

District Public Defenders Conference

**For the Years Ended
June 30, 1997, and June 30, 1996**

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September 3, 1998

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

and

The Honorable E. Riley Anderson, Chief Justice
Tennessee Supreme Court
P. O. Box 444
719 Locust St
Knoxville, Tennessee 37901-0444

and

Mr. William Andy Hardin, Executive Secretary
District Public Defenders Conference
1623 Parkway Towers
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the District Public Defenders Conference for the years ended June 30, 1997, and June 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the conference's compliance with the provisions of laws, regulations, contracts, and grants significant to the audit. Management of the District Public Defenders Conference is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

We have reported other less significant matters involving the conference's internal controls and/or instances of noncompliance to the District Public Defenders Conference's management in a separate letter.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS/ms
98/064

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Compliance Audit

District Public Defenders Conference

For the Years Ended June 30, 1997, and June 30, 1996

AUDIT SCOPE

We have audited the District Public Defenders Conference for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of revenue, expenditures, equipment, payroll and personnel, and district offices; compliance with the Financial Integrity Act; and utilization of the Department of Finance and Administration's STARS grant module to record the receipt and expenditure of federal funds. The audit was conducted in accordance with generally accepted auditing standards and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

AUDIT FINDINGS

The audit report contains no findings.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Audit Report
District Public Defenders Conference
For the Years Ended June 30, 1997, and June 30, 1996

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District Public Defenders Conference For the Years Ended June 30, 1997 and June 30, 1996

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the District Public Defenders Conference. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

The District Public Defenders Conference is a statewide system of elected public defenders. The District Public Defenders and their staff fulfill the state’s obligation under the United States Constitution for providing legal counsel to indigent persons accused of a crime. All 31 judicial districts are served by public defenders, and all but two, the Twentieth and Thirtieth districts (Davidson and Shelby Counties), are served by the District Public Defenders Conference. The conference has no administrative or financial control over the Twentieth and Thirtieth districts. However, the conference does distribute state appropriations that prior to July 1, 1991, were distributed by the Supreme Court.

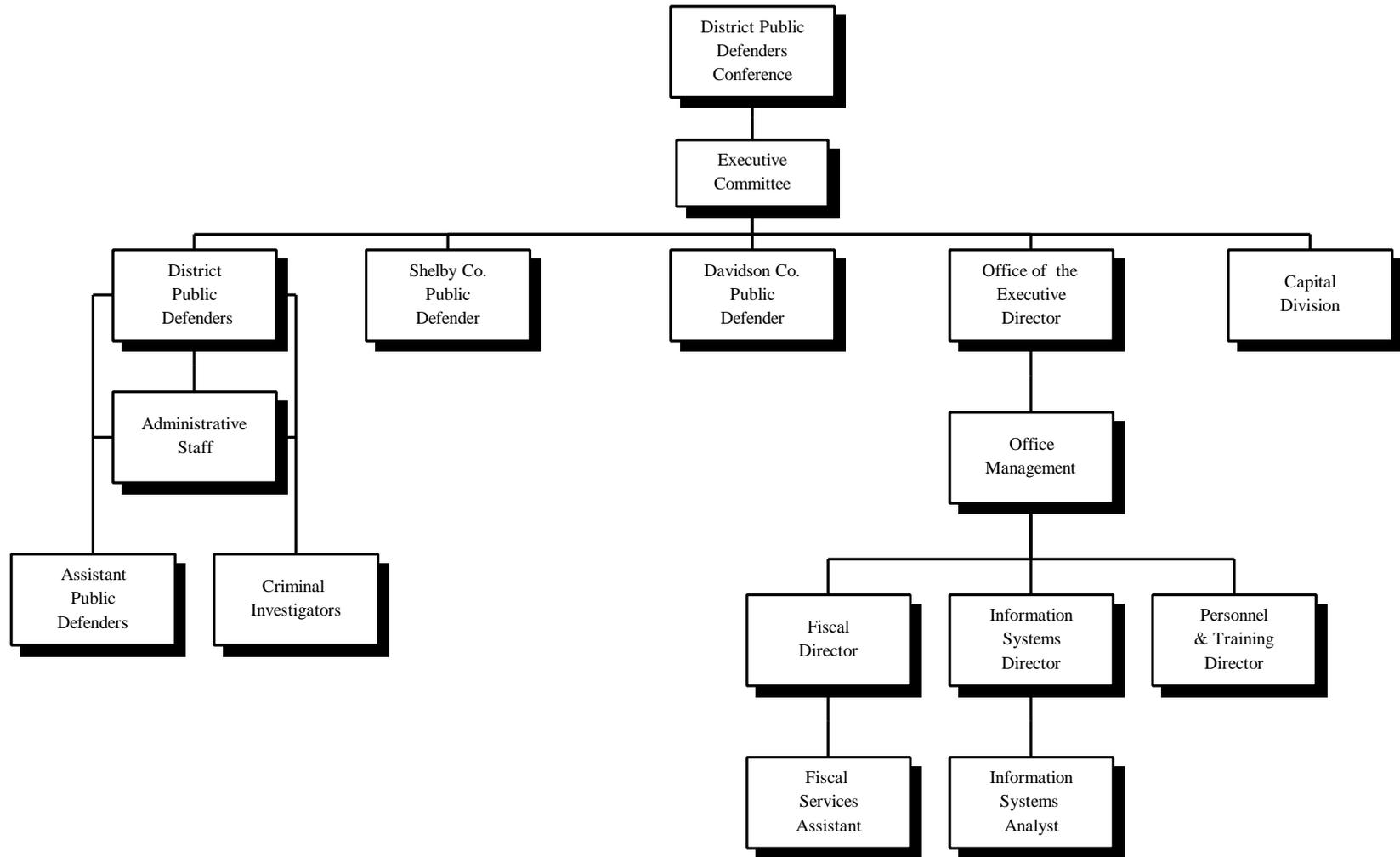
The Office of the Executive Secretary is the central administrative support for the District Public Defenders Conference.

An organization chart of the conference is on the following page.

AUDIT SCOPE

We have audited the District Public Defenders Conference for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management’s controls and

DISTRICT PUBLIC DEFENDERS CONFERENCE
JANUARY 1, 1998



compliance with the policies, procedures, laws, and regulations in the areas of revenue, expenditures, equipment, payroll and personnel, and district offices; compliance with the Financial Integrity Act; and utilization of the Department of Finance and Administration's STARS grant module to record the receipt and expenditure of federal funds. The audit was conducted in accordance with generally accepted auditing standards and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

REVENUE

The objectives of our review of the revenue controls and procedures in the District Public Defenders Conference were to determine whether

- revenue transactions were reasonable and valid;
- revenue during the audit period had been deposited timely and accounted for in the appropriate fiscal year; and
- auditee records were reconciled with Department of Finance and Administration reports.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the conference's procedures and controls over revenue. An analytical review of revenue transactions was performed to determine any unusual transactions. Testwork on revenue collected during the audit period consisted of transactions nonstatistically selected from all revenue sources except FICA credits. The selected revenue transactions were traced to deposit slips and journal vouchers and reviewed for timely deposits and proper recording. Reconciliation procedures for revenue records were discussed with the auditee and supporting documents were reviewed. We had no findings related to revenue.

EXPENDITURES

The objectives of our review of expenditure controls and procedures were to determine whether

- expenditure transactions were reasonable and valid;

- the object codes and amounts for expenditures for goods or services had been recorded correctly;
- payments had been made in a timely manner;
- auditee records were reconciled with Department of Finance and Administration reports;
- payments for travel had been paid in accordance with the Comprehensive Travel Regulations;
- contracts had been established in accordance with regulations;
- contract payments compiled with contract terms and were properly approved and recorded against the contract; and
- cellular telephone charges paid by the conference were for business purposes only.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the conference's procedures and controls over expenditures. All expenditure transactions were scanned for any transactions considered unusual (such as inappropriate vendor names, improper object code, or excessive amounts). The unusual items were tested for proper recording and timely payments. The unusual items were also traced to reimbursement request and supporting documentation. Reconciliation procedures were discussed with management. Reconciliation of voucher registers with Department of Finance and Administration STARS reports were reviewed. All contracts were reviewed for compliance with regulations, and the contract transaction amounts on the expenditure listing were traced to the contract payment schedule. All employee cellular telephones transactions over \$50 were traced to employee reimbursement statements and supporting documentation. We had no findings related to expenditures; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

EQUIPMENT

The objectives of our review of equipment controls and procedures in the District Public Defenders Conference were to determine whether

- equipment purchases recorded in STARS for the audit period were on the conference's equipment listing;
- the information on the POST property listing was properly recorded; and
- equipment was adequately safeguarded.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the conference's procedures and controls over equipment. An equipment listing for the conference was obtained from the Department of General Services and was compared to the conference's equipment listing. A nonstatistical equipment sample was selected from the conference's equipment listing, and the description, tag number, and location were verified. In addition, equipment items nonstatistically selected in the conference's office were traced to the conference's equipment listing. We had no findings related to equipment.

PAYROLL AND PERSONNEL

The objectives of our review of payroll and personnel controls and procedures in the District Public Defenders Conference were to determine

- whether payroll (wages, salaries and benefits) disbursements were only for work authorized and performed;
- whether payroll was computed using rates and other factors in accordance with contracts and relevant laws and regulations; and
- whether newly hired employees were qualified for their positions.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the conference's procedures and controls over payroll and personnel. An analytical review of payroll transactions was performed to determine any unusual transactions (salaries exceeding the salary range and inconsistent number of employees). Payroll transactions for the executive secretary's office were nonstatistically selected and verified using documentation in the employees' payroll and employment files. Newly hired employees' files were reviewed to determine the existence of supporting documentation for job qualifications. We had no findings related to payroll and personnel.

DISTRICT OFFICES

The objectives of our review of the controls and procedures at the district offices we visited were to determine

- if controls over leave and attendance were adequate and in accordance with applicable policy;
- if controls at district offices were adequate to ensure that assets purchased by the state were adequately safeguarded;

- if controls at district offices were adequate to ensure that travel expenses claimed for reimbursement from the state were not also claimed for reimbursement from the county;
- if controls over cellular phones were adequate;
- if salary supplements and other benefits were in accordance with applicable statutes; and
- if petty cash funds had been authorized by the Department of Finance and Administration.

We reviewed the applicable laws and regulations, interviewed key personnel at each district office visited, and reviewed supporting documentation to gain an understanding of the district offices' procedures and controls over leave and attendance, equipment, travel, cellular phones, salary supplements, and petty cash.

Leave and attendance policies and procedures were obtained for each district office visited and reviewed to determine compliance with conference policies.

We interviewed the district public defenders to determine how each office safeguarded the state's equipment. A nonstatistical equipment sample was selected from each office's equipment listing, and the description, tag number, and location were verified. Also a nonstatistical sample of equipment items located in each district office was traced to the corresponding office's equipment listing.

A nonstatistical sample of travel claims filed with the state were reviewed for proper authorization. Also county travel claims were reviewed to determine if any state travel claims submitted for reimbursement were also submitted to the county for reimbursement.

Reimbursable cellular telephone expense statements were arbitrarily reviewed to determine if the cellular bills were monitored for lengthy and/or personal calls and were properly approved.

Salary supplements and other benefits were discussed with each public defender visited to determine the funding source of the supplement, the method used to distribute the supplement, and the statutory authority for the supplement.

The petty cash fund amount for each of the district offices visited was verified with the Department of Finance and Administration. In addition, a petty cash count was completed and supporting documentation was reviewed.

We had no findings related to the district offices; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

FINANCIAL INTEGRITY ACT

The Financial Integrity Act of 1983 requires each executive agency to annually evaluate its systems of internal accounting and administrative control and report the results of its evaluation to the Commissioner of Finance and Administration and the Comptroller of the Treasury by December 31 of each year.

The objectives of our review of the District Public Defenders Conference's compliance with the Financial Integrity Act were to determine whether

- the conference's reports were filed in compliance with the Financial Integrity Act of 1983;
- documentation to support the conference's evaluation was properly maintained;
- procedures used in compiling information for the reports were adequate; and
- corrective actions had been implemented for weaknesses identified in the reports.

We interviewed key employees responsible for compiling information for the reports to gain an understanding of the procedures. We also reviewed the supporting documentation for these procedures and the reports submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

We determined that the Financial Integrity Act reports were submitted on time and that support for the reports was adequate.

DEPARTMENT OF FINANCE AND ADMINISTRATION POLICY 20, "RECORDING OF FEDERAL GRANT EXPENDITURES AND REVENUES"

Department of Finance and Administration Policy 20 requires that state departments whose financial records are maintained on the State of Tennessee Accounting and Reporting System (STARS) fully utilize the STARS Grant Module to record the receipt and expenditure of all federal funds. Our testwork focused on whether

- appropriate grant information was entered into the STARS Grant Control Table upon notification of the grant award, and whether related revenue and expenditure transactions were coded with the proper grant codes; and
- the conference utilized the appropriate STARS reports as bases for preparing the Schedule of Expenditures of Federal Awards and reports submitted to the federal government.

We interviewed key personnel to gain an understanding of the conference's procedures and controls concerning Policy 20. We reviewed the grant contract and supporting documentation to determine compliance issues. We scanned all grant expenditures to determine if they appeared appropriate. We also reviewed payroll transactions to determine if only the salaries of those performing grant duties were charged to the grant. We had no findings related to Policy 20.

PRIOR AUDIT FINDINGS

There were no findings in the prior audit report.

OBSERVATIONS AND COMMENTS

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Tennessee Code Annotated, Section 4-21-901, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. For the year ending June 30, 1997, the District Public Defenders Conference filed its compliance report and implementation plan on June 30, 1997, and for the year ended June 30, 1996, on July 3, 1996.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

The State Planning Office in the Executive Department was assigned the responsibility of serving as the monitoring agency for Title VI compliance, and copies of the required reports were filed with the State Planning Office for evaluation and comment. However, the State Planning Office has been abolished. The Office of the Governor is currently evaluating which office in the Executive Branch will be the new monitoring agency.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

APPENDIX

DIVISIONS AND ALLOTMENT CODES

District Public Defenders Conference divisions and allotment codes:

- 306.01 Public Defenders
- 306.03 Executive Director of the Public Defenders
- 306 10 Shelby County Public Defenders
- 306.12 Davidson County Public Defenders