

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

AGREED-UPON PROCEDURES REPORT

YEAR ENDED JUNE 30, 2005

LEGISLATIVE AUDIT COMMITTEE

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Contract Accountants

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

YEAR ENDED JUNE 30, 2005

CONTENTS

	<u>Page</u>
Description of the Office of the Child's Representative	1-3
Independent accountants' report on applying agreed-upon procedures	4-7
Status of prior year audit recommendation	8
Distribution page	9

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

**DESCRIPTION OF THE OFFICE OF THE CHILD'S
REPRESENTATIVE**

YEAR ENDED JUNE 30, 2005

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 also has five part-time contract employees. 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 GHP Horwath, P.C. (GHP) to perform certain procedures (enumerated in the independent accountants' report) as of and for the year ended June 30, 2005. These procedures were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures performed, related findings, and status of prior year 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, 2005

**Office of the Child's Representative
Schedule of General Funded Expenditures – Budget Basis
Years Ended June 30, 2004 and 2005**

Expenditure	2004	2005
Attorney services – by type of case:		
Dependency and neglect	\$ 6,305,285	\$ 6,559,461
Juvenile delinquency	842,540	1,338,555
Domestic relations	623,407	426,186
Truancy	84,480	68,983
Paternity	58,007	27,126
Probate	66,707	87,839
Other	16,455	19,787
Counsel expenses	<u>12,029</u>	<u>24,211</u>
Subtotal: Attorney services	<u>8,008,910</u>	<u>8,552,148</u>
Administrative and operating costs	510,587	580,409
Training		
CASA services	<u>20,000</u>	<u>20,000</u>
Total general funded expenditures – actual *	8,539,497	9,152,557
Total general funded expenditures – budget	<u>8,867,714</u>	<u>9,282,847</u>
Variance – over (under) budget	<u>\$ (328,217)</u>	<u>\$ (130,290)</u>

* Does not include accrued payroll for June 2005 and 2004 of \$129,652 and \$109,115, 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 7 percent overall from 2004 to 2005.

**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, 2005

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>FY04</u>	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>
Dependency and neglect	\$ 766	\$ 739	6,493	6,972	\$ 4,969,666	\$ 5,150,289
Juvenile delinquency	297	354	2,673	3,374	794,142	1,194,061
Domestic relations	628	630	969	762	608,662	480,363
Truancy	254	271	369	281	93,634	76,277
Paternity	467	420	125	86	58,398	36,152
Probate	551	559	113	149	62,268	83,262
Other	<u>329</u>	<u>501</u>	<u>52</u>	<u>36</u>	<u>17,112</u>	<u>18,032</u>
Average Cost per Case	<u>\$ 612</u>	<u>\$ 604</u>				
Total			<u>10,794</u>	<u>11,660</u>	<u>\$ 6,603,882</u>	<u>\$ 7,038,436</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, 2005. 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 2005 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, 2005, 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, 2004 through June 30, 2005. Using a statistical sampling method, we selected 29 cash disbursements (which totaled \$6,683) from a total of 25,756 disbursements (which totaled \$7,388,625). Twenty-eight attorney payments totaling \$6,421 were selected from 24,808 total payments of \$7,038,435. One general vendor disbursement totaling \$262 was selected from 948 total vendor disbursements of \$350,190. 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. We determined that charges were eligible for reimbursement based on the Chief Justice Directive 04-06. 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 the invoice detail description matched the expenditure code in the CAC and the COFRS systems. No exceptions were noted.
- f. 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.
- g. For contracted attorneys, we noted that Form W-9s were maintained by OCR. No exceptions were noted.
- h. For attorney disbursements, we recalculated the timeliness of payment in accordance with OCR's policy of 30 days. No exceptions were noted.
- i. 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 no vendor purchases of goods exceeding \$5,000 and or purchases of services exceeding \$25,000 were made during the fiscal year ended June 30, 2005.

3. In performing our agreed-upon procedures for Fiscal Year 2004, 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. As a result, we recommended that OCR should ensure that all contacts are signed by all parties to the contract. OCR advised us of an implementation date of October 1, 2004 to adhere to this policy. In performing our agreed-upon procedures for Fiscal Year 2005, we noted that all contracts were signed by authorized OCR personnel in accordance with OCR's policy.
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, 2005. We also obtained a listing of attorneys authorized by OCR. We noted that attorneys, whose payments were selected in procedure one, 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 \$1,536,501). We agreed these schedules to salary expenditures for the fiscal year ended June 30, 2005, as reported on COFRS without exception. We selected 11 employees from the schedule of wages by employee and agreed wages to contracts or authorization documents. Wage amounts selected represented 53 percent of total wages incurred for Fiscal Year 2005.
6. We obtained Fiscal Year 2005 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.

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.

GHP Hewitt, P.C.

August 4, 2005

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

STATUS OF PRIOR YEAR AUDIT RECOMMENDATION

YEAR ENDED JUNE 30, 2005

Status of Prior Year Audit Recommendation:

Our Agreed-Upon Procedures Report for Fiscal Year ended June 30, 2004 contained one recommendation. As of October 1, 2004, this recommendation has been implemented and is discussed below.

Signed Employment Contracts. During our agreed-upon procedures for Fiscal Year 2004, we noted that 27 out of 28 Guardian Ad Litem employment contracts selected were not signed by authorized OCR personnel (i.e. a staff person with authority to enter into contracts on behalf of the Office). We recommended that OCR should ensure that all contracts are signed by all parties to the contract. OCR agreed to implement this recommendation as of October 1, 2004.

Implemented. In performing our agreed-upon procedures for Fiscal Year 2005, we noted that all Guardian Ad Litem employment contracts selected were signed by authorized OCR personnel in accordance with OCR's policy.

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DISTRIBUTION PAGE

YEAR ENDED JUNE 30, 2005

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