

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

**AGREED-UPON PROCEDURES REPORT**

**YEAR ENDED JUNE 30, 2004**



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**Gelfond Hochstadt Pangburn, P.C.**  
*Certified Public Accountants and Consultants*

**LEGISLATIVE AUDIT COMMITTEE**

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

**YEAR ENDED JUNE 30, 2004**

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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, 2004**

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 four full-time equivalent administrative staff and twenty 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 (1) (g), C.R.S., which requires the Office of the State Auditor (OSA) to annually conduct procedures on financial aspects of the Office of the Child's Representative. The OSA contracted with Gelfond Hochstadt Pangburn, P.C. (GHP) to perform certain procedures (enumerated in the independent accountants' report) for the year ended June 30, 2004. These procedures were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures performed, related findings, and recommendations 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, 2004**

**Office of the Child's Representative  
Schedule of General Funded Expenditures – Budget Basis  
Years Ended June 30, 2003 and 2004**

| Expenditure                                  | 2003               | 2004                |
|--|--------------------|---------------------|
| Attorney services – by type of case:         |                    |                     |
| Dependency and neglect                       | \$ 5,516,225       | \$ 6,305,285        |
| Juvenile delinquency                         | 981,246            | 842,540             |
| Domestic relations                           | 488,916            | 623,407             |
| Truancy                                      | 113,082            | 84,480              |
| Paternity                                    | 57,974             | 58,007              |
| Probate                                      | 51,560             | 66,707              |
| Other  | 14,600             | 16,455              |
| Counsel expenses                             | <u>6,773</u>       | <u>12,029</u>       |
| Subtotal: Attorney services                  | <u>7,230,376</u>   | <u>8,008,910</u>    |
| Administrative and operating costs           | 434,927            | 510,587             |
| Training                                     | 22,991             |                     |
| CASA services                                | <u>20,000</u>      | <u>20,000</u>       |
| Total general funded expenditures – actual * | 7,708,294          | 8,539,497           |
| Total general funded expenditures – budget   | <u>7,763,264</u>   | <u>8,867,714</u>    |
| Variance – over (under) budget               | <u>\$ (54,970)</u> | <u>\$ (328,217)</u> |

\* Does not include accrued payroll for June 2004 and 2003 of \$109,115 and \$98,886, respectively. Under Senate Bill 03-197, employee salaries for the month of June shall be paid on the first working day of July each year. For all months except June, employee salaries are paid on the last day of the month in which the salaries are earned.

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

Total general funded expenditures in the table above increased approximately 11 percent overall from 2003 to 2004.

**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, 2004**

**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>FY03</u>                  | <u>FY04</u>   | <u>FY03</u>     | <u>FY04</u>   | <u>FY03</u>         | <u>FY04</u>         |
| Dependency and neglect | \$ 751                       | \$ 766        | 5,634           | 6,493         | \$ 4,232,123        | \$ 4,969,666        |
| Juvenile delinquency   | 343                          | 297           | 2,888           | 2,673         | 991,420             | 794,142             |
| Domestic relations     | 661                          | 628           | 717             | 969           | 474,169             | 608,662             |
| Truancy                | 268                          | 254           | 503             | 369           | 135,115             | 93,634              |
| Paternity              | 449                          | 467           | 143             | 125           | 64,261              | 58,398              |
| Probate                | 546                          | 551           | 108             | 113           | 58,996              | 62,268              |
| Other                  | <u>360</u>                   | <u>329</u>    | <u>49</u>       | <u>52</u>     | <u>17,651</u>       | <u>17,112</u>       |
| Average Cost per Case  | <u>\$ 595</u>                | <u>\$ 612</u> |                 |               |                     |                     |
| Total                  |                              |               | <u>10,042</u>   | <u>10,794</u> | <u>\$ 5,973,735</u> | <u>\$ 6,603,882</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, i.e., when the attorney fee was paid. These numbers differ from the subtotals of attorney services on the Schedule of General Funded Expenditures - Budget Basis, because on that schedule fees are reported on an accrual basis, i.e., when the attorney service was provided.

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, 2004. 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 2004 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, 2004, 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.
  - Contracts are required for all purchases exceeding \$50,000. In addition, a contract is required for any employment arrangement whereby the individual is not a full time equivalent.
  - 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 04-06.

We obtained a list of disbursements made by OCR from July 1, 2003 through June 30, 2004. Using a statistical sampling method, we selected 34 cash disbursements (which totaled \$12,339) from a total of 18,982 disbursements (which totaled \$6,734,552). Twenty-eight attorney payments totaling \$12,076 were selected from 18,126 total payments of \$6,603,883. Six general vendor disbursements totaling \$263 were selected from 856 total vendor disbursements of \$130,669. 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 (i.e., Guardian Ad Litem (GAL) employment contracts) and recalculated hourly bills. No exceptions were noted.
- b. For GAL employment contracts obtained in a. above, we noted that only one out of 28 contracts obtained were signed by authorized OCR personnel. See recommendation at the end of this report.
- c. We determined that charges were eligible for reimbursement based on the Chief Justice Directive 04-06. No exceptions were noted.
- d. We agreed each disbursement amount to COFRS. No exceptions were noted.
- e. 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.
- f. We noted that each invoice was date stamped "Received". No exceptions were noted.
- g. We noted that the invoice detail description matched the expenditure code in the CAC and the COFRS systems. No exceptions were noted.
- h. 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.

- i. For contracted attorneys, we noted that Form W-9s were maintained by OCR. No exceptions were noted.
  - j. For purchase orders on purchases over the defined thresholds for goods and services, we inquired of OCR's Financial/Budget Officer, scanned the disbursement listing, and noted that there were no vendor purchases exceeding \$5,000 made during the fiscal year ended June 30, 2004. We noted one purchase of services exceeding \$25,000 made during the fiscal year ended June 30, 2004. We noted that a purchase order was prepared without exception.
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. In performing our agreed-upon procedures for Fiscal Year 2003, we recalculated the timeliness of selected attorney payments processed, and noted that OCR did not pay 8 out of 33 payments timely. As a result, we recommended that OCR process its attorney payments in accordance with its policy. OCR advised us of an implementation date of October 15, 2003 to adhere to this policy. In performing our agreed-upon procedures for Fiscal Year 2004, we recalculated the timeliness of 21 attorney payments made after OCR's implementation date. We noted that all payments were made in accordance with OCR's policy of 30 days.
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, 2004. 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 \$1,337,150). We agreed these schedules to salary expenditures for the fiscal year ended June 30, 2004, as reported on COFRS without exception. We selected 12 employees from the schedule of wages by employee and agreed wages to contracts or authorization documents. Wage amounts selected represented 63 percent of total wages incurred for Fiscal Year 2004.
6. We obtained Fiscal Year 2004 expense reports for OCR's Board of Directors, OCR's Denver location, and OCR's 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.

**Summary:**

As noted in procedure 2b, we noted that out of 28 Guardian Ad Litem employment contracts obtained, only one was signed by authorized OCR personnel. Under OCR's procurement policies for contracts, contracts must be signed by a staff person with authority to enter into contracts on behalf of the Office in order to ensure the obligation is appropriate.

**Recommendation:**

The Office of the Child's Representative should ensure that all contacts are signed by all parties to the contract.

**The Office of the Child's Representative Response:**

**Agree.** The FY2003 Guardian Ad Litem (GAL) employment contracts were not signed due to an administrative error. The Office of the Child's Representative has implemented controls to ensure proper completion of GAL employment contracts. All contracts are now received directly by the agency's Office Manager and forwarded to the Executive Director for signature. The contract is then reviewed by the Office Manager to ensure that it has been signed by all parties and is properly completed. Implementation date: October 1, 2004.

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 3, 2004

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

**STATUS OF PRIOR YEAR AUDIT RECOMMENDATION**

**YEAR ENDED JUNE 30, 2004**

**Status of Prior Year Audit Recommendation:**

Our Agreed-Upon Procedures Report for Fiscal Year ended June 30, 2003 contained one recommendation. As of October 15, 2003, this recommendation has been implemented and is discussed below.

*Timeliness of Attorney Payments.* During our agreed-upon procedures for Fiscal Year 2003, we noted that 8 out of 33 attorney payments selected were not paid in a timely manner (i.e. within 30 days of receiving the invoice). We recommended that OCR process attorney payments in accordance with its policy. OCR agreed to implement this recommendation as of October 15, 2003.

*Implemented.* We recalculated the timeliness of attorney payments processed by OCR during our agreed-upon procedures for Fiscal Year 2004, and we noted that all payments made after OCR's implementation date were paid in a timely manner.

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

**DISTRIBUTION PAGE**

**YEAR ENDED JUNE 30, 2004**

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