, one JP unit had concerns with attrition at the board and noted that it can affect the board's promptness in addressing JP staff questions and issues related to application and bill processing. Similarly, another JP unit noted concerns over changes in the analyst assigned to answer its questions and stated that it would like to see more stability in board staff.

The JP unit representatives told us that during fiscal year 2007–08, the board began conducting conference calls every other week with the JP units to discuss questions and concerns regarding CaRES and the processing of applications and bills. Generally, the representatives indicated that they found the conference calls effective in resolving some problems and a good avenue for maintaining open communication. Some representatives commented that the conference calls allowed the various JP units to hear information at the same time, which promotes more statewide consistency. Some representatives also told us that they were pleased with the board's assignment of specific analysts to handle questions from the JP units. Although the representatives were generally positive, they raised some concerns with ongoing training and provided some thoughts on how to improve the procedures manual for CaRES.

The board also works with 59 assistance centers throughout the State as part of its program. It has several strategies in place to coordinate with victim advocates from the assistance centers. For example, it developed a manual that it provides to each of the assistance centers. The manual assists victim advocates in providing information on available program benefits, including compensation to crime victims and their families. According to its JP section manager, the board has a dedicated liaison to work directly with victim advocates. The section manager told us that the board first filled this position in August 2007.

Because the assistance centers are key partners in the board's administration of the program, we also interviewed representatives from five assistance centers to gain their perspective on the program's communication structure. The representatives told us that they have an association—the California Crime Victim

The JP units told us that during fiscal year 2007–08, the board began conducting conference calls every other week with them to discuss questions and concerns regarding the processing of applications and bills and the new system—CaRES.

Assistance Association—and that its compensation committee holds meetings approximately every other month to deal with issues that arise and policy questions. The representatives told us the board participates in these meetings, which allows the assistance centers to deal with the board directly regarding issues that arise involving victim compensation or program policy questions and concerns. Our review of certain compensation committee meeting minutes confirmed that the meetings included updates by the board on legislation and changes that can affect the program. The meeting minutes also included discussions of technical issues related to the program, including program application and bill processing and information related to the conversion to CaRES. All five of the assistance centers expressed concerns with the board's transition to CaRES, which we discuss in Chapter 3.

Recommendations

To demonstrate that it makes appropriate eligibility decisions on applications, the board should ensure that it correctly considers reports from other entities, such as law enforcement, and that it sufficiently documents the basis for its decisions.

To ensure that it complies with state regulations for notifying applicants, the board should modify its process for when it notifies applicants of decisions, or it should seek regulatory change.

To ensure that the board has accurate information to measure its success in meeting statutory deadlines for processing applications, it should correct the problems with the “accepted date” data field in CaRES.

To improve its processing time for making decisions on applications and for paying bills, the board should identify the primary problems leading to delays and take action to resolve them. Additionally, it should consistently document its reasons for any delays in processing applications or bills.

To ensure that the board processes appeals of denied applications within a reasonable time, it should establish written procedures and time frames.

To improve its success at obtaining requested information from verifying entities, the board should do the following:

- Develop specific procedures for staff to use when following up with verifying entities, including appropriate time frames for following up as well as the number of attempts the staff should complete.

- Continue its outreach efforts to communicate with verifying entities the importance of responding promptly to its requests for information.

To ensure that the board complies with state law requiring the program to pay only amounts not covered by other reimbursement sources, the board should ensure that staff consistently verify and document their efforts to ensure that there are no other reimbursable sources. Additionally, the board should consistently maintain documentation of its formal approval of applications and bills.

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Chapter 3

THE VICTIM COMPENSATION PROGRAM IS STILL EXPERIENCING CHALLENGES FROM ITS NEW PROCESSING SYSTEM

Chapter Summary

The Victim Compensation and Government Claims Board (board) began making the transition to its new system for processing applications and bills, the Compensation and Restitution System (CaRES), in late June 2006. Although the transition was accomplished in stages, with the board exclusively using CaRES after June 2008, the board has experienced numerous problems with the new system. Representatives we interviewed from five victim witness assistance centers (assistance centers) reported that the new system has caused an increase in complaints regarding delays in processing of applications and bills. Although it expects to gain efficiencies and benefits from the use of the new system—such as speeding up payments to applicants and providers, enhancing customer service, and facilitating improved sharing of workload—the board generally did not develop benchmarks or other means to measure results. We also discovered that it lacks necessary documentation for the system.

The board's current process for managing its workload related to the Victim Compensation Program (program) is informal; its ad hoc aging reports are not reliable; and it has not established benchmarks, performance measures, or any formal written procedures for workload management. Because the reporting function in CaRES is not working yet, the board lacks important information needed to effectively manage its workload. Our efforts to assess its processing backlog were hampered by data problems and the transition to CaRES. Our analysis of processing times for the board's initial decisions on completed CaRES applications indicates that although, on average, the board is making decisions on applications within the statutory deadline, it is exceeding the statutory deadline for individual applications in many instances. The time taken to process bills received through request for payment averages 87 days, but this does not include the time between the payment request and when a payment is issued.¹⁰

¹⁰ In this chapter, we present processing times for applications and bills as reported by CaRES, which reflects the program's more recent performance. In Chapter 2, we report on the processing times associated with our review of 49 case files for a five-year period.

The Board Began Transitioning Applications and Bills to CaRES in 2006

The board began entering and processing new applications for which it had not yet received bills in CaRES on June 30, 2006. It began entering and processing applications with bills received in October 2006. According to the assistant deputy executive officer for the program (assistant program officer), the board began a pilot project of CaRES with three joint powers (JP) units in March 2007, and after analyzing the pilot project results, it made changes and began rolling out CaRES to the 18 remaining JP units in July 2007. The board completed the CaRES rollout to all JP units in November 2007. Further, according to the assistant program officer, although the board did not process any new applications in the old processing system, called VOX, after September 2006, staff continued to process bills using the old system until the related applications were converted to CaRES. Similarly, as the board transitioned each JP unit to CaRES, JP unit staff processed new applications in CaRES and continued to process bills in VOX until the related applications were converted to CaRES. The deputy executive officer for the program (program officer) stated that the board and JP units no longer processed any bills in VOX after June 2008. He further stated that, as of October 2008, the board will continue to convert applications to CaRES as bills arrive.

Process differences exist between the old and new systems for processing applications and bills (VOX and CaRES) with regard to how work is assigned to staff.

Although the work to be accomplished remains the same, process differences between VOX and CaRES exist. One key difference between the two systems is how the applications and bills are assigned to staff for processing. According to the assistant program officer, under VOX an application and the related bills were assigned to one analyst for processing. The analyst determined application eligibility and, if approved, processed all bills related to that application. The board's intent under VOX was to assign applications evenly; however, some applications may have had more bills than others, which could result in an uneven workload and a potential delay in payment. The board designed CaRES to assign applications and bills to staff using a pooling method, distributing the applications and bills on a rotating basis. Because all of the information related to the applications and bills is electronic, any authorized person can access the information to determine the appropriateness of payment. According to the assistant program officer, this allows for the possibility of more than one analyst working on the bills for a given application at the same time.

Additionally, the program officer believes the board realizes an economy of scale by having one group that is well versed in one duty. He stated that determining application eligibility is critical and that having a group focused on eligibility determination results in more accurate and consistent determinations. Further, according

to the program officer, the separation of eligibility determination and benefit determination duties is also beneficial with respect to improving internal controls. Under VOX, one analyst was in charge of the case from application eligibility through the accompanying bill processing. A quality assurance reviewer provided for a separation of duties as part of the board's internal controls when using VOX. Under CaRES, the application eligibility decision is separate from the payment of bills, and each process is generally completed by a different group of analysts.

In addition, each process—eligibility determination and benefit determination—is subject to a quality assurance review. According to the program officer, CaRES is designed to require an approved application before the board can process and pay related bills. He also stated that separating eligibility determination and benefit determination duties makes the process more efficient because it eliminates the processing of bills for applications that are ultimately denied. The program officer told us that approximately 10 percent of applications are denied and that processing bills associated with those applications would increase the workload by about 10 percent and cause unnecessary delays in the payment of other bills. He stated that staff time is better spent processing bills for applications that are already approved.

However, this viewpoint is not shared by at least one of the counties to whom we spoke. A representative of one of the five assistance centers we contacted regarding various matters, including any concerns they may have had with the board's transition from VOX to CaRES, told us that no longer being able to process applications and bills at the same time has led to a duplication of work. The representative stated that under VOX, if an application came in that was accompanied by a bill, the county's JP unit was able to process both at the same time, resulting in no delays for the client and no backlog of work for the county. She said that CaRES does not allow staff to do this and that it instead goes through two review processes, which the county finds to be extremely time-consuming. This representative is from a county that processes a large number of applications and bills.

The assistant program officer spoke of another key difference between CaRES and VOX—a process within CaRES to streamline the payment of certain bills. The board established an automatic payment process, commonly referred to as “autopay,” for mental health and medical bills in cases for which the board determines that the applicant is eligible for benefits and has no insurance or other reimbursement sources. According to the assistant program officer, as of August 2008, the board had set up this process for only mental health and ambulance bills; testing of hospital and other

One of the counties to whom we spoke expressed concerns about CaRES and how it has led to duplication of work and resulted in two review processes, which the county finds to be extremely time-consuming.

medical bills was scheduled to begin shortly. She told us that under VOX the board had a preauthorization process for mental health bills, but the old process required substantial manual intervention.

Although the Board Expects to Gain Efficiencies and Benefits From the Use of the New System, It Generally Did Not Develop Benchmarks or Measure Results

Six Key Benefits the Board Expects to Achieve From the Compensation and Restitution System

- **Speeds up payments to providers and crime victims**—The Victim Compensation and Government Claims Board’s pooling method for assignment of applications and bills for processing allows for a more efficient distribution of workload.
- **Streamlines the business process for handling applications and bills**—The system will provide an automated tickler system with reminders to staff and notification to managers for overdue items, preventing items from sitting idle.
- **Enhances customer service with instant access to information**—Analysts can respond to questions about applications and bills immediately by referring to the case on-line rather than having to locate a paper file.
- **Reduces errors by scanning data from new applications**—Future application enhancements, when implemented, are expected to populate some data fields automatically through the scanning of documents.
- **Paperless, replaces bulky files**—Bulky files do not need to be managed, located, and stored.
- **Facilitates sharing of workload**—Responsibility for case files can be transferred electronically, allowing more efficient workload management.

Sources: *Victim Compensation Connection* (newsletter), October 2007, and assistant deputy executive officer for the program.

In its October 2007 newsletter, the board identified six key benefits it expects to achieve using CaRES. The assistant program officer provided us with explanations of how it expects to realize the benefits, which we have summarized in the text box.

According to the assistant program officer, the board generally did not have any structured, systematic measurement of these items in the past. One item that the board has consistently reported on is the time it takes to process applications from the date of acceptance to the eligibility decision, as that information relates to a statutory requirement. The assistant program officer told us that the board plans to develop reports based on CaRES to measure goals and objectives developed as part of the new strategic plan. The board’s strategic plan for 2008 through 2012 contains a strategic goal of achieving a 10 percent reduction in processing times for applications and payments by July 2009. Although such a goal is a start, it would be beneficial for the board to consider additional goals and objectives. The board plans to use fiscal year 2007–08 as its baseline year to measure process improvements in the future. However, because it generally did not establish benchmarks or measures before transitioning to its new system and is early in its process of developing appropriate reports to measure its performance and establish benchmarks, it will be difficult for the board to demonstrate many of the benefits it expects from CaRES.

The Board Is Still Addressing Problems From the Transition to CaRES

The board has experienced numerous problems with the transition from VOX to CaRES, a system whose effectiveness is limited by a variety of structural and operational flaws. Perhaps most

troubling was our identification of payments that appeared to be erroneous. Although the board provided explanations for these payments, asserting that the payments were appropriate but that the data were flawed due to problems with the system, the fact that they were unaware of these items indicates an absence of controls that would prevent erroneous payments from occurring.

During the course of our review, we identified a number of payments that appeared questionable for several different reasons. The data we received indicated that bills that had been denied were paid, bills that were marked as purged from the system (a process described further on page 50) were paid, and amounts exceeding the figures billed were paid. After we brought examples of these apparent discrepancies to the attention of board staff, they provided explanations based on review of the individual records in question. Board staff asserted that the payments were appropriate and that the discrepancies in the data were caused by problems in the system, some of which the board was not yet aware of.

Although the board's explanations appear to be reasonable, without knowledge of why records were purged or denied in the first place, and without reviewing the support for these decisions, it is not possible for us to confirm the explanations provided by the board. Not only do these errors in the data raise concerns about the data's usefulness, but the absence of controls and edit checks that would have brought these records and the underlying problems to the attention of the board is a significant concern. Because of the numerous problems in CaRES that have resulted in data we assessed as unreliable, we are not confident that we have identified the total population of errors related to the issues identified in our limited review.

The board is still in the process of correcting other known problems with the new system. For example, the CaRES reporting function, which would provide aging information, does not provide accurate results and has been disabled. The scanning function has experienced problems, requiring the board to rescan items that initially did not scan properly. Further, a critical date required for the aging function, indicating when an application was considered complete, is inoperable, and we found numerous errors in the accuracy of the workaround used to approximate this information.

Although the board asserted that it has already been corrected, a more significant error affected information about the amounts paid to individuals. Some bills submitted to the board contain multiple line items with individual dollar amounts. In reviewing the payment information for these bills, we identified situations in which the summary of the amount billed in the payment information did not agree with the sum of the associated line items. The board informed

We identified a number of payments that appeared questionable for several different reasons. The data we received indicated that bills were paid that had been denied, marked as purged from the system, or had amounts that exceeded the figures billed.

us that the summary amounts in the payment information were erroneous. In situations in which a bill was split and paid in multiple payments, each of the payments reflected the total amount of the line items of the original bill, rather than the amount of the line items paid in that particular payment. Although the board asserted that this error has been corrected, its existence would have precluded implementing a control that would determine if the total payments for individual line items exceed the original amount requested.

These various issues affect the reliability and usefulness of the data available to the board and require staff to devise workarounds using other information to approximate necessary data. Further, these issues complicated and limited our ability to determine key information. For example, we identified nearly 1,000 applications that were sent to the consent agenda multiple times. The consent agenda is the mechanism by which the board makes a final decision on staff recommendations to approve or deny applications or bills. Chapter 2 discusses the consent agenda in more detail. Board staff informed us that if an analyst reopens an item that has been previously considered on the consent agenda to make changes or corrections, the system automatically places the item on the consent agenda list again. These duplicate approvals hampered our efforts to determine when items were approved or denied and how long they spent in each stage of the process. We were informed that staff have been instructed not to reopen applications and bills unless certain criteria are met and that the board is exploring further solutions to this problem.

In conjunction with this issue, because CaRES did not yet accurately track appeals as of the point in time that we obtained data from the board, identifying which items had been appealed required analysis of how many times the item had been considered on the consent agenda. However, because of the issue previously noted, we were not able to determine which items were accidental reconsiderations and which were appeals. Regardless of the difficulty we experienced in reviewing this information to determine statistics related to past operations of the board, the more pressing concern going forward is the board's ability to effectively manage the program and provide correct information in its annual report using flawed data from which it is thus far unable to generate accurate reports.

The more pressing concern going forward is the board's ability to effectively manage the program and provide correct information in its annual report using flawed data from which it is thus far unable to generate accurate reports.

Finally, as noted in the Scope and Methodology section of this report, we did not include in our analysis a number of bills that the board now informs us are relevant. Because of various problems in the system, the board marked a number of bills as "purged" to indicate that they were irrelevant. For example, due to several reasons, including the scanning errors that we previously mentioned, duplicate records have been created for some bills. The

board's procedure in such cases is to manually mark the duplicate as "purged" to avoid processing it. We removed these items to ensure that they did not affect the results of our analysis. However, in late October 2008, after we had performed our analysis, board staff informed us that some of these "purged" bills were inappropriately removed and had subsequently been reinstated. The board offered to provide us with an additional data field that staff overlooked in the data previously provided. Due to the late date at which this issue was brought to our attention, we were unable to obtain these new data and repeat our analysis. Thus, these reinstated bills were excluded from the information presented in this report. Although these represent a relatively small percentage of the bills, because of the changes in status these items experienced during their processing, they may have had an impact on the information we present had they been included.

In addition to the issues experienced with actual data elements, board staff confirmed that issues exist with the system as a whole. Although they are exploring ways to better use the system, it currently runs so slowly that using any reporting function is problematic. Moreover, board staff acknowledged that the addition of more applications and bills will significantly degrade the current performance of the system even further. To address these issues, the board planned, as of October 2008, to create a copy of the database from which reports will be generated to avoid affecting the normal workflow in the system. Also, the board's acting chief information officer stated that due to system constraints, it is necessary to address the underlying structure of CaRES—a new system with some aspects that are not yet finished or functional—and to reprogram significant portions of it to allow for growth and expanded capabilities. She also stated that the board is developing a plan to address the architecture of CaRES and other enhancements, but that changing the underlying structure of CaRES will require significant modification, time, and expense.

We also spoke with representatives from five assistance centers regarding issues they noticed with the board's transition from VOX to CaRES. Each representative described issues and challenges, including an increase in the number of complaints regarding delays in processing applications and bills. One representative told us that some applicants were required to refile their applications with the board because applications were lost or never entered into the system. Another expressed the belief that CaRES was rolled out before the system infrastructure was fully in place and added that delays in payments to providers caused some providers to withdraw from the program. The assistance centers stated that the board is working to resolve the issues but indicated that they have had a significant adverse impact on the efficiency of the program.

The assistance centers stated that the board is working to resolve the issues with the new system but indicated that they have had a significant adverse impact on the efficiency of the program.

The board has not created the necessary system documentation for CaRES needed to enable staff to efficiently and effectively develop, modify, and use the system, and the lack of documentation hampers its efforts to resolve problems in a cost-effective manner.

According to the assistant program officer, the board plans to implement additional CaRES functions to streamline its processes. Specifically, it plans to provide a printable application on the board's Web site for individuals to complete electronically, print, and fax or mail in. This new function, referred to as LiveCycle, was still in the pilot phase as of October 2008. Additionally, the board is considering an application that individuals could complete and submit on-line. The assistant program officer also told us that the board plans to implement by the end of June 2009 a function that will enable CaRES to read hand-completed applications that have been scanned in and then use them to automatically populate data fields.

Another important task that has yet to be accomplished by the board is the creation of necessary system documentation for CaRES, as required by the *State Administrative Manual*. System documentation provides critical information, such as a data dictionary that provides descriptions of the data elements stored in the system, which enables staff to efficiently and effectively develop, modify, and use the system. When we asked for such documentation, the board acknowledged that it had not been prepared. The board's acting chief information officer stated that developing CaRES was very schedule-driven and that as a result, the only documents that were created were certain "interface-design" documents. The acting chief information officer acknowledged that these are not technical design documents and stated that the board plans to create work-flow diagrams of the system and a data dictionary at a later date.

Not having this documentation causes inefficiencies that could be costly. We experienced this during the audit when we attempted to obtain information about data contained in CaRES. Lacking the necessary documentation, the board had to gather various individuals who had knowledge about the system to answer our questions. It took several meetings and various follow-up discussions to answer questions that could easily have been answered if the board had documented the system. As discussed previously, the board has identified various problems with CaRES. The lack of documentation hampers its efforts to resolve these problems in a cost-effective manner. Of even more concern is the possibility of staff turnover. Information technology staff often have unique skills that are in high demand, and as a result, the board leaves itself vulnerable by relying on the knowledge of staff who may not be there in the future.

As part of its strategic planning efforts, in November 2008, the board issued a series of project charters, which establish the plan for tasks it intends to accomplish. One project charter is entitled "CaRES Optimization" and sets target due dates for a variety of tasks,

including making architectural adjustments and implementing additional CaRES features. The anticipated due dates begin in late 2008 and continue throughout 2009. The architectural adjustment component of the plan includes addressing various problems, such as correcting the existing limitations to CaRES data integrity and performance as well as creating system documentation, and is expected to be complete by June 30, 2009.

The Board's Current Process for Managing Program Workload Is Informal

The board acknowledged that it does not have any written documentation describing its process for managing workload related to processing applications and bills. According to the board's JP section manager, the JP units process, on average, two-thirds of program applications, with the board staff processing the remaining one-third.

The JP section manager told us that the board has six analysts who are directly assigned to act as a liaison with four or five JP units each. She also told us that these analysts review inventory reports—spreadsheets that indicate how many applications and bills are in each phase of the process—that are manually generated each week, to determine whether to advise a JP unit to shift its workload. For example, the board may request a JP unit to shift some of its staff to work on certain portions of the application or bill process to reduce workload in those categories, or it may request that the JP unit transfer the processing of applications to other JP units. The determination of whether to request a JP unit to shift its workload is based on a review of the number of applications and bills in each phase of the process and the number of staff available. Similarly, the board uses ad hoc reports that show counts of applications and bills in each phase of the process to identify increases in inventory and adjust workload as necessary. The assistant program officer stated that generally the board prioritizes and assigns certain items such as emergency awards and aging items among all resources available. However, the board was unable to provide us with any specific criteria it uses for determining when a transfer of workload would be appropriate. The assistant program officer told us the determinations are based on the experience of supervisors and managers.

The board recently began using ad hoc aging reports to manage its current inventory of applications and bills. Because the reporting function in CaRES—which would provide aging information—is not working, the board is currently relying on an ad hoc aging report that its policy, planning, and research section creates using a calculated aging date. As described in the Scope and Methodology,

The board has not established benchmarks, performance measures, or any formal written procedures for managing its workload, nor has it established time frames for developing them.

we concluded that the board's data in CaRES are not sufficiently reliable for the purposes of our analysis. However, because these are the only data available, the board is currently using them to manage its inventory and workload. Until the board has accurate aging reports, its efforts to effectively manage its workload are limited. The board acknowledged the problem, and although it intends to implement the reporting function, including aging information, it has not yet done so.

According to the assistant program officer, the board has not established benchmarks, performance measures, or any formal written procedures for managing workload. It plans to develop these items in the future, but it has not established time frames. Because the board's current process for managing its workload is informal with no benchmarks, performance measures, or written procedures, and the reporting function in its new application and bill processing system is not working yet, it does not have critical information readily available for management to make decisions about managing its workload in the most effective manner.

Our Efforts to Assess the Board's Processing of Its Backlog Were Hampered by Data Problems and the Transition to CaRES

As part of the audit, we were asked to determine whether the board has a backlog of applications and bills awaiting a decision to approve or deny and, if so, the extent of the backlog. As we discussed previously, the reporting function in CaRES is not operable, and the board only recently began using ad hoc aging reports. As a result, it was unable to provide us with any useful reports that would enable us to identify the extent to which a backlog exists.

Although we attempted to present inventory information for fiscal year 2007–08 using the board's electronic data, we encountered a problem that caused us to conclude that presenting such information would give an unfair characterization of the board's inventory situation. Once board and JP unit staff implemented CaRES, they used it for applications and bills they received from that point on. However, many applications and bills entered into VOX, the board's previous system, were still active during fiscal year 2007–08. At the time we were conducting our analysis, the board was in the process of converting applications and bills from VOX to CaRES. The board told us that it assigned new identification numbers to the applications it converted. Thus, it was not possible to identify some of the applications that existed in both systems, and determining the total population of applications without duplicating them was not possible. We could not extract

accurate inventory information from VOX, and presenting inventory information without including VOX applications and bills would be misleading.

Our Analysis of CaRES Data Reveals That JP Units Process Applications More Quickly Than the Board Does

Although we are not able to present accurate information regarding the board’s backlog, for the reasons just discussed, we are presenting aging information on the time it took to complete certain phases of the board’s processing of applications and bills that were processed solely through CaRES. We believe this information is informative because it is based on cases processed through the system that the board will use from now on, and it represents the most recent work of the board and JP units. Table 5 presents the aging information for both the board’s and the JP units’ processing of CaRES applications through eligibility determination.

Table 5
Aging of Inventory Completed Between June 30, 2006, and June 30, 2008
(Initial Decisions on Compensation and Restitution System Applications)

	JOINT POWERS UNITS	VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD	TOTAL
Number of applications completed	26,063	21,197	47,260
AVERAGE NUMBER OF DAYS			
Application intake (application received to application complete)	3	23	12
Eligibility determination (applications complete to approval or denial)*	64	80	71
Totals	67	103	83

Source: Bureau of State Audits’ analysis of the Compensation and Restitution System (CaRES) of the Victim Compensation and Government Claims Board (board).

Note: As described in the Scope and Methodology, we concluded that the board’s data are not sufficiently reliable for the purposes of our analysis. However, with no other data available, we used the board’s data to determine the average times to complete various steps in processing applications.

* Applications can have more than one eligibility decision if they undergo an appeal or reconsideration. However, CaRES does not accurately identify which applications were appealed or reconsidered once applications are complete. Thus, in instances where we noted multiple decisions (approval or denial) in the data, we considered the initial decision only when determining the average time.

As Table 5 indicates, the board’s average processing time was considerably longer than that of the JP units collectively. According to the program officer, one of the reasons the processing times

The board's average processing time was considerably longer than that of the JP units collectively partly because assistance centers often assist the applicants in completing the applications and obtaining the necessary information before submitting the applications.

are faster in the JP units is that the assistance centers often assist the applicants in completing the applications and obtaining the necessary information before submitting the applications. He also told us that JP unit staff work with providers and law enforcement in their counties, so they may have more familiarity with them, which may help speed the process. The program officer stated that he believes this factor, coupled with the quality of information from the assistance centers, accounts for most of the differences in processing time.

Because it acknowledged that applications that come through the assistance centers can be processed faster, we identified and reviewed the board's efforts to promote and encourage applicants to work through the assistance centers. The board has some tools that encourage applicants to contact the assistance centers. For example, the board developed an informational brochure that provides victims with contact information for their local assistance center. The board also has a "local help" link on its Web site that allows victims to obtain a telephone number and e-mail address for their local assistance center.

However, the board has opportunities to do more in this area. For example, when an applicant sends in an incomplete application, the board sends the applicant a letter informing him or her of the deficiencies and refers to important information as being in an attachment that includes references to how an applicant's local assistance center can provide more assistance on certain topics. The board could emphasize the assistance centers directly in its letter by explaining the advantages of working through the local assistance center, including potentially faster processing times.

According to the program officer, the program is most interested in having the victims work through the avenue that works best for them. He stated that some victims prefer to work with the board itself and some prefer to work through their counties. Although we agree that it is important to provide victims with options for filing their applications, we believe that if the board emphasized and promoted the advantages of working through local assistance centers whenever possible, more applicants may choose to do so.

Our review of the data also found a great deal of variability among the individual applications. The board's processing of application intake ranged from one day to 435 days, and its processing of eligibility determination ranged from one day to 624 days. Similarly, the JP units' processing of application intake ranged from one day to 515 days, and processing eligibility determination ranged from one day to 605 days.

State law requires the board to approve or deny applications within an average of 90 calendar days and to take no longer than 180 calendar days from the application acceptance date—the date the application is considered complete. The 71-day average shown in Table 5 for eligibility determination indicates that the board and JP units were within the 90-day average prescribed by state law when initial decisions on CaRES applications only are considered. However, the data reveal that it took longer than the required 180 days for many individual CaRES applications. In total, 2,036 applications took longer than 180 days to process from the date they were accepted until they were initially approved or denied; the board processed 1,244 (61 percent) of these. Table 6 presents the processing time for the eligibility determination for individual applications.

Table 6
Eligibility Determination Processing Time for Individual Applications Completed Between June 30, 2006, and June 30, 2008 (Initial Decisions on Compensation and Restitution System Applications)

NUMBER OF DAYS FOR ELIGIBILITY DETERMINATION*	JOINT POWERS UNITS		VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD		TOTAL	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
0-90	20,072	77%	14,776	70%	34,848	74%
91-180	5,199	20	5,177	24	10,376	22
More than 180	792	3	1,244	6	2,036	4
Totals	26,063	100%	21,197	100%	47,260	100%

Source: Bureau of State Audits' analysis of the Compensation and Restitution System (CaRES) for the Victim Compensation and Government Claims Board (board).

Note: As described in the Scope and Methodology, we concluded that the board's data are not sufficiently reliable for the purposes of our analysis. However, with no other data available, we used the board's data to determine its time to process individual applications.

* Applications can have more than one eligibility decision if they undergo an appeal or reconsideration. However, CaRES does not identify which applications were appealed or reconsidered once applications are complete. Thus, in instances where we noted multiple decisions (approval or denial) in the data, we considered the initial decision only when determining time.

Additionally, the data indicate a substantial number of applications for which a determination had not been made and for which the board has already exceeded the statutory requirement. We identified 2,725 applications in the eligibility determination process for which the board had not made a decision as of June 30, 2008, and that were at least 180 days old.

JP Units Also Process Bills in CaRES More Quickly Than the Board Does

Similar to our findings for application processing, the board's average processing time for bills is also longer than that of the JP units collectively, as depicted in Table 7. As we discussed previously, the program officer attributed faster processing times at the JP units to the fact that applicants are often helped by the assistance centers. In addition to helping applicants complete the application, the assistance centers obtain necessary information and documentation, contributing to a more efficient process when the applications and bills reach the JP units. Further, our review of the data revealed a great deal of variability among the individual bills. Specifically, the board's processing of bills ranged from one day to 578 days, and the JP units' processing of bills ranged from one day to 381 days.

Table 7
Average Processing Times of Bill Inventory Completed Between June 30, 2006, and June 30, 2008
(Request for Payment of Bills on Approved Compensation and Restitution System Applications)

	JOINT POWERS UNITS	VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD	TOTAL
Number of bills completed	23,307	28,568	51,875
AVERAGE NUMBER OF DAYS			
Bill processing to request for payment*	57	111	87

Source: Bureau of State Audits' analysis of the Compensation and Restitution System (CaRES) for the Victim Compensation and Government Claims Board (board).

Notes: As described in the Scope and Methodology, we concluded that the board's data are not sufficiently reliable for the purposes of our analysis. However, with no other data available, we used the board's data to determine its average processing times for processing bills received to a request for payment.

According to the acting chief information officer, the board recently implemented a feature in CaRES to upload payment information, which tracks the date the payment is made. During the period of our review, the board had only the payment request date available in CaRES. Therefore, we were only able to calculate time frames for the process through the request for a payment.

* We measured the processing time from the later of the application approved date or bill received date to the date the board requested payment.

State law requires the board to pay certain bills within specific time frames if the application is approved. As we discuss in Chapter 2, although state law does not require all bill types to be paid within specific time frames, we believe 90 days to be a reasonable time frame, and for comparative purposes, we measured all of the bills against a 90-day time frame. Although the 87-day average shown in Table 7 indicates that the board and JP units were within this time frame, this average does not include the processing time between the request for payment and the payment issue date. The

board requests payment from the State Controller’s Office, which generally has up to 15 days to issue payment. The data reveal that the board and JP units took between 91 and 180 days to process 13,666 individual CaRES bills and more than 180 days to process 6,248 bills, of which the board processed 5,719 (92 percent). Table 8 presents the processing time for individual bills.

Table 8
Processing Time for Individual Bills on Compensation and Restitution System Applications Completed Between June 30, 2006, and June 30, 2008

NUMBER OF DAYS FOR REQUEST OF BILL PAYMENT*	JOINT POWERS UNITS		VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD		TOTAL	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
0-90	17,963	77%	13,998	49%	31,961	62%
91-180	4,815	21	8,851	31	13,666	26
More than 180	529	2	5,719	20	6,248	12
Totals	23,307	100%	28,568	100%	51,875	100%

Source: Bureau of State Audits’ analysis of the Compensation and Restitution System of the Victim Compensation and Government Claims Board (board).

Note: As described in the Scope and Methodology, we concluded that the board’s data are not sufficiently reliable for the purposes of our analysis. However, with no other data available, we used the board’s data to determine its time interval for processing bills received to a request for payment.

* We measured the processing time from the later of the application approved date or bill received date to the date the board requested payment. The data indicate a substantial number of bills that the board approved but had not requested payment. We identified 4,880 of these bills that were at least 90 days old as of June 30, 2008. Board staff reviewed a sample of these bills and asserted that some should not be paid or were staff errors; however, we were unable to separate these bills from those that are outstanding.

Finally, although the aging data we present represent only applications and bills processed in CaRES, we noted many applications and bills in the converted VOX data that indicate excessively lengthy processing periods. These conditions are indications either of problems with the converted data or of a significantly long processing time for VOX data. Also, it is important to recognize that our analysis of application processing times for CaRES focuses only on applications for which the board had made an initial determination of eligibility. As discussed previously, for a significant number of applications, the board had not yet made a decision as of June 30, 2008, as to eligibility, even though they were more than 180 days old.

Recommendations

To ensure that it maximizes its use of CaRES, the board should do the following:

- Develop goals, objectives, and benchmarks related to the functions it carries out under CaRES that will allow it to measure its progress in providing prompt, high-quality service.
- Continue identifying and correcting problems with the system as they arise.
- Address the structural and operational flaws that prevent identification of erroneous information and implement edit checks and other system controls sufficient to identify errors.
- Seek input from and work with relevant parties, such as assistance centers and JP units, to resolve issues with the transition.
- Develop and maintain system documentation sufficient to allow the board to address modifications and questions about the system more efficiently and effectively.

To increase the number of applicants who work through assistance centers, the board should emphasize the advantages of doing so whenever possible.

To ensure that the board effectively manages the program workload and can report useful workload data, it should do the following:

- Develop written procedures for its management of workload.
- Implement the reporting function in CaRES as soon as possible.
- Establish benchmarks and performance measures to evaluate whether it is effectively managing its workload.
- Review the applications and bills converted to CaRES from VOX that are showing excessively lengthy processing periods and determine whether problems with the data exist or whether the board has significant time-processing problems.

Chapter 4

THE VICTIM COMPENSATION PROGRAM LACKS SUFFICIENT PLANNING AND EVALUATION PROCESSES TO ENSURE THAT ITS OUTREACH EFFORTS APPROPRIATELY FOCUS ON THOSE IN NEED OF PROGRAM SERVICES

Chapter Summary

For fiscal year 2007–08, the primary focus of the Victim Compensation and Government Claims Board (board) for outreach was to increase awareness of the Victim Compensation Program (program). The board's outreach efforts include a variety of activities, such as a multimedia campaign and improving outreach materials. The board also leveraged its key partners—joint powers (JP) units and victim advocates working in victim witness assistance centers (assistance centers)—to further expand outreach efforts. Representatives of five assistance centers we interviewed indicated that the board communicates with them about outreach primarily through periodic program meetings and the board's newsletter. Representatives at several of the assistance centers told us that they do not think the public is generally aware of program services and that the board could conduct more outreach to certain groups.

Although the board performs a variety of outreach efforts, it has not established a comprehensive plan that would assist it in ensuring that it has prioritized its outreach efforts and appropriately focused on those in need of program services. Also, the board is just beginning to consider demographic and crime statistics information when developing outreach strategies. It has an opportunity to do more to ensure that it is reaching vulnerable populations—those groups of individuals that are more susceptible to being victims of crime and those that are less likely to participate in the program. In May 2008 the board identified a goal to increase program awareness by 10 percent by July 2009 as part of its current strategic planning efforts. However, as of October 2008, management was still considering future outreach efforts and how best to quantitatively measure the success of these efforts.

The Board Lacks a Comprehensive Plan to Prioritize Its Efforts and Funds

The board's Legislation and Public Affairs Division (public affairs division) is responsible for board outreach efforts for the program. According to the public affairs division's deputy executive officer (outreach officer), the board focused its outreach efforts during fiscal year 2007–08 on increasing awareness of the program among

The board's outreach efforts during fiscal year 2007–08 included a variety of activities such as a multimedia campaign and improving outreach materials.

crime victims and their families. According to the outreach officer, the best avenue to create awareness of the program is to provide information and outreach materials to first responders—those individuals who generally first come into contact with crime victims or their families after a crime occurs. The board considers first responders to include individuals from law enforcement, firefighters, emergency medical technicians, medical providers, and assistance centers, among others.

The board's outreach efforts during fiscal year 2007–08 included a variety of activities such as a multimedia campaign and improving outreach materials. For example, the board produced new informational brochures, including a pamphlet aimed at health care service providers. The board designed the pamphlet to provide information regarding the program directly to the providers, letting them know of program rates available to encourage them to participate in the program. As part of the board's multimedia campaign, it distributed two informational digital video discs (DVDs) about the program to the assistance centers and others. The outreach officer indicated that the board distributed key outreach materials to various groups, including first responders and providers. Further, according to the outreach officer, the board participated in a wide range of conferences and events that related to victim services and conducted program training sessions for some groups.

The board also expands awareness of the program through its key partners—JP units and victim advocates. Although the JP units' principal responsibility related to the program is verifying applications and bills, the JP units can be helpful in identifying local opportunities for program outreach and distributing board informational materials. The victim advocates work in the assistance centers to provide many services to crime victims, including assistance with the program. According to the outreach officer, the assistance centers are a good source of information regarding local events that provide opportunities to increase awareness of the program.

We interviewed representatives of five assistance centers to understand the communication structure related to outreach and awareness efforts. Representatives indicated that the board primarily communicates with them about outreach through periodic program meetings and the board's newsletter. Three assistance centers told us that they regularly participate in a bimonthly meeting with the board regarding victim compensation, and that at those meetings the board generally discusses outreach and awareness efforts and the status of existing outreach campaigns. Four assistance centers mentioned that the board distributes a bimonthly newsletter that also provides information

about the status of ongoing outreach campaigns, new outreach campaigns, and other updated information about activities of the board that the assistance centers find helpful. Further, representatives at the five assistance centers we interviewed told us that they received program materials—program posters, brochures, and informational DVDs—from the board to distribute to crime victims and providers in their counties. However, several assistance centers characterized the distribution of these unsolicited materials as recent, and one center’s representative expressed hope that the distribution was an indication that the board was taking greater steps to include assistance centers in its outreach efforts.

Four assistance centers commented that the board’s approach of increasing awareness of the program among first responders is a good strategy and use of outreach resources. However, three of the five assistance centers we interviewed stated that they do not believe the public generally is aware of the program. These representatives explained that they believe the board should do more outreach to medical and dental providers as well as hospitals, law enforcement, and other first responders. Two assistance centers also told us they believe funeral homes and mortuaries might be underserved by outreach efforts and not fully aware of the benefits and services available through the program.

Despite the variety of outreach efforts conducted by the board, it has not developed a comprehensive outreach plan. Without such a plan, it is unable to demonstrate that it has prioritized its outreach efforts, appropriately focused on those in need of program services, and spent program funds effectively. The board developed an operational plan in 2006 to implement its previous strategic plan. The public affairs division’s section of the operational plan included a task to develop a comprehensive two-year plan for general outreach. However, the board never developed the outreach plan. In September 2008 the outreach officer indicated that the board plans to issue an outreach plan as part of its efforts to implement its new strategic plan. We discuss these efforts further in the sections that follow.

The Board Is Just Beginning to Consider How to Use Demographics and Crime Statistics to Develop and Target Its Outreach Efforts

The outreach officer acknowledged that the board has not conducted any formal research to determine whether targeting first responders is the best approach for increasing awareness of the program. He told us that instead the board based its decision to focus on increasing program awareness among first responders on an understanding of the professional responsibilities of these entities and state law. State law requires the board to publicize

Despite the variety of outreach efforts conducted by the board, three of the five assistance centers we interviewed stated that they do not believe the public generally is aware of the program. Further, the board has not developed a comprehensive outreach plan.

the program's existence through the board, law enforcement agencies, assistance centers, hospitals, medical, mental health or other counseling service providers, and other public or private agencies. He commented that targeting first responders will have the effect of reaching a broad statewide audience of victims and their families. According to the outreach officer, he joined the board in September 2007 and is not fully aware of what previous outreach efforts the board had taken. He told us that the board did not consider demographics or crime statistics when developing its outreach efforts and priorities in fiscal year 2007–08, and he does not know whether the board previously considered such information in its outreach efforts. He also told us that the board has not quantified whether there are potential populations that are underserved.

However, we note that the board was planning to consider such matters as far back as 2006. The outreach officer was able to provide us with a copy of the public affairs division's section of the 2006 operational plan. One of the objectives in this operational plan, identified to meet the board's strategic goal of excellence in customer service, required division staff to work with the program to analyze application rates to identify underserved populations and determine outreach strategies. Under that same objective, one of the tactics identified was for staff to develop an outreach program to reach underserved populations. An earlier draft of the plan indicated that this tactic involved analyzing county crime statistics, application rates, and assistance center staffing levels. Therefore, it is clear to us that as early as 2006 the board envisioned identifying and developing outreach efforts directed toward underserved populations, yet it took no further action. According to the outreach officer, shortly after he arrived in September 2007, the board began developing a new strategic plan for the years 2008 through 2012, and thus the board did not take any further action on the 2006 operational plan.

It is clear that as early as 2006 the board envisioned identifying and developing outreach efforts directed toward underserved populations, yet it took no further action.

The outreach officer acknowledged that linguistic and cultural issues might cause certain populations to be unaware or underserved by the program. As of October 2008, he told us that the board recently reviewed census data to identify the seven most prevalent languages spoken in California other than English and Spanish, and it plans to determine whether to translate its awareness and program informational material into other languages. The board already has informational materials in English and Spanish. Further, as of September 2008, the outreach officer anticipated using Department of Justice crime statistics as part of the action strategies the board is developing to implement the new strategic plan. Specifically, he expects that the board will compare the violent crimes per county to program applications received by county to determine whether disparities between the two indicate

needed outreach efforts. He is also considering using census data to identify potentially underserved populations by determining the racial populations of counties with large disparities between violent crime occurrences and applications received.

Such efforts may be beneficial; however, they are of limited use in helping the board ensure that it is reaching certain vulnerable populations—those groups of individuals that are more susceptible to being victims of crime and those less likely to participate in the program. Certain individuals may be less likely to participate because they are afraid to report crimes to law enforcement or other first responders. For example, homeless or transient crime victims may be afraid to report crimes to law enforcement, and because they do not have medical insurance they will not see a medical provider. Vulnerable populations may include individuals who have low literacy rates and are unable to read and understand informational outreach materials. According to the outreach officer, the board has participated in conferences, workshops, events, and training sessions that target not only first responders and providers but also La Familia domestic violence volunteers and gay and lesbian organizations. He also told us that the board participated in a Native American conference in July 2008 and plans to meet with a California nonprofit agency to establish an awareness effort specific to persons with disabilities. However, the board's outreach efforts for vulnerable populations have been limited. The board can improve its current efforts by continuing to work with advocacy groups and other applicable associations to identify vulnerable populations and develop strategies to reach those groups that may not otherwise find out about and take advantage of program benefits.

The Board Has Only Recently Begun to Consider How to Measure the Effectiveness of Its Outreach Efforts

The board announced the rollout of its new strategic plan for the years 2008 through 2012 in May 2008. One of the goals in this plan is to increase public awareness of the program by 10 percent by July 2009. The outreach officer told us that as part of the recent strategic planning efforts, the board's management staff discussed future outreach efforts and how best to quantitatively measure their efforts as part of the strategic plan. He stated that the board plans to conduct benchmark surveys and periodic follow-up surveys of first responders, victim applicants, and other organizations and to use metrics and other methodologies to establish benchmarks to measure the success of its outreach efforts.

The board reports that it has participated in conferences, workshops, events, and training sessions that target not only first responders and providers but also La Familia domestic violence volunteers, gay and lesbian organizations, and Native Americans.

The board's recently issued project charter for its communication and outreach plan does not address metrics and other methodologies to quantitatively measure the success of the board's outreach efforts.

As part of its strategic planning efforts, the board issued a project charter in November 2008 entitled "Develop a Comprehensive Communication and Outreach Plan." The charter establishes target due dates for a variety of tasks, such as using survey and demographic information to identify underserved victim populations and determining the most effective and efficient communications strategies and media for reaching the specified target audiences. The final step in the charter is to create a comprehensive communications and outreach plan by June 30, 2009. However, the charter does not address metrics and other methodologies to quantitatively measure the success of the board's outreach efforts.

We believe the board is missing an opportunity to track useful information that can help it measure outreach effectiveness. It collects information from applicants regarding how they heard about the program. However, in October 2008, the outreach officer acknowledged that the board had not summarized this information to measure outreach effectiveness. Nevertheless, he told us that the board has obtained this information from its current automated application and bill processing system and is also planning on obtaining this information from its previous system. The board then plans to use this information as one of several measurement elements in assessing the effectiveness of its action strategies for the strategic goal of increasing public awareness of the program by 10 percent.

Information on budgeted and actual outreach expenses would also be useful. When we asked about the budget and expenses for outreach activities, the board's deputy executive officer for fiscal services (fiscal services officer) told us that the board does not specifically budget for and report actual outreach expenses. However, she provided information on invoiced outreach expenses totaling approximately \$295,000 for fiscal year 2007-08. This information does not include salaries and benefits for the manager and staff who perform outreach. In October 2008 the fiscal services officer told us that the board is developing an outreach budget for the balance of fiscal year 2008-09. The board plans to establish a specific budget and expenditure system for its outreach program by fiscal year 2009-10. As the board increases its outreach efforts, having good data on its expected and actual expenses will be an important component of ensuring that it has used its funding in a cost-effective manner.

Recommendations

To ensure that the board appropriately carries out its outreach efforts, it should do the following:

- Establish a comprehensive outreach plan that prioritizes its efforts and appropriately focuses on those in need of program services. As part of its planning efforts, the board should seek input from key stakeholders such as assistance centers, JP units, and other advocacy groups and associations to gain insight regarding underserved and vulnerable populations.
- Consider demographic and crime statistics information when developing outreach strategies.
- Define the specific procedures to accomplish its action strategies for outreach and establish quantitative measures to evaluate the effectiveness of its outreach efforts.
- Use information from applicants regarding how they heard about the program as part of its overall efforts to measure outreach effectiveness.
- Specifically budget for and report actual outreach expenses.

We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of the report.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: December 9, 2008

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For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

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(Agency response provided as text only.)

California Victim Compensation and Government Claims Board
400 R Street, Suite 500
Sacramento, CA 95812

November 19, 2008

Ms. Elaine M. Howle, State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Subject: Victim Compensation and Government Claims Board Response to Draft Audit
Report on the Victim Compensation Program

Dear Ms Howle:

Thank you for the opportunity to review and respond to the draft audit report on the Victim Compensation Program (VCP). We appreciate the thoughtful and cooperative approach your staff demonstrated while completing their review. Their understanding of the complex issues involved in administering the VCP is demonstrated throughout the draft report.

Your report identified many of the challenges the VCP must balance to provide the most responsive service to California victims of crime. One such challenge is the VCP does not directly control incoming workload or the collection of the Restitution Fund revenue that primarily funds the program. Additionally, as the audit points out, many of the services VCP provides do not result in payments to victims but do provide needed outreach, customer service, due process, partnerships that promote revenue, and cost-containment. Many of the concerns addressed in the audit are issues we previously identified during our strategic planning process this past year. Implementation of the board's strategic plan has included the creation of eight near-term action strategies and the subsequent development of project charters for each of the strategies. Each charter includes a work plan which specifies the tasks and due dates to meet the objectives of the action strategy. As we move forward with this process, we expect to resolve the issues identified in the report.

Chapter 1

The audit recommends that the Victim Compensation and Government Claims Board establish a complementary set of goals to measure its success in maximizing assistance to victims and their families. Further, the audit states that these goals should focus on the ratio of program support costs to compensation payments and establish a target balance for the Restitution Fund.

We agree that the board should strive to maintain a balance between revenues and expenditures thereby ensuring Fund stability to the extent to which it is within its control. We also agree that VCP's administrative functions should be as cost-effective as possible given the complexities of the program and the need to provide timely compensation to victims of crimes.

Our goal is to maximize the assistance for victims and their families by balancing service delivery costs to match available Fund revenues. The challenge is that the Administration's and the Legislature's independent budget actions largely control service delivery costs. Similarly, we depend on local government efforts

to impose and collect revenues. These factors complicate any effort to establish a target balance for the Fund. Given these factors, we plan to focus on the following activities to meet the intent of the audit recommendations:

- Explore the feasibility of establishing goals designed to measure success in maximizing assistance to crime victims and their families.
- Regularly monitor program data and analyze key trends and indicators of both expenditures and revenue and adjust strategies as necessary to maintain Fund stability. This includes an ongoing assessment of cash flow and prudent reserves.
- Continually evaluate the cost-effectiveness of administrative activities, those that result in payouts, those that ensure Fund stability, and those that advance victim access to the program and to needed services.
- Support and promote funding received from existing revenue sources. This is specifically addressed in our action strategy to develop a restitution outreach and training program. We will regularly evaluate the cost-benefit of ongoing revenue generating programs and activities.
- Manage program resources and costs to maximize the availability of federal grant funds.

Chapter 2

The audit finds, and we agree, the board can make improvements in processing time for applications and payments, developing specific verification procedures, and maintaining documentation.

We agree that the board should correctly consider reports from other entities and document evidence as a basis for the board's decisions. The board will continue to emphasize the importance of fully documenting all eligibility decisions. The board's training activities focus on the need to appropriately document decisions and future training activities will continue this focus.

We also agree with the Bureau of State Audits concerning notification of applicants of the board's recommended decisions. This change has been incorporated into the proposed regulation package the Board will consider at its November 20, 2008, meeting.

The board concurs with the recommendation to correct the issues with the accepted date data field in CaRES, the board's automated claims processing system. It was always envisioned that this data be correctly captured in CaRES, however the field is not yet operational. This will be corrected as part of the CaRES Optimization project which is set forth in the CaRES Optimization Charter.

Improving processing times for making decisions on applications and paying bills is being addressed as an early action item by the Architectural Adjustment section of the CaRES Optimization Charter. The specific improvements envisioned include correcting issues with the aging reports that will allow the board to more easily identify applications approaching the maximum processing time limit. Future training and development of staff will also assist in this area. Finally, the board's Pre-Scan Unit, fully operational in July 2008, identifies missing items on newly filed applications, reducing the processing times for all applications.

The board concurs with the recommendation to develop written procedures and time frames for the appeals process. A new procedure manual, as discussed below, will include this subject.

The board's ability to process applications and pay bills in a timely manner is dependent upon the timely submittal of key information from verifying entities. To improve the board's success at obtaining such information, the board plans to develop a new procedure manual, which will provide specific direction to staff for processing applications and bills in CaRES. The manual will include specific time frames for follow up with non-responsive verifying entities. Through our statewide provider forums, the board has been communicating to service providers the importance of prompt submittal of requested information to the board so that we can process their payment requests in a timely manner. Similarly, we are reaching out to law enforcement during our numerous law enforcement outreach seminars.

Regarding the recommendation to consistently verify and document reimbursement sources, the board will ensure that the training and development classes for processing staff include appropriate emphasis on this matter.

Chapter 3

The board concurs with the bureau's recommendations regarding the maximization of CaRES; establishment of benchmarks to measure progress; system documentation; and development of written procedures for managing workload.

The board is continuing its efforts to maximize its use of CaRES. As noted above, the CaRES Optimization Project Charter details activities we will undertake to ensure that the system performs all functions efficiently and reliably. The charter sets forth the goals, objectives and benchmarks related to the functions the board carries out under CaRES. These elements of the charter will allow the board to measure its progress in providing timely service to victims of crime. Through the implementation of the project charter, we will implement edit checks and other system controls to enable the identification of data errors.

Another key element of the project charter is the development and maintenance of system documentation. Such documentation will improve the board's ability to address system modifications. We recognize the importance of continuing to seek input from and work with all relevant stakeholders as we implement these necessary improvements to CaRES. Additionally, we will continue to encourage applicants to work directly with our partners in the county assistance centers.

The board recognizes the need to effectively manage workload. The CaRES Optimization Project Charter includes the specific task to develop the reporting function. The data generated will be used to identify and manage workflow. With this reporting capability, the board will be able to develop written workload management procedures and relevant performance measures to evaluate workload management.

With respect to applications and bills converted from VOX to CaRES, the board will perform a review to determine why the processing times appear to be unusually lengthy.

Chapter 4

The audit recommends, and we agree, that the board should establish a comprehensive outreach plan that prioritizes and focuses its efforts on those in need of program services. The board's project charter, entitled Develop a Comprehensive Communication and Outreach Plan reflects the board's commitment to conduct its outreach effort pursuant to a written plan which focuses on reaching out to those in need of program services. The plan will identify target audiences, including underserved victim populations; determine communication strategies; develop key messages, and determine appropriate communication tools. In developing the plan the board will seek input from key stakeholders, including, first responders, as required by law, and advocacy groups associated with underserved and vulnerable populations. The board agrees that the plan should consider demographic and crime statistic information.

Metrics are being developed that will be incorporated into our Comprehensive Communication and Outreach Plan. These metrics will be used to measure the effectiveness of our outreach strategies. Measures will include, but not be limited to: applications received by county and by ethnicity; Department Of Justice crime statistics by county and to the extent available by ethnicity; awareness surveys of first responders and community organizations, and surveys regarding how victim applicants learned of the VCP.

The board recognizes the importance of budgeting for and reporting outreach expenses. Accordingly, the board is developing an outreach budget for the balance of 2008–09. By fiscal year 2009–10, the board will have established a specific budget and expenditure system for its outreach program.

Again, thank you for the opportunity to respond to the audit.

Sincerely,

(Signed by: Julie Nauman)

Julie Nauman
Executive Officer
Victim Compensation and Government Claims Board

cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press