

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Public Defender Commission

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas Public Defender Commission. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Public Defender Commission, a commission of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated June 25, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, accounts receivable, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

Act 1193 of 1993 (Ark. Code Ann. §§ 16-87-201 – 16-87-214) created the Arkansas Public Defender Commission (APDC) and made indigents' right to counsel a function of the State rather than a county obligation. APDC's organizational structure is provided in **Exhibit I on page 2**. Additional information regarding APDC's structure includes the following:

- **Trial Public Defenders** were created by Act 1341 of 1997, which established a statewide system to provide competent, effective, and uniform representation of indigent criminal defendants. This includes chief public defenders, attorneys, investigators, administrative and legal support specialists, legal service specialists/paralegals, and mitigation specialists.
- **Capital Conflict Attorneys** include attorneys, investigators, legal services specialists/paralegals, and mitigation specialists.

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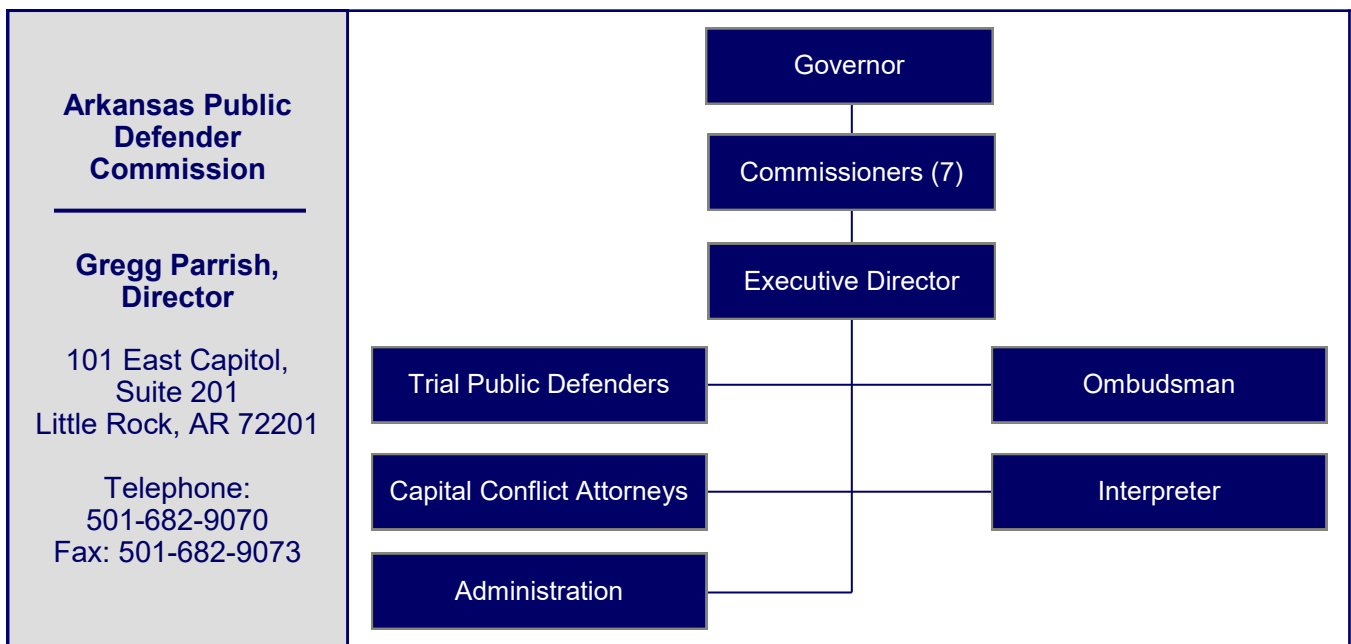
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- **Administration** includes a fiscal manager, network support specialist, defense services program manager and program coordinators, and a personnel manager.
- **Ombudsman** was created to ensure that children placed in the custody of the Department of Human Services – Division of Youth Services receive services designed to keep them mentally and physically safe and includes a program coordinator.
- An **interpreter** aids indigent criminal defendants who cannot speak or understand English or who have difficulty communicating because of hearing, speaking, or other impairments.

Exhibit I

Arkansas Public Defender Commission
Organizational Chart



Source: Arkansas Public Defender Commission

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

The Agency’s revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**. Total revenue reported for the fiscal year ended June 30, 2018, was \$2.6 million and consisted of the following special fees:

- User fees assessed against every defendant represented by a public defender unless waived by the court; the fee range is \$10 to \$400 per case.
- Attorney fees that may be assessed by the court as an additional court cost at the disposition of the case.
- Bail bond fee added to each surety bond written in the State and submitted to the Agency by the bonding companies; \$3 of each \$20 fee is rebated to the counties based on a formula provided by law.

Expenditures totaled \$25.5 million for the fiscal year ended June 30, 2018. Salary expense represents APDC's largest expenditure at 89% of total expenditures in fiscal year 2018.

Net transfers totaled \$23.6 million. Of this amount, \$19.5 million was from General Revenue.

Assets and Liabilities

The Agency's asset and liability balances at year-end for fiscal years 2014 through 2018 are presented in **Exhibit III**. Assets and liabilities totaled \$5 million and \$1.5 million at June 30, 2018, respectively. Liabilities increased in 2018 because of a general revenue reclaim totaling \$427,107.

Exhibit II

Arkansas Public Defender Commission Revenues, Expenditures, and Transfers For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Total Revenues	\$ 2,641,351	\$ 2,624,526	\$ 2,668,051	\$ 2,513,270	\$ 2,406,256
Expenditures					
Salaries	\$ 22,682,196	\$ 22,182,651	\$ 21,708,785	\$ 20,634,196	\$ 20,653,270
Professional service fees	1,908,149	1,549,964	1,734,030	1,660,320	2,307,793
Assistance, grants, and aids	173,808	181,860	182,097	168,246	175,605
Other expenses	731,662	623,348	588,356	669,174	639,202
Total Expenditures	\$ 25,495,815	\$ 24,537,823	\$ 24,213,268	\$ 23,131,936	\$ 23,775,870
Net Transfers In (Out)	\$ 23,639,027	\$ 22,185,086	\$ 22,585,334	\$ 20,920,281	\$ 21,508,302

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III

Department of Labor Assets, Liabilities, and Deferred Inflows of Resources For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 4,354,917	\$ 3,133,064	\$ 2,732,475	\$ 1,573,863	\$ 1,301,305
Customer receivables	293,720	308,720	318,880	294,240	293,540
Fixed assets	375,017	335,176	323,582	358,849	317,488
Other assets	9,519	5,358	4,680	4,409	778
Total Assets	\$ 5,033,173	\$ 3,782,318	\$ 3,379,617	\$ 2,231,361	\$ 1,913,111
Liabilities					
Accrued professional fees	\$ 158,148	\$ 193,350	\$ 170,628	\$ 185,220	\$ 270,184
Payroll liability	824,962	779,387	677,889	533,314	479,569
Due to other governments	44,294	46,550	48,081	44,136	44,031
Other liabilities	436,239	17,969	22,095	12,639	8,384
Total Liabilities	\$ 1,463,643	\$ 1,037,256	\$ 918,693	\$ 775,309	\$ 802,168

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

