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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
7014 FEDERAL BUILDING 1961 STOUT STREET
DENVER, COLORADO 80202

GAO 00330 GAO Field Operations
NOV 30 1972 Regional
Division office (Denver)

Dear Mr. LaPedis

We are in the process of reviewing grants to improve state court systems in Region VIII of the Law Enforcement Assistance Administration (LEAA). This letter contains our observations to date concerning the Denver LEAA Regional Office operations and actions to assist the states in court problem identification and resolution. AGC 00187

DLG 05474
Our survey was performed primarily at the LEAA Denver Regional Office and the Colorado State Planning Agency (SPA), Denver, Colorado. DLG 04270
We also contacted Colorado State, County, and Juvenile Court officials, the Denver District Attorney, the Colorado State Public Defender, the Denver Impact Court Specialist, the Director, Institute for Court Management, Denver, Colorado, and the Director, Colorado District Attorney's Association.

The Omnibus Crime Control and Safe Streets Act of 1968 as amended, specifically recognizes that "crime is essentially a local problem that must be dealt with by state and local governments if it is to be controlled effectively." The act outlines the Federal role largely in terms of financial support to the states and the rendering of technical assistance. LEAA is authorized among other things, to approve State Comprehensive Plans, conduct evaluation studies of the programs assisted, and to gather and disseminate statistics and other information on the condition and progress of law enforcement in the states.

We believe such evaluations and statistical information to be complementary to the technical assistance role and to be an integral and rational management necessity for approving State Comprehensive Plans that will improve the criminal justice system and therefore reduce crime. Inasmuch as program authority was delegated to the LEAA Regional Offices in February 1972, our observations of court related matters are presented below for your consideration and any constructive action you may wish to take

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Need for more Regional Office involvement in court programs, and the need for a qualified court specialist

Staff members at the Denver LEAA Regional Office such as the Chief of Operations, the Chief of Technical Assistance, and the Colorado State Representative, all informed us that involvement in court or court related programs has been minimal. One staff member stated that court programs are the weakest category in the Regional Office. Apparent causes for this weakness include the present lack of a court specialist on the Regional Office staff and the fact that the former incumbent had only a brief tenure and was inexperienced. Other staff members who have been responsible for court programs appear to be overextended and not functioning as specialists. The Chief of Technical Assistance has assumed the duties of Court Specialist and Manpower Specialist. The Colorado State Representative, who is also the Denver Impact Coordinator, understandably said that he does not have enough time to be involved in planning court programs with the Colorado SPA or to make an independent assessment of Colorado court problems.

We believe that the LEAA Regional Office should acquire appropriate quantities of skilled staff resources necessary to provide comprehensive assistance for improving all elements of state criminal justice systems including courts. Concurrent system-wide improvements are necessary since, for example, improved police operations in the states will have little lasting effect upon crime if increased arrests cannot be promptly adjudicated in the courts.

Need for statistical information and facts to enable the Regional Office to provide technical assistance and guidance during State plan development and to serve as a basis for State plan approval

We were told that the only analysis that the Regional Office has been able to make for court programs has been the percentage of funds allocated to court programs in a given State Plan compared to the national percentage. This approach appears to have had a counterproductive effect on the relations between the Regional Office and the Montana SPA. One staff member said that analysis of court programs in state plans is based upon "jawboning" and no technical expertise or awareness of specific state court needs by the Regional Office is involved. There was no statistical information available in the Regional Office to show court problem indicators such as court caseloads, backlogs, and delays, or manpower

and facility needs in courts, prosecutor offices, and defender offices. We could find little evidence to show that the Regional Office participated or collaborated in the development of the courts segment of state plans. Colorado SPA officials and various court, prosecution, and defender personnel indicated that the Regional Office had not been involved in planning court programs and had not provided technical assistance or guidance.

Without Regional Office involvement in the preparation of state plans, and without a data base to assist the Regional Office in constructively confirming or challenging what is submitted by the states, the Regional Office must accept what is presented in the state plan during the approval process. Furthermore, we believe that this absence of involvement and lack of a data base severely limits the technical assistance and guidance which the Regional Office is able to provide to the states in court matters.

We have some indications that the planning process for court programs in Colorado is an informal procedure and may not be based upon rational decision-making supported by accurate management information. The Colorado SPA Director stated that program objectives in state plans are purposely kept general for flexibility. The Colorado SPA Court Specialist said that the court program segment of the 1972 state plan was written using figures "from off the top of the head"

It also appears that SPA planning for court projects and subsequent funding in Colorado is not sufficiently comprehensive in scope to include all jurisdictional levels of courts because

- Several municipal court project requests have been denied by the SPA. It appears that adequate provisions were not made in the state plans for these projects
- Denver County Court was excluded from the planning process of a computerized case processing project for the Denver District Court. The County Court's role in felony case preliminary hearings would appear to justify full participation in the planning process by Denver County Court.
- The Colorado SPA's five year plan dated August 7, 1972, had only one project in the judicial area. The project's objective is the development of a comprehensive information system under the direction of the State Court Administrator.

Need to monitor and evaluate court projects presently funded to assess the impact on court problems and the need for subsequent LEAA funding

The Chief of Technical Assistance stated that he had no means to assess the impact that LEAA funds or actions have had on court problems. He said that he does not have the "before" statistics or facts to compare with "after" data. Training projects, for example, have been evaluated from the standpoint of the number receiving training and not on the basis of the measured impact the training received had upon the operations of the court. Regional Office staff visits by the former Court Specialist were primarily for orientation purposes rather than to monitor or to evaluate court projects. It appears that SPA's do not monitor or evaluate court projects either. In Colorado, we could find no evidence of court project evaluations by the SPA Court Specialist during his tenure. The only evidence available of project evaluations in Colorado were the quarterly self-evaluations submitted by the subgrantee to the SPA. SPA evaluations are required by LEAA guidelines.

We believe that project monitoring and evaluations are a management necessity to establish project accountability and for demonstrating the fulfillment of project objectives or results. The absence of evaluations by either the Regional Office or the SPA could have at least two obvious undesirable effects

- after funds are expended on a project it is unknown whether the problem that existed was solved, or the need fulfilled, as the result of resource application to the project.
- past decisions by the Regional Office or SPA to fund certain types of projects cannot be evaluated and decision criteria updated for deciding the desirability of subsequent funding of the same or similar projects.

Need for the Regional Office to disseminate information to SPA's and present or potential subgrantees

We were told by members of your staff that there is no formal mechanism to disseminate information on successful court projects or court studies funded by LEAA. Several Colorado court, prosecution, and defense officials told us that they had not received any information or guidance from LEAA or the SPA on court projects funded by LEAA in other states. Some of these officials said that they were more aware of projects being performed in other states than was the Regional Office.

Copies of court studies performed by the LEAA funded and Denver-based Institute for Court Management were not available in the Regional Office. We were told by your staff members that they had never seen, used, or disseminated copies of the studies to SPA's or subgrantees. Several court, prosecution, and public defender officials that we interviewed in Colorado had not received copies of the Institute's court studies and had little professional contact with the Institute. One court administrator in a Colorado court in which an Institute study was performed had not even received a copy of the study report.

We recognize the need for additional knowledge, management information, and court studies concerning the operations of court systems. However, we seriously question the short-term or long-term utility of such court studies if the information is not disseminated to the operating levels of state court or court related organizations. We believe that the Regional Office should assume a more positive role in identifying and disseminating information that could be useful for improving court operations at state and local levels of government.

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Copies of this letter are being sent to the Administrator, LEAA. We are performing additional work in Colorado and other states which will enable us to report about the problems of state courts and the impact of LEAA assistance.

We appreciate the cooperation and courtesy extended to us by LEAA and SPA officials during our survey. We would like to have your comments on the matters discussed in this letter. If you so desire, we shall be pleased to discuss these matters with you or with members of your staff.

Sincerely yours,

IRWIN M D'ADDARIO

Irwin M. D'Addario
Regional Manager

Mr. Edwin R. LaPedis
Regional Administrator
Law Enforcement Assistance Administration
Denver, Colorado

COMMENTS
ON
STATUS OF BLOCK GRANT FUNDS
IN LEAA REGION VIII

STATUS OF FISCAL YEAR 1970 BLOCK
ACTION GRANT FUNDS NOT FULLY
DISCLOSED IN REPORTS TO LEAA

The LEAA fiscal year 1970 block grant funds awarded to the States in Region VIII amounted to \$5,329,800. Based on quarterly financial reports, Schedule of Subgrants for Action Projects - LEAA form 156, the SPAs had awarded subgrants totaling \$5,302,103 as of June 30, 1972, and had paid \$5,253,129 to subgrantees by September 30, 1972. This left a total balance of \$76,671 at the SPAs which should be refunded to LEAA.

Records at the two SPAs which we visited showed that not all funds at the subgrantee level had been used. Unused subgrantee funds in Colorado amounted to \$82,375 and those in South Dakota amounted to \$9,554.

Since information on LEAA funds disbursed and obligated at the subgrantee level is not required on SPA reports to LEAA, the total refund due LEAA, is significantly larger than shown on the LEAA reports. Our review of South Dakota subgrants disclosed additional refunds due which were not reflected in the SPA records and of which the SPA seemed unaware. This is discussed in the financial management segment of the summary.

PROCEDURES NOT ESTABLISHED
FOR CLOSEOUT OF GRANTS

Except for setting time limits for obligation and expenditure of funds LEAA has no written procedures for closing out grants, nor has it set any time limit for collecting unused funds. At the end of January 1973 less than \$13,000 had been refunded and the Denver region had taken no steps to determine the amount of or to collect the remaining unused fiscal year 1970 block funds. We were told that each State would be asked to refund unused funds after the region received their quarterly financial reports due in February.

We found a similar lack of closeout procedures and time limitations for return of unused funds by subgrantees to the SPAs. Colorado, however, does follow up on completed subgrants and records completion on the subgrant ledger sheets. Of the 71 subgrants reviewed in the two States, only 12 subgrantees had made refunds to the SPAs. One subgrantee had received \$12,000 in January 1971, as of January 1973 the funds had not been spent or returned.

FISCAL YEAR 1970 SUBGRANT
CASH BALANCES EXCEEDED NEEDS

The LEAA Financial Guide for Administration of Planning and Action Grants provides that grantees are to keep cash on hand as close to actual working needs as possible and that SPAs should develop procedures for disbursement of grant funds to subgrantees to furnish funds as and when actually needed. More specific restrictions were imposed by an LEAA memorandum in September 1971, revised in April 1972, which provided that maximum allowable SPA cash balances should be reduced over a period of time until July 1, 1972, after which the limit would be one week's supply. We found that the cash balance for each SPA had been reduced significantly, although two have not yet been able to lower their balances to the level specified by LEAA.

A test of the cash balances of the fiscal year 1970 subgrants showed average month end cash balances ranged from 1.4 to 67 times average monthly disbursements in Colorado and from 3 to 196 times in South Dakota. Most of the fiscal year 1970 subgrants were awarded before LEAA's memorandum of September 1971 on cash balances and had been paid in full to the subgrantees soon after awards were made. As a result of the memorandum all states in the region were required to formulate subgrant disbursements and request procedures designed to minimize subgrantee cash balances. We found no feedback at LEAA by which we could ascertain whether SPAs are adhering to these procedures. We noted at the Colorado SPA that even though its written procedures require certain disbursements based on monthly needs, which is in accordance with LEAA guidelines, it has been making these disbursements based on quarterly needs.

PROBLEMS IN MONITORING
FINANCIAL MANAGEMENT SYSTEMS

LEAA Denver Region

Denver regional personnel concerned with financial administration of LEAA funds perform numerous functions in assisting and monitoring the SPAs administration of grants. They apparently do not have the personnel or the time, however, to make detailed analyses of the SPAs financial management systems and their operations. In order to improve the systems LEAA contracted with Arthur Young and Company to design and develop systems and procedures for the South Dakota and Colorado SPAs.

The regional office has responsibility for clearing deficiencies reported in LEAA audit reports, however, LEAA has issued no instructions on actions to be taken on State conducted audit reports and the region feels it has no authority or responsibility to clear these deficiencies.

We were told the region takes informal, undocumented action on the reports but will not take any formal clearance action until LEAA headquarters issues guidance

Colorado SPA

At the Colorado SPA we found

- Job responsibilities are not clearly defined and there seems to be some confusion as to who is responsible for what in areas of financial monitoring of subgrants
- Site visits are not usually made for reviewing accounting and financial management systems and the SPA must use subgrantee reports without assurance of reliability
- There are no written procedures for audit follow up, and resolutions of deficiencies often are not documented

South Dakota SPA

At the South Dakota SPA we found

- All action grants are combined in one account with no breakout by appropriation year
- Accounting is on a cash basis with no accounting for obligations (amounts awarded)
- No accounts are maintained on individual subgrants
- No records were kept of fiscal reports received from fiscal year 1970 subgrantees. Action has been taken, however, to record receipt of all current subgrant reports and follow up action is taken for those not received on time
- Individual subgrant files are incomplete
- The financial administration section is understaffed
- No site visits have been made for the purpose of reviewing the adequacy of subgrantee accounting systems

Because of those conditions, verification of the status of individual subgrants--awards, payments made, whether or not completed--at any given time could only be made by a complete analysis of the cash journal with all supporting documents and award statements

Although all fiscal year 1970 action subgrants except two were considered by the SPA as being completed, no action had been taken to rectify many irregularities we noted in our review of subgrants even though they could have been detected at the SPA office

The system developed by Arthur Young and Company in the spring of 1972 could have corrected most of the deficiencies but the procedures have not been implemented and the data base required for the subgrants has not been compiled for computer application

Subgrantees

In addition to items already noted we found numerous irregularities at the subgrantee level including

- Funds disbursed after end of award period
- Award periods extending beyond 6/30/72
- Commingling of LEAA funds with other funds
- Commingling funds of two or more grants
- Inadequate accounting records
- Insufficient matching funds reported
- No support for matching funds
- Award statements not signed by subgrantees
- No award statement could be found for one subgrant

The impact of these irregularities can be demonstrated by the following examples from South Dakota

- Reports on three subgrants showed insufficient matching funds, which indicated that about \$39,000 should have been returned to the SPA. Subsequent to our review one of the subgrantees was given an extension to furnish matching funds almost 7 months after the grant lapse date
- About \$535 of unused funds which should have been refunded were commingled with and used by the subgrantee for a second subgrant without the approval or knowledge of the SPA

--One subgrantee had obligated \$44,120 by 6/30/72 but had not disbursed the funds by 9/30/72 We learned later the funds were returned after our survey and the project was funded from 1971 appropriated funds

Because of the failure of the subgrantees in these examples to adhere to LEAA requirements, more than \$83,000 in refunds were technically due This is in addition to the \$9,554 mentioned earlier The South Dakota SPA seemed unaware of these irregularities although the information could have been detected at the SPA office from the fiscal reports required from the subgrantees

CONCLUSIONS AND RECOMMENDATIONS

Our conclusions and recommendations are included in the letter to which this is attached