

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

AGREED-UPON PROCEDURES REPORT

YEAR ENDED JUNE 30, 2003

LEGISLATIVE AUDIT COMMITTEE

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**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

YEAR ENDED JUNE 30, 2003

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**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

DESCRIPTION OF THE OFFICE OF THE CHILD'S REPRESENTATIVE

YEAR ENDED JUNE 30, 2003

During the 2000 legislative session, the General Assembly passed House Bill 00-1371 which created the Office of the Child's Representative (Office) within the Judicial Department. The Office is responsible for ensuring legal representation and non-legal advocacy for children involved in judicial proceedings in Colorado. This includes enhancing the legal representation of children, establishing compensation for services, setting minimum practice and training standards, determining maximum caseloads, establishing oversight committees throughout the state, and working collaboratively with the state court-appointed special advocate (CASA) to develop local CASAs in each judicial district. The Office has five full-time equivalent administrative staff and eighteen full-time contract employees that include attorneys and case workers. The Office receives its funding from general funded appropriations.

The authority for this agreed-upon procedures engagement comes from Section 13-91-105(g), C.R.S., which requires the Office of the State Auditor (OSA) to conduct certain procedures (enumerated in the independent accountants' report), which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. A contract exists by and between the State of Colorado, through OSA and the Legislative Audit Committee, and Gelfond Hochstadt Pangburn, P.C. (GHP), whereby the procedures performed for the year ended June 30, 2003 were performed by GHP.

The procedures performed, related findings, and recommendation are presented in this report.

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

**DESCRIPTION OF THE OFFICE OF THE CHILD'S
REPRESENTATIVE (CONTINUED)**

YEAR ENDED JUNE 30, 2003

**Office of the Child's Representative
Schedule of General Funded Expenditures – Budget Basis
Years Ended June 30, 2002 and 2003**

Expenditure	2002	2003
Attorney services – by type of case:		
Dependency and neglect	\$ 5,349,032	\$ 5,516,225
Juvenile delinquency	1,203,240	981,246
Domestic relations	424,682	488,916
Truancy	172,982	113,082
Paternity	78,507	57,974
Probate	89,000	51,560
Other	27,001	14,600
Counsel expenses	5,286	6,773
Subtotal: Attorney services	7,349,730	7,230,376
Administrative and operating costs	449,404	434,927
Training	23,938	22,991
CASA services	20,000	20,000
Total general funded expenditures – actual *	7,843,072	7,708,294
Total general funded expenditures – budget	7,843,072	7,763,264
Variance – over (under) budget	\$ -	\$ (54,970)

* Does not include accrued payroll for June 2003 of \$98,886.

Source: Data obtained from the Office of the Child's Representative.

Total general funded expenditures in the table above decreased approximately 2 percent overall from 2002 to 2003.

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

**DESCRIPTION OF THE OFFICE OF THE CHILD'S
REPRESENTATIVE (CONTINUED)**

YEAR ENDED JUNE 30, 2003

Court - Appointed Counsel Costs - Cash Basis

<u>Type of Case</u>	<u>Average Cost per Case</u>		<u>Caseload</u>		<u>Total Costs</u>	
	<u>FY02</u>	<u>FY03</u>	<u>FY02</u>	<u>FY03</u>	<u>FY02</u>	<u>FY03</u>
Dependency and neglect	\$ 776	\$ 751	5,773	5,634	\$ 4,477,640	\$ 4,232,123
Juvenile delinquency	354	343	3,185	2,888	1,128,339	991,420
Domestic relations	680	661	568	717	386,230	474,169
Truancy	227	268	616	503	140,161	135,115
Paternity	564	449	162	143	91,332	64,261
Probate	591	546	334	108	197,227	58,996
Other	<u>412</u>	<u>360</u>	<u>113</u>	<u>49</u>	<u>46,573</u>	<u>17,651</u>
Average Cost per Case	<u>\$ 602</u>	<u>\$ 595</u>				
Total			<u>10,751</u>	<u>10,042</u>	<u>\$ 6,467,502</u>	<u>\$ 5,973,735</u>

Source: Data obtained from the Office of the Child's Representative. Caseload processed during fiscal year – cash basis.

The above table represents costs per case reported on a cash basis. In some instances, a court appointed attorney represents one child or a multiple number of children depending on the case. Therefore, average cost per case does not necessarily represent average cost per child. With respect to average attorney cost per hour, depending on the type of case, a court - appointed attorney is paid on an hourly or flat - fee basis. As a result, information on total hours and average attorney costs per hour are not tracked.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Colorado General Assembly
Office of the State Court Administrator
Office of the Child's Representative:

We have conducted the procedures enumerated below, which were performed under contract with the Office of the State Auditor (OSA) and which were agreed to by the management of the Office of the Child's Representative (OCR), in order to assist the OSA and the OCR in meeting certain financial reporting requirements of OCR to the Office of the State Court Administrator and the Colorado General Assembly as of and for the year ended June 30, 2003. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained the "Schedule of General Funded Expenditures - Budget Basis" presented at page 2. We agreed the actual 2003 expenditures as reported in the "Schedule of General Funded Expenditures - Budget Basis" to the Colorado Financial Reporting System (COFRS) for the fiscal year ended June 30, 2003, without exception.
2. We obtained a copy of OCR's "Fiscal Policies and Procedures Manual" and read the internal control procedures over cash disbursements. The following procedures were outlined in the "Fiscal Policies and Procedures Manual" relating to vendor and attorney payments:
 - Review and approval of invoices for payment are to be documented on the invoice by use of the reviewer's initials.
 - Purchase orders are required for purchases of goods exceeding \$5,000 and purchases of services exceeding \$25,000.
 - Duties are to be segregated between the function of entering the invoice information into the cash disbursements system and the function of approving the payment.
 - Fees paid to attorneys are to be based on the terms of written contracts and fee schedules based on Chief Justice Directive 97-02.

We obtained a list of disbursements made by OCR from July 1, 2002 through June 30, 2003. Using a statistical sampling method, we selected 36 cash disbursements (which totaled \$14,908) from a total of 16,449 disbursements (which totaled \$6,126,162). Thirty-three attorney payments totaling \$12,538 were selected from 15,774 total payments of \$5,973,735. Three general vendor disbursements totaling \$2,370 were selected from 675 total vendor disbursements of \$152,427. For each disbursement, we performed the following:

- a. For attorney disbursements, we agreed attorney name, disbursement amount, case number and contract billings to appointment records and recalculated hourly bills. No exceptions were noted.
- b. We determined that charges were eligible for reimbursement based on the Chief Justice Directive 97-02. No exceptions were noted.
- c. We agreed each disbursement amount to COFRS. No exceptions were noted.
- d. We noted that the original invoice was reviewed and entered into OCR's payment processing system, Court Appointed Counsel (CAC), and the COFRS system by the administrative assistant, and that the invoice was reviewed and approved by the Finance/Budget Officer. No exceptions were noted.
- e. We noted that each invoice was date stamped "Received". No exceptions were noted.
- f. We noted that the invoice detail description matched the expenditure code in the CAC and the COFRS systems. No exceptions were noted.
- g. For attorney disbursements, we obtained appointment reports and requests for pre-approval of expenses for contract disbursements, noted written verification of appointment, and noted specific written approval for fees requested over the maximum threshold for the type of case. No exceptions were noted.
- h. For contracted attorneys, we noted that Form W-9s were maintained by OCR. No exceptions were noted.
- i. We inquired of OCR's Financial/Budget Officer, scanned the disbursement listing, and noted that no vendor purchases exceeding \$5,000 or purchases of services exceeding \$25,000 were made during the fiscal year ended June 30, 2003.

3. OCR's "Fiscal Policies and Procedures Manual" states that OCR's goal is to process attorney payments within 30 days of receiving the invoice, under normal circumstances. We recalculated the timeliness of selected attorney payments. Out of the 33 attorney disbursements that were selected, 25 payments were made within 24 days, 7 payments were made between 31 and 38 days, and one payment was made at 50 days.

Recommendation:

The Office of the Child's Representative should process attorney payments in accordance with its policy.

The Office of the Child's Representative Response:

Agree. Under normal circumstances the OCR does process payment within 30 days. Payments referenced above exceeding the usual 30 day time period were delayed as a result of unusual circumstances, in which case OCR's policy does allow for additional processing time. In each circumstance OCR's attorneys were notified in advance of the anticipated delays in payment.

The first set of circumstances arose out of the need for approval of emergency supplemental funding by the Joint Budget Committee. The OCR was legally obligated to hold warrants until the State Controller approved their release. This delayed payment of most invoices received in July 2002 to September 2002. Under normal circumstances payments would have been made in August 2002.

The second set of circumstances arose out of a severe staffing shortage. The OCR is an office of only five staff. At virtually the same point in time, one staff member resigned unexpectedly, one staff member went out on unanticipated long-term emergency medical leave, and one staff member went out on planned maternity leave. The two remaining staff members did not have the ability or security clearance to immediately begin processing attorney payments. The OCR processes such a large volume of payments that it is difficult to catch up if processing is suspended for even a short period of time. As a result, payments made after April 2003 were delayed by approximately 10 additional days. In order to better respond to unanticipated staffing shortages in the future, the OCR implemented cross-training so that four staff members have the knowledge and ability to process payment. Implementation date: October 15, 2003.

4. We obtained OCR's "History of selection process for state paid attorneys representing children" which includes the selection and appointment process of attorney services as of and for the fiscal year ended June 30, 2003. We also obtained a listing of attorneys authorized by OCR. We noted that attorneys, whose payments were selected in procedure 1, were included in the listing of OCR attorneys.

5. We obtained a “Reconciliation of Colorado Personnel Payroll Services to COFRS” schedule and a schedule of wages by employee (which totaled \$1,295,323). We agreed these schedules to salary expenditures for the fiscal year ended June 30, 2003, as reported on COFRS without exception. We selected 10 employees from the schedule of wages by employee and agreed wages to contracts or authorization documents. Wage amounts selected represented 57 percent of total wages incurred for Fiscal Year 2003.
6. We obtained Fiscal Year 2003 expense reports for OCR’s Board of Directors, OCR’s Denver location, and OCR’s Guardian Ad Litem (GAL) office located in Colorado Springs. We noted that Board expenses, which consist of mileage to and from meetings for the board members, were approved and within agency guidelines. We noted that Colorado Springs GAL office expenses, which consisted of mileage to meetings and site visits, and reimbursements for office supplies, were reviewed and approved by personnel in the Colorado Springs GAL office and in the Denver OCR office. Denver OCR expense reports indicated expenses were for mileage to and from attorney interviews and per diem and were reviewed and approved.
7. We obtained the schedule of “Court - Appointed Counsel Costs - Cash Basis,” presented at page 3. We tested the clerical accuracy of the schedule without exception, and we read the schedule for any inconsistencies with procedures one through six above, and found no inconsistencies.

We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or limited assurance, on the financial reporting requirements of OCR to the Office of the State Court Administrator and the Colorado General Assembly. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the OSA and OCR and is not intended to be and should not be used by anyone other than these specified parties.

August 5, 2003

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO**

DISTRIBUTION PAGE

YEAR ENDED JUNE 30, 2003

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