

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Public Defender Commission

For the Fiscal Year Ended June 30, 2020



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, 2020, and have issued our report dated August 10, 2021. 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, 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 2020 State Comprehensive Annual Financial Report and Single Audit Report.

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.
- **Administration** includes a fiscal manager, network support specialist, defense services program manager and program coordinators, and a personnel manager.

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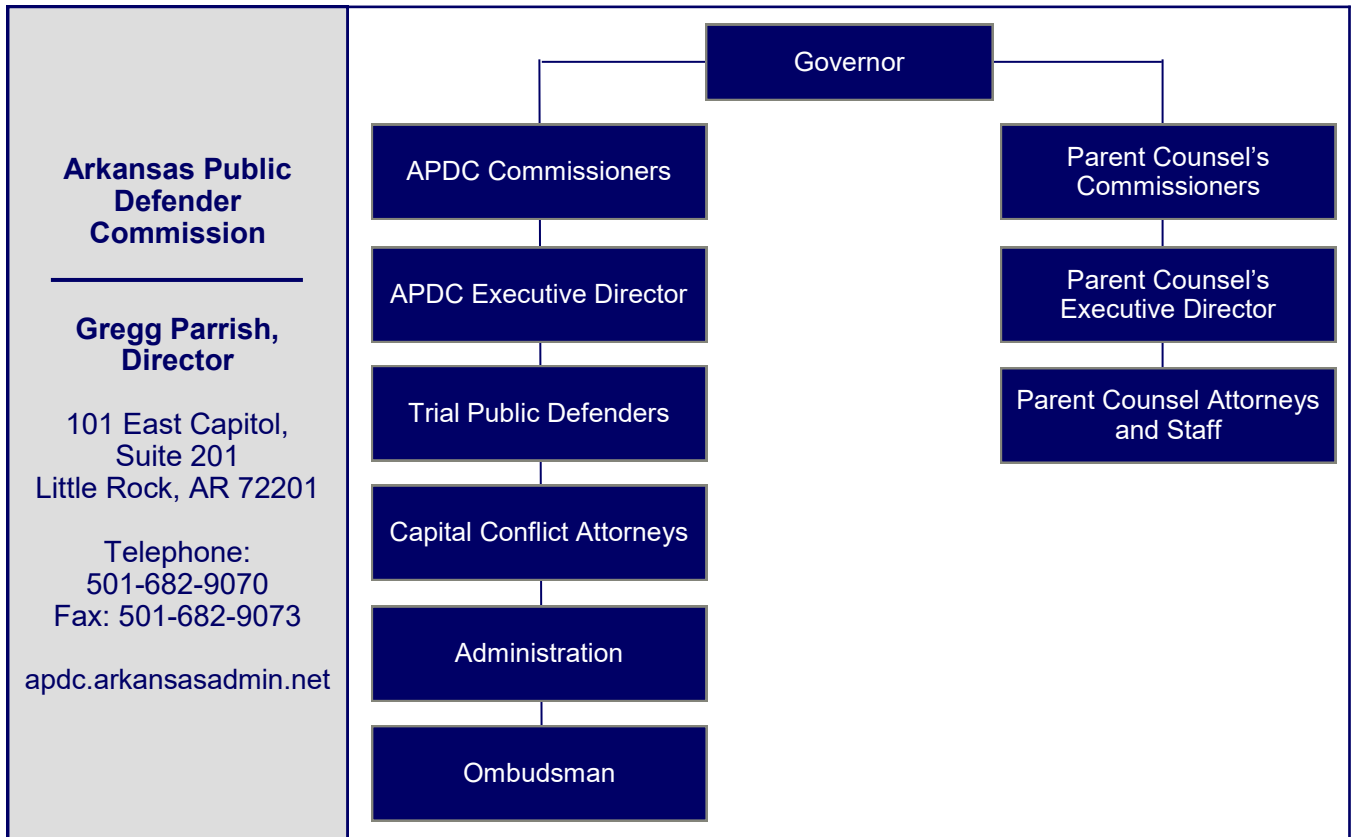
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- **Ombudsman** was created to ensure that children placed in the custody of the Department of Human Services – Division of Youth Services receive services designed to keep them mentally and physically safe and includes a program coordinator.
- **Parent Counsel** serves as appointed counsel in dependency neglect cases that result in the removal of children by the State from an indigent parent, custodian, or guardian.

**Exhibit I
Arkansas Public Defender Commission (APDC)
Organizational Chart**



Source: Arkansas Public Defender Commission

EFFECTS OF CORONAVIRUS DISEASE 2019

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring a public health emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The COVID-19 outbreak is disrupting sales, travel, and everyday life across several industries and governments. The extent of the impact of COVID-19 on the financial results for future periods will depend on certain developments, including the duration of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. The COVID-19 outbreak’s anticipated effects are expected to be minimal in relation to the Public Defender Commission operations. The financial impact of COVID-19 to the Arkansas Public Defender Commission is uncertain.

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

The Agency's revenues, expenditures, and transfers for fiscal years 2016 through 2020 are presented in **Exhibit II**. Total revenue reported for the fiscal year ended June 30, 2020, was \$2.4 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 \$29.3 million for the fiscal year ended June 30, 2020. Salary expense represents APDC's largest expenditure at 84% of total expenditures in fiscal year 2020.

Net transfers totaled \$26.7 million. Of this amount, \$23.6 million was from General Revenue.

Assets and Liabilities

The Agency's asset and liability balances at year-end for fiscal years 2016 through 2020 are presented in **Exhibit III on page 4**. Assets and liabilities total \$4.9 million and \$1.2 million, respectively, at June 30, 2020. Liabilities increased in 2020 because of an increase in payroll liability due to the addition of the Parent Counsel program during fiscal year 2020.

Exhibit II
Arkansas Public Defender Commission
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2016 through 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Total Revenues	\$ 2,431,983	\$ 2,631,607	\$ 2,641,351	\$ 2,624,526	\$ 2,668,051
Expenditures					
Salaries	\$ 24,519,850	\$ 23,440,506	\$ 22,682,196	\$ 22,182,651	\$ 21,708,785
Professional service fees	1,887,953	1,807,939	1,908,149	1,549,964	1,734,030
Assistance, grants, and aids	149,673	166,410	173,808	181,860	182,097
Other expenses	2,758,595	667,115	731,662	623,348	588,356
Total Expenditures	\$ 29,316,071	\$ 26,081,970	\$ 25,495,815	\$ 24,537,823	\$ 24,213,268
Net Transfers In (Out)	\$ 26,665,346	\$ 23,808,756	\$ 23,639,027	\$ 22,185,086	\$ 22,585,334

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

Exhibit III
Arkansas Public Defender Commission
Assets and Liabilities
For the Years Ended June 30, 2016 through 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Assets					
Cash and cash equivalents	\$ 4,402,387	\$ 4,306,281	\$ 4,354,917	\$ 3,133,064	\$ 2,732,475
Customer receivables	172,640	284,860	293,720	308,720	318,880
Fixed assets	339,081	327,335	375,017	335,176	323,582
Other assets	3,912	3,503	9,519	5,358	4,680
Total Assets	\$ 4,918,020	\$ 4,921,979	\$ 5,033,173	\$ 3,782,318	\$ 3,379,617
Liabilities					
Accrued professional fees	\$ 132,927	\$ 142,531	\$ 158,148	\$ 193,350	\$ 170,628
Payroll liability	1,073,052	837,145	824,962	779,387	677,889
Due to other governments	26,154	42,729	44,294	46,550	48,081
Other liabilities	10,962	17,652	436,239	17,969	22,095
Total Liabilities	\$ 1,243,095	\$ 1,040,057	\$ 1,463,643	\$ 1,037,256	\$ 918,693

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

