

Office of the State Auditor

Financial and Compliance Audit of Colorado Judicial Branch (Judicial)

Fiscal Year 2023

1. How long did the predecessor auditor work on the Colorado Judicial Branch audit? Do you anticipate that the predecessor auditor will bid on this RFP?

As noted in the RFP in Section I, Part P.4. states "The firm selected will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs." Therefore, the audit goes up for RFP every 5 years.

The current audit firm has performed the audit for Fiscal Years 2013 through 2023. The current auditor performed the audit for Judicial for the previous 10 years. Because of the mandatory 10-year rotation, the audit will be awarded to new auditors. See Section I, Part N. for information on the eligibility of firms to propose.

2. What were the fees for the prior year audit for the Colorado Judicial Branch?

The total audit fee for Fiscal Year 2022 was \$62,900, including a \$8,400 contract amendment for the State and Local Fiscal Recovery Funds (SLFRF) (ALN 21.027) major program.

3. What is the Department's preferred timing for interim and final fieldwork? How many auditors were onsite for both interim and final fieldwork and for how long? Can work be done remotely or in a hybrid capacity? Are Department staff willing/able to be in the office for onsite work?

According to Judicial staff, in order to accommodate increased workload caused by opening and closing the fiscal year and implementing legislation at the end of the legislative session, interim field work needs to be completed before May. Final field work cannot begin until all work associated with closing the books and the submission of financial statement exhibits has been completed. This usually occurs the third week of August. We typically worked with 2 staff; an auditor and audit supervisor. Our Accounting staff work primarily remotely, and all our work product is saved in electronic format. We have meeting tools that make it easy to meet remotely and staff are accustomed to working in this manner with auditors. Previous auditors worked 100% remote. It is Judicial staff's preference to work mostly remote. For onsite work, it will depend on when the interim work occurs, and what type of activity is being audited. Accounting staff primarily work from home, except on assigned days. Staff can be in the office, if needed, but we would need to know the audit plans so that we could schedule the correct staff to be available. There aren't any physical activities that occur in the office that couldn't be done electronically.

4. Were there any major audit issues identified for 2022? Any anticipated ones for 2023?

As reported in the Statewide Single Audit report located at https://leg.colorado.gov/sites/default/files/documents/audits/redacted_2201f_statewide_single_audit_report_fy22_1.pdf, Judicial did not have any findings for Fiscal Year 2022. We do not anticipate any major audit issues related to Judicial for Fiscal Year 2023.

5. How many leases did the Colorado Judicial Branch identify as applicable for GASB-87 during the 2022 audit?

According to Judicial staff, 24 leases were identified across 4 of the Judicial's independent agencies.

6. How many Subscription Based Technology Arrangements (SBITA) does the Colorado Judicial Branch anticipate that are applicable to GASB-96 for the 2023 implementation?

According to Judicial staff, Judicial is still working on the analysis and are hoping to have initial SBITA information by June 30, 2023. Currently, 9 agreements are anticipated to be applicable for 2023 implementation.

7. Does the Colorado Judicial Branch have any Private-Private or Public-Private Partnerships applicable to GASB-94? If so, how many do you anticipate having for the 2023 implementation?

According to Judicial staff, Judicial does not have any Private-Private or Public-Private Partnerships applicable to GASB-94.

8. Does the Department have any unusual or complex accounting issues?

According to Judicial staff, Judicial's unusual or complex accounting issues include American Rescue Plan Act (ARPA) funding, GASB Standards, Large amount of outside bank accounts, and Certificates of Participation (COPS).

9. Does the Department use any IT systems outside of CORE? If so, please provide a detail of the system and how the information is input into CORE? Also, how have the controls over IT for these systems been tested in the past and does the Department obtain any SSAE 18 reports over any of the IT systems?

The awarded bidder will be expected to perform risk assessment procedures to determine those IT systems that are significant to the financial statements and/or a major program compliance requirement.

The systems that could have a financially significant impact include:

Abandoned Estates – Internally developed system utilized to collect revenue related to electronic preservation of abandoned estates, according to C.R.S., 15-23-113(4). Revenue is interfaced with the Colorado Operations Resource Engine (CORE), the state’s accounting systems, as of 2/1/23, but no revenue has been collected to date.

FORUM – Externally developed software used to manage services and payments made to vendors relating to probationers. Approximately, \$10 million in payments will be are interfaced with CORE (GAX1) for Fiscal Year 2023. For this system the contractor does have an SSAE 18 SOC 1 Type II Report.

10. Have there been any changes in the IT systems in the last year?

According to Judicial staff, the change has been the addition of the Abandoned Estates system active 2/1/2023. The awarded bidder will be expected to perform risk assessment procedures to determine those IT systems that are significant to the financial statements and/or a major program compliance requirement.

11. Does the OSA expect an IT auditor to be used on these engagements or will the OSA continue to test CORE and provide a specific IT program to contractors for use at the individual departments?

The contractor in consultation with the OSA will be expected to conduct risk assessment procedures to determine the significant IT process areas and IT general controls to perform on those IT systems that are significant to the financial statements and/or a major program compliance requirement. The awarded bidder will be expected to determine whether the use of an IT specialist is necessary to perform this work. The OSA’s IT Audit Team will be responsible for IT general controls audit work over CORE.

12. How many of the State’s exhibits are applicable to the Department?

According to Judicial staff, the significant exhibits for Judicial include Exhibits C1, D1, F1, F3, I, K, M, R, N1, N2, PPA, U1, W1, and W3.

13. What single audit programs were identified as major programs during the 2020, 2021, and 2022 audits?

For Judicial, the major program tested by the auditor in Fiscal Year 2022 was ALN 21.027 State and Local Fiscal Recovery Funds (SLFRF). In Fiscal Years 2020 and 2021, there were no major programs identified for testing at Judicial.

14. In the past few years how many of the Department's accounts have been selected by the OSA for testing?

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

15. How many adjustments were proposed during the most recent audit and how many were recorded and how many were waived? Were any of the adjustments repeats from prior year audits?

As reported in Appendix B of the Statewide Single Audit report located at https://leg.colorado.gov/sites/default/files/documents/audits/redacted_2201f_statewide_single_audit_report_fy22_1.pdf, Judicial did not have any passed or posted adjustments noted.

16. As the Statewide reports for 2022 are not currently available, were there any deficiencies in internal control reported in the 2022 audit? In addition, were there any verbal comments or control deficiencies and if so, was a management letter issued?

As reported in the Statewide Single Audit report located at https://leg.colorado.gov/sites/default/files/documents/audits/redacted_2201f_statewide_single_audit_report_fy22_1.pdf, Judicial did not have any findings for Fiscal Year 2022. During Fiscal Year 2022, there was a management letter. The management letter is documented as part of the audit workpapers. Access to prior year workpapers will be granted upon award of the contract.

17. Have there been any significant changes in key staff/accounting staff in the past year that would affect the 2023 audit?

According to Judicial staff, the Deputy Financial Services Director Tracy Griffith started December 2022. This position was newly created. Tracy was the Internal Audit Manager prior to being promoted into this position. Janet Miks, Controller started June 2022. Janet worked directly with the contract auditors for the Fiscal Year 2022 audit and has worked in the State for 20+ years. Lei Zhu, Deputy Controller started in this position on 12/6/22. Her position as the Deputy Controller was a new position created. This position works with our current Deputy Controller Angela Lujan.

18. Outside of the audit process, what does the Colorado Judicial Branch find/define value from its auditors?

According to Judicial staff, Judicial values from its auditors' consultation about accounting treatment and GASB standards, as well as giving ample time for requests and responses.

19. What part of the audit process would the Colorado Judicial Branch like to improve over the past audits?

According to Judicial staff, Judicial would like to improve the timing of the audit. Judicial will be much more accommodating to auditor requests if the audit is conducted during the times identified in question #3 and sufficient time to respond to request. Typically, Judicial could provide responses to requests within 1 business week. Depending on the complexity of the request, staff may need additional time to address the request and staff priorities at the time of the request. Judicial staff find it difficult to answer questions and requests during the year-end close procedures from July – August 5th. Additionally, having a Provided by Client (PBC) list ahead of time will help gather information in advance and will help to know what requests are expected at different phases and timeframes of the audit.

20. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond the standard audit plan or mentioned in the RFP?

We are not aware of any additional audit procedures outside the scope of the services listed in the RFP at this time.

21. What types of problems, if any, have been encountered during recent audits that caused delays in meeting OSA deadlines?

No major problems were encountered during recent audits. Specifically, in Fiscal Year 2022, the contract auditors met the timelines specified in their contract.