

Office of the State Court Administrator



September 28, 2015

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Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Ms. Ray:

In response to your request, we have prepared an updated status report regarding the implementation of recommendations contained in the *Victim's Restitution Performance Audit, April 2014*. The attached report provides a brief explanation of the actions taken by the Judicial Branch to implement each recommendation.

The Judicial Department believes that the assessment, collection and disbursement of restitution are critical elements of an effective and comprehensive case management system. As such, we have dedicated substantial resources to addressing the issues identified in the report and have cooperated with the Department of Corrections to ensure that the most current and complete data is available to collect restitution for victims of crime.

If you have any questions, please do not hesitate to contact me at 720-625-5000 or by email at gerald.marroney@judicial.state.co.us.

Sincerely,

Gerald A. Marroney
State Court Administrator

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Victim's Restitution Performance Audit, April 2014

AUDIT NUMBER: 2197P

DEPARTMENT: Judicial Branch

DATE OF STATUS REPORT: September 29, 2015

SUMMARY INFORMATION

Rec. Number*	Judicial Branch's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
1	Agree	July 2015	Partially Implemented	March 2016
3	Agree	July 2015	Partially Implemented	March 2016
5a	Agree	December 2015	Implemented & Ongoing	
5b	Agree	July 2015	Not Implemented	July 2016
5c	Agree	December 2015	Implemented	
5d	Agree	June 2018	Not Implemented	July 2016
7a	Agree	July 2015	Implemented	
7b	Agree	July 2015	Implemented	
7c	Agree	July 2015	Implemented & Ongoing	
7d	Agree	July 2015	Implemented	

*Note: Audit Recommendations 2, 4, and 6 relate to the Department of Corrections only.

DETAIL OF IMPLEMENTATION STATUS

Recommendation No. 1:

The Department of Corrections (Department) should work with the Judicial Branch to ensure the Department has the data it needs to collect restitution from offenders on all criminal cases by establishing and implementing a method for the Department to obtain Judicial Branch data on all outstanding restitution orders and restitution owed for each offender under Department supervision.

Current Implementation Status for Rec. 1: Partially Implemented.

Judicial Branch's Update:

The Judicial Branch has worked with the Department of Corrections to address the issues included in the audit report. The Branch and the Department have been developing a Memorandum of Understanding to cover the process of transferring data in a manner to ensure that both entities are using as complete and current data as possible, given the limitations of the data population. The new process will provide the Department of Corrections with much improved and more complete financial data for offenders in their custody. The MOU is expected to be signed shortly and the final programming necessary for the new data transfer is expected to be done by April 2016 (by the end of March 2016). In addition, the Branch implemented a modification to the Governmental Access Application in October 2014 that allows Department staff to obtain financial information by searching all court cases by name.

Recommendation No. 3:

The Department of Corrections should work with the Judicial Branch to ensure more effective collection of court-ordered victim's restitution by providing the Judicial Branch the parolee information needed to collect court costs and restitution from offenders ending their parole supervision, and implementing policies and procedures as appropriate.

Current Implementation Status for Rec. 3: Partially Implemented

Judicial Branch's Update:

As part of the MOU discussed in Recommendation No. 1, the Judicial Branch and the Department of Corrections have modified the method for collecting court fines, fees and restitution from parolees. This new process involves more coordination and collaboration between Judicial Branch Collections Investigators and Department of Corrections Parole Officers. Furthermore, delinquent parolee accounts will no longer be forwarded directly to Central Collections, but instead will be handled by the Judicial Branch. The Branch will also utilize the existing private collection agencies, when necessary, to collect on these cases. Implementation of this recommendation is expected in March 2016.

Recommendation No. 5:

The Judicial Branch should ensure it has sufficient policies, systems, and processes to collect victim's restitution in compliance with statute by:

- a. Establishing and implementing policies and procedures requiring court staff to calculate interest.

Current Implementation Status for Rec. 5a: Implemented and Ongoing

Judicial Branch's Update:

In accordance with Section 18-1.3-603, C.R.S., the Judicial Branch has developed and implemented an automated program to calculate and assess interest on restitution cases. In addition to the automated system, the Branch has developed and issued policies and procedures and conducted statewide trainings for the calculation and assessment of interest on cases where the system is unable to automatically complete the process. Court staff and judicial officers have been trained and have very limited ability to exclude cases from the automatic calculation and assessment of interest.

- b. Establishing and implementing policies and procedures that require court staff to ensure offenders in joint and several cases are jointly responsible for paying the restitution ordered.

Current Implementation Status for Rec. 5b: Not Implemented

Judicial Branch's Update:

As part of the process described in Recommendation No. 5a, the Judicial Branch has begun to review joint and several restitution and is in the process of contracting with computer programmers to build a stand-alone computer application to manage these cases. This process will include the development of policies and procedures for managing joint and several cases. Implementation of this recommendation is expected in July 2016.

- c. Establishing an information system plan and implementing system improvements that ensure the system used to manage restitution payments automatically calculates and assesses interest.

Current Implementation Status for Rec. 5c: Implemented

Judicial Branch's Update:

The Judicial Branch has programmed the case management system to automatically calculate and assess restitution interest at the rate of 12% per annum. All cases with an outstanding restitution balance beginning September 12, 2015 and every month thereafter will be assessed one percent in simple interest based on the current restitution principal. The interest will continue to be assessed until the principal is paid in full.

- d. Establishing an information system plan and implementing system improvements that ensure the system used to manage restitution payments links offenders in joint and several cases so that all offenders ordered to pay restitution in these cases are jointly responsible for the full amounts of restitution ordered.

Current Implementation Status for Rec. 5d: Not Implemented

Judicial Branch's Update:

The Judicial Branch is in the process of contracting with computer programmers to build a stand-alone application for the management and coordination of joint and several cases. This program will also include the calculation and assessment of interest on joint and several cases. The Branch had intended for this process be included in the jPOD criminal case management program or other manual methods, however, the stand-alone approach was determined to be more effective and will provide possible benefits for future programming development. Implementation of this recommendation is expected in July 2016.

Recommendation No. 7:

The Judicial Branch should ensure that the sequence and disbursement of restitution payments to victims in cases with multiple victims are equitable, consistent, and comply with statute and court orders by:

- a. Establishing and implementing written policies and procedures or guidelines for court staff to follow to consistently and equitably determine the sequence of restitution payments for cases with multiple victims. Policies and procedures should require court staff to sequence payments to victims in compliance with statute or the judges' order, when applicable, and outline the process when issues arise, such as when the judge's order does not specify the sequence or payments from an offender are too small to be disbursed simultaneously, to help ensure payments are disbursed to victims equitably and timely.

Current Implementation Status for Rec. 7a: Implemented

Judicial Branch's Update:

In August 2014, the Judicial Branch began the process of implementing this recommendation by eliminating from the case management system the equal and sequential disbursement methods. As

a result of this, the system defaults to the percentage disbursement method for victims that are owed restitution. In October 2014, the Branch added new coding for restitution that is due to insurance companies and Victim Compensation boards. As a result, the system automatically disburses restitution to individuals and businesses before issuing payments to the other victim types such as insurance companies and Victim Compensation boards.

- b. Ensuring that court staff are trained on statutory requirements for restitution sequencing and the new policies and procedures established in part “a” above.

Current Implementation Status for Rec. 7b: Implemented

Judicial Branch’s Update:

Court staff were trained and policies and procedures distributed in August and October 2014 on the changes noted above in Recommendation No. 7a. Staff were informed again of the changes in 2015 as part of the training program for the automatic calculation of interest for restitution cases.

- c. Implementing a risk-based review process to ensure restitution disbursements to victims comply with the policies and procedures implemented in part “a” and comply with statute and court orders, when applicable.

Current Implementation Status for Rec. 7c: Implemented and Ongoing

Judicial Branch’s Update:

The internal audit program developed a test to review the payment sequencing of victims in cases with multiple victims and a high amount of restitution assessed. When programming changes were implemented in October 2014 to only allow for the percentage and manual disbursement methods, this specific test was discontinued. The current audit program includes an attribute for cases being tested for other areas of restitution that reviews the sequencing of victims on a risk basis to ensure it complies with statute or the specific court order.

- d. Investigating the six cases we identified for which the judicial districts did not sequence and disburse restitution payments to victims in compliance with statute, or in an equitable manner when statute is not applicable, and revising the payment sequencing in ICON/Eclipse, as appropriate.

Current Implementation Status for Rec. 7d: Implemented

Judicial Branch’s Update:

Court staff have made the appropriate changes to these cases to ensure they are in compliance with statute.



COLORADO
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September 21, 2015

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the *Victim's Restitution Performance Audit, April 2014*. The attached report provides a brief explanation of the actions taken by the Department of Corrections to implement each recommendation.

If you have any questions, please do not hesitate to contact me at (719) 269-4214 or by email at lenny.merriam@state.co.us.

Sincerely,

Lenny Merriam, CPA, CFE
DOC Controller



AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Victim's Restitution, Performance Audit, April 2014
AUDIT NUMBER: 2197P
DEPARTMENT: Department of Corrections
DATE OF STATUS REPORT: September 25, 2015

SUMMARY INFORMATION

Rec. Number*	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date
1	Agree	July 2015	Partially Implemented	March 2016
2	Agree	July 2015	Partially Implemented	March 2016
3	Agree	July 2015	Partially Implemented	March 2016
4a	Agree	July 2015	Implemented	N/A
4b	Agree	July 2015	Implemented	N/A
6	Agree	July 2015	Not Implemented	March 2016

*Note: Audit Recommendations 5 and 7 relate to the Judicial Branch only.

DETAIL OF IMPLEMENTATION STATUS

Recommendation No. 1:

The Department of Corrections (Department) should work with the Judicial Branch to ensure the Department has the data it needs to collect restitution from offenders on all criminal cases by establishing and implementing a method for the Department to obtain Judicial Branch data on all outstanding restitution orders and restitution owed for each offender under Department supervision.

Current Implementation Status for Rec. 1: Partially Implemented.

Department's Update:

The Department has been responsive and cooperative in working with Judicial Branch representatives to implement this recommendation. Our agency has been prepared to receive electronic offender restitution data from the Judicial Branch since January 2015 in order to conduct Department information system testing for implementation. Judicial Branch IT resources have been solely dedicated to the development and implementation of interest assessments on outstanding restitution orders. The Judicial Branch anticipates IT resources being available now, with electronic data provided to the Department by no later than January 2016. Upon receipt, the Department will conduct two full cycles of testing to ensure completeness and accuracy and will fully implement this recommendation in March 2016.

Recommendation No. 2:

The Department of Corrections (Department) should ensure restitution is collected from offenders in a timely manner on all criminal cases, as required by statute, by establishing and implementing a policy and procedure for collecting restitution from all offenders under Department supervision for all criminal cases regardless of the sentence imposed.

Current Implementation Status for Rec. 2: Partially Implemented.

Department's Update:

The Department has already drafted policy and procedure adjustments in its respective Administrative Regulations for collecting restitution from all offenders under Department supervision for all criminal cases, regardless of the sentence imposed. Our agency has been prepared to receive electronic offender restitution data from the Judicial Branch since January 2015 in order to conduct testing within the current Department information system for implementation. Judicial Branch IT resources have been solely dedicated to the development and implementation of interest assessments on outstanding restitution orders. The Judicial Branch anticipates IT resources being available now, with electronic data provided to the Department by no later than January 2016. Upon receipt, the Department will conduct two full cycles of testing to ensure completeness and accuracy and will fully implement this recommendation in March 2016.

Recommendation No. 3:

The Department of Corrections (Department) should work with the Judicial Branch to ensure more effective collection of victim's restitution by providing the Judicial Branch the parolee information needed to collect court costs and restitution from offenders ending parole supervision, and implementing policies and procedures, as appropriate.

Current Implementation Status for Rec. 3: Partially Implemented.

Department's Update:

The Department is working diligently with Judicial Branch representatives to establish a memorandum of understanding detailing the parolee information required for court cost and/or restitution collections from offenders ending parole supervision. The draft memorandum of understanding is in the final stages of development for agency legal review and execution. Upon execution, Department OIT staff will require time to develop and/or modify reporting requirements for compliance with the memorandum of understanding. The Department has already drafted policy and procedure adjustments in its respective Administrative Regulations to incorporate new memorandum of understanding requirements. The revised implementation date is March 2016.

Recommendation No. 4:

The Department of Corrections (Department) should improve processes for collecting delinquent court-ordered victim's restitution by:

- a. Assessing the benefits and costs of contracting with private collection agencies to collect restitution on delinquent cases.

Current Implementation Status for Rec. 4a: Implemented.

Department's Update:

The Department has assessed the benefits and costs of contracting with private collection agencies to collect restitution on delinquent cases. The Department has concluded, and already has coordinated with Judicial Branch and State Central Collections Services representatives to implement and utilize existing Judicial Branch collections mechanisms, including its established private collection agencies. Pertinent data has already been provided to facilitate improved collections for court-ordered restitution victims.

- b. Contracting with one or more private collection agencies if the Department determines that sending delinquent cases to private collection agencies would improve restitution collection.

Current Implementation Status for Rec. 4b: Implemented.

Department's Update:

The Department has determined, and coordinated with Judicial Branch and State Central Collections Services representatives, to implement and utilize existing Judicial Branch collections mechanisms, including its established private collection agencies. Pertinent data has already been provided to facilitate improved collections for court-ordered restitution victims.

Recommendation No. 6:

The Department of Corrections (Department) should improve the accuracy of restitution information in its system by developing an efficient method to routinely update the restitution and other court fee balances it tracks for all inmates. This should include making programming changes to its system that would automatically upload updated restitution information from CICJIS, or other applicable systems, and implementing risk-based processes to periodically review the accuracy of offenders' restitution balances.

Current Implementation Status for Rec. 6: Not Implemented.

Department's Update:

Current Department systems have been re-examined to promote efficient data exchange with the Judicial Branch. Our agency has been prepared to receive electronic offender restitution data from the Judicial Branch since January 2015 in order to conduct Department information system testing for implementation. Judicial Branch IT resources have been solely dedicated to the development

and implementation of interest assessments on outstanding restitution orders. The Judicial Branch anticipates IT resources being available now, with electronic data provided to the Department by no later than January 2016. The Department's outstanding restitution balances should be complete and accurate based on the electronic transfer of data from the Judicial Branch on a monthly basis. Upon receipt, the Department will conduct two full cycles of testing to ensure completeness and accuracy and will implement this fully by March 2016.