

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

AGREED-UPON PROCEDURES REPORT

YEAR ENDED JUNE 30, 2007

LEGISLATIVE AUDIT COMMITTEE

2007 MEMBERS

Senator Stephanie Takis
Chairman

Representative James Kerr
Vice Chairman

Representative Dorothy Butcher
Senator Jim Isgar
Representative Rosemary Marshall
Representative Victor Mitchell
Senator Nancy Spence
Senator Jack Taylor

OFFICE OF THE STATE AUDITOR

Sally Symanski
State Auditor

Dianne Ray
Deputy State Auditor

Ferminia Martinez
Cindi Radke
Legislative Auditor

GHP Horwath, P.C.
Contract Accountants

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

YEAR ENDED JUNE 30, 2007

CONTENTS

	<u>Page</u>
Description of the Office of the Child’s Representative	1
Schedule of General Funded Expenditure – Budget Basis	2
Court Appointed Counsel Costs – Cash Basis	3
Independent Accountants’ Report on Applying Agreed-Upon Procedures	4-6
Distribution Page	7

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

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

YEAR ENDED JUNE 30, 2007

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 four part-time contract employees. The Office receives its funding from general funded appropriations.

We have performed the agreed-upon procedures in order to assist the Office of the State Auditor (OSA) and the Office of the Child's Representative in meeting certain financial reporting requirements in Section 13-91-105 (1) (g), C.R.S., of the Office of the Child's Representative to the State Court Administrators Office and the Legislative Audit Committee. 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, 2007. These procedures were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO
YEAR ENDED JUNE 30, 2007**

**Office of the Child's Representative
Schedule of General Funded Expenditures – Budget Basis
Years Ended June 30, 2006 and 2007**

<u>Expenditure</u>	<u>2006</u>	<u>2007</u>
Attorney services – by type of case:		
Dependency and neglect	\$ 6,714,287	\$ 9,128,247
Juvenile delinquency	1,333,673	2,001,483
Domestic relations	435,775	525,290
Truancy	65,431	151,299
Paternity	64,278	73,517
Probate	102,735	59,299
Other	28,987	28,503
Mandated costs*	<u>24,014</u>	<u>26,342</u>
Subtotal: Attorney services	<u>8,769,180</u>	<u>11,993,980</u>
Administrative and operating costs	585,667	602,118
Training	28,000	31,747
CASA services	<u>20,000</u>	<u>20,000</u>
Total general funded expenditures – actual	9,402,847	12,647,845
Total general funded expenditures – budget	<u>9,783,159</u>	<u>12,650,113</u>
Variance – over (under) budget	<u>\$ (380,312)</u>	<u>\$ (2,268)</u>

* Mandated costs represent the expenditures incurred for the use of expert witnesses and interpreters.

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

Total actual general funded expenditures increased 35 percent and budgeted general funded expenditures in the table above increased approximately 29 percent overall from 2006 to 2007.

**OFFICE OF THE CHILD'S REPRESENTATIVE
JUDICIAL DEPARTMENT, STATE OF COLORADO
YEAR ENDED JUNE 30, 2007**

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>FY06</u>	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>
Dependency and neglect	\$ 746	\$ 937	7,618	8,012	\$ 5,679,749	\$ 7,508,216
Juvenile delinquency	436	548	3,459	3,594	1,506,495	1,969,379
Domestic relations	721	862	671	624	483,959	538,026
Truancy	226	289	374	458	84,635	132,269
Paternity	578	595	107	126	61,794	74,956
Probate	765	678	137	105	104,801	71,223
Other	<u>573</u>	<u>601</u>	<u>42</u>	<u>45</u>	<u>24,072</u>	<u>27,052</u>
Average cost per case	<u>\$ 640</u>	<u>\$ 796</u>				
Total			<u>12,408</u>	<u>12,964</u>	<u>\$ 7,945,505</u>	<u>\$10,321,121</u>

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

The above table presents costs per case reported on a cash basis, i.e., when the attorney fee was paid. These amounts 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

Legislative Audit Committee
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, 2007. 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 2007 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, 2007, 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.

3. We obtained a list of disbursements made by OCR from July 1, 2006 through June 30, 2007. According to this listing, OCR made 50,902 disbursements totaling \$10,708,833, which is broken down as follows: 50,093 attorney disbursements totaling \$10,321,121 and 809 general vendor disbursements for \$387,712. From the population of disbursements and using a statistical sampling method, we selected 29 cash disbursements. These 29 disbursements totaled \$9,163: twenty-eight attorney payments totaling \$9,088 and one general vendor payment of \$75. 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 W-9 forms 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, 2007.
4. We obtained Guardian Ad Litem employment contracts for the attorneys, whose payments were selected in procedure 3a, and verified these contracts were signed by a staff person with authority to enter into contracts on behalf of the Office in order to ensure the obligation is appropriate. No exceptions were noted.

5. 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, 2007. We also obtained a listing of attorneys authorized by OCR. We noted that attorneys, whose payments were selected in procedure 3a, were included in the listing of OCR attorneys.
6. We obtained a "Reconciliation of Colorado Personnel Payroll Services to COFRS" schedule and a schedule of wages by employee and personnel cost (which totaled \$1,687,016). We agreed these schedules to personnel expenditures for the fiscal year ended June 30, 2007, 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 48 percent of total wages incurred for Fiscal Year 2007.
7. We obtained Fiscal Year 2007 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 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 by the Controller. Denver OCR expense reports indicated expenses were for mileage to and from attorney interviews and per diem and were reviewed and approved by the Controller or the Executive Director as appropriate.
8. 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 Legislative Audit Committee. 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 Legislative Audit Committee, Office of the State Court Administrator, Office of the State Auditor and the Office of the Child's Representative and is not intended to be and should not be used by anyone other than these specified parties.


August 15, 2007

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

DISTRIBUTION PAGE

YEAR ENDED JUNE 30, 2007

The electronic version of this report is available on the Web site of the
Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number 1859