



AUDITOR GENERAL

William O. Monroe, CPA



***JUSTICE ADMINISTRATIVE COMMISSION
FINANCIAL RELATED SERVICES
PROVIDED TO JUDICIAL OFFICES
MARCH 1, 2000, THROUGH JUNE 30, 2001***

Summary

The Justice Administrative Commission (JAC) was created pursuant to Section 43.16(1), Florida Statutes, to maintain a central State office for administrative services and assistance on behalf of the state attorneys, public defenders, and capital collateral regional counsels located through the State.

This report identifies several efficiencies that could be achieved in the various financial-related processes performed by the JAC. These efficiencies relate to:

- The continued implementation of the Business Office Management System (BOMS) at the JAC and the state attorney and public defender offices to allow for the electronic transfer of information among the offices.*
- Elimination or reduction of duplicate functions currently performed at both the state attorney/public defender offices and the JAC. The functions*

include the preaudit of vouchers, maintaining of voucher-related documents, and processing of State warrants.

In view of these efficiencies, as well as other efficiencies that have already been initiated by JAC, the JAC should reevaluate the level of resources required to meet the needs of the offices served by the JAC.

We also found that the contract for implementation of BOMS did not assure accountability for the moneys expended on the system and its efficient implementation and operation.

Background

The Justice Administrative Commission (JAC) is established by Section 43.16, Florida Statutes, to maintain a central State office for administrative services and assistance to state attorneys and public defenders, the office of capital collateral representatives, and the Judicial Qualifications Commission. These offices rely on the JAC to process financial transactions in a timely manner.

For the fiscal year ended June 30, 2001, the JAC had 31 authorized positions with a budget for salaries and benefits of approximately \$1.2 million. Funding for the JAC has consisted of State general revenue appropriations adjusted annually for cost and salary increases.

The JAC generally provides voucher, revenue, personnel and payroll, and budgetary processing, as well as various advisory services, to the state attorneys, public defenders, and the capital collateral regional counsels. The JAC performs other functions, which include:

- Administration of conflict counsel fees, including the collection and review of conflict counsel statements from each clerk of the circuit court, and distribution of State conflict case appropriations to the counties (Section 925.037, Florida Statutes).
- Administration of the Indigent Criminal Defense Trust Fund (Section 27.525, Florida Statutes).
- Preparation of an annual report providing resource planning and management information for the State Technology Office (Section 282.310, Florida Statutes).
- Prescribing the form for the reporting of State funds expended by the state attorneys and public defenders for filing with the Legislative Budget Commission (Section 27.385, Florida Statutes).
- Administering funds for court-appointed counsel for indigent parents. Funds administered totaled \$3.5 million for both the 2000-2001 and 2001-2002 fiscal years (Section 39.013, Florida Statutes).
- Administering funds for the appointment of another capital collateral regional counsel when a conflict of interest is created. Funds administered totaled \$2.5 million for the 2000-

2001 fiscal year and \$1 million for the 2001-2002 fiscal year (Section 27.703, Florida Statutes).

- Administering funds for the "Jimmy Ryce" civil commitment cases. Funds administered totaled \$1,080,000 for the 2000-2001 fiscal year and \$1,079,000 for the 2001-2002 fiscal year (Sections 394.910 through 394.931, Florida Statutes).
- Administering funds for the assigning of state attorneys to other circuits in certain circumstances. Funds administered totaled \$134,620 for the 2000-2001 fiscal year and \$133,840 for the 2001-2002 fiscal year (Section 27.14, Florida Statutes).
- Administering State Attorney and Public Defender Training funds provided for in the General Appropriations Acts for each fiscal year. Funds administered totaled \$35,000 from General Revenue and \$125,000 from the Grants and Donations Trust Fund for both the 2000-2001 and 2001-2002 fiscal years.

Currently, 33 of the 40 state attorney and public defender offices utilize the Business Office Management System (BOMS) which is an automated in-house system to capture administrative and accounting information. The remaining 7 utilized other systems. The following functions are performed by the state attorney and public defender offices utilizing BOMS or other systems:

- Maintaining a General Ledger
- Preparing and Tracking Expenditure Batch Sheets
- Revenue/Receipt Management
- Preparation and Accounting for Purchase Orders
- Payroll and Preparation of various Payroll Reports
- Maintaining Employee Leave Balances
- Maintaining Budgetary Balances

- Maintaining Property Records/Inventories

The Florida Financial Management Information System (FFMIS) Coordinating Council, at its August 9, 2001, meeting, determined that the BOMS was a 'shadow system' used by the judicial agencies to facilitate centralized input by the JAC into the FFMIS subsystems, and required no action regarding the approval of an exemption from the system approval requirements of Section 215.93(2), Florida Statutes.

The Legislature appropriated \$160,000 in the 2000 legislative session for the procurement of a BOMS application for the JAC. The JAC entered into a contract on July 1, 2000, with the vendor that developed and currently maintains the BOMS, to have a BOMS terminal installed in the JAC office with the ability to electronically communicate or interchange data with BOMS located in the individual state attorney and public defender offices. The contract was for the period July 1, 2000, through June 30, 2001. The scope of work includes four phases (design, BOMS send module, JAC receive module, and JAC send module). As of October 11, 2001, the vendor had completed phases I through III, and was working on phase IV.

Full implementation of BOMS is intended to allow the state attorney and public defender offices to transmit data electronically to the JAC, and automate the transmission of data to FLAIR for processing. As of October 11, 2001, the JAC had paid \$146,284 of the appropriation, and was withholding the remaining balance of the appropriation pending the final testing of phase IV.

Scope and Methodology

The objectives of this audit of the JAC were: (1) to document our understanding of relevant management controls; (2) to evaluate management's performance in administering its assigned responsibilities in accordance with applicable laws, administrative rules, and other

guidelines; (3) to determine the extent to which the management controls promoted and encouraged the achievement of management's objectives with regard to compliance with such requirements; economic and efficient operations; reliability of records and reports, and safeguarding of assets; and (4) to identify recommended statutory changes. In achieving these objectives related to the JAC, we included certain activities of the state attorney and public defender offices.

Findings and Recommendations

Finding No. 1: Automation and Duplicative Process Issues Related to FLAIR and BOMS

With few exceptions, the flow of information between the state attorney and public defender offices and the JAC is through a manual, paper-based process whereby source documents must be checked, approved, mailed from the offices to the JAC, opened, sorted, checked again, and batched for further processing. In most cases, the information for these transactions is entered by personnel of the various state attorney and public defender offices into an in-house administrative/accounting system, primarily the BOMS, and then later entered again by the JAC into the State accounting system, the Florida Accounting Information Resource Subsystem (FLAIR).

When fully functional, the implementation embodied in the JAC's contract for BOMS will permit the JAC to electronically receive transactions from the state attorney and public defender offices that utilize BOMS, and also permit the electronic transfer of information from the JAC to FLAIR. This application should maximize the capabilities of electronic document transfers, minimize the performance of manual tasks such as sorting and batching, eliminate the need to enter

relevant information that supports transactions twice, and utilize regular mail for unusual transactions only. This should result in a decrease in the amount of time currently taken to process a transaction.

The JAC has a full-time staff consisting of nine accountants and a director of accounting, who dedicate a considerable portion of their daily activities to processing the financial transactions (voucher, revenue, personnel and payroll, and budgetary processing) for the state attorneys and public defenders. Estimates of time spent relative to state attorney and public defender accounting-related transactions by the accounting staff of the JAC range from 30 percent to 80 percent, with an average of approximately 51 percent.

The current system of batching documents by the various state attorney and public defender offices for mailing to the JAC, the dual input of accounting transactions into two separate, unrelated systems (BOMS and FLAIR) by state attorney and public defender personnel and JAC personnel, and the preaudit and documentation procedures that are performed by JAC, in many instances, result in duplications of effort.

For example, the procedures for processing vouchers result in documentation supporting the vouchers being maintained at both the state attorney and public defender offices and the JAC office. Further, a preaudit of vouchers occurs at each state attorney and public defender office prior to submission to the JAC, as well as by JAC personnel prior to submission to the Department of Banking and Finance (DBF). The JAC forwards the information necessary for warrant processing to DBF. For payments of less than \$1,000, JAC submits documentation to DBF only on a sample basis as requested by DBF. For payments of \$1,000 or more, the JAC submits documentation to support these payments to the DBF, and each of these transactions are also preaudited by the DBF. It is inefficient and costly to maintain supporting

documentation at both the state attorney and public defender offices and the JAC office, and to subject a particular voucher to as many as three preaudits prior to the processing of a warrant.

Implementation of BOMS at the JAC affords the JAC an opportunity to explore additional opportunities for improving the efficiency of the processing of state attorney and public defender transactions. For example, efficiencies might be achieved in the preauditing and documentation procedures of the JAC by relying on the preaudits at the state attorney and public defender offices. This could also eliminate the need to maintain documentation supporting vouchers both at the applicable state attorney or public defender offices and the JAC office. The FLAIR voucher schedules prepared by JAC could be electronically transmitted to the state attorney and public defender offices where the supporting documentation would be attached and the resulting voucher packages retained and forwarded directly to DBF as necessary. Based on estimates of time spent on these functions by the JAC accountants, these efforts could result in a reduction in the needed staff of JAC by as many as 4 or 5 positions.

In a letter dated December 17, 2001, the President of the Florida Prosecuting Attorneys Association, Inc., described the pre-audit process for state attorney vouchers and indicated that most state attorneys would need at least one new person experienced in government accounting rules and procedures to perform the pre-audit locally.

Inasmuch as personnel at the state attorney and public defender offices are currently responsible for entering accounting data into BOMS, assuring that transactions are handled in accordance with legal requirements and that adequate documentation is available to support the transactions, and maintaining voucher documentation files, voucher processing activities currently conducted at those offices should not

increase significantly and additional positions should not be required. JAC would continue to employ accountants who would be able to provide any necessary training and assist the state attorney and public defender offices in handling unusual situations.

Although not included in the scope of our audit, similar efficiencies and staff reductions might be achieved in the human resources, payroll, and budgeting functions of the JAC.

We recommend that the JAC continue their current efforts regarding the installation of a BOMS terminal in the JAC office which, when fully implemented, will maximize the capabilities of electronic document transfers, minimize the performance of manual tasks such as sorting and batching, eliminate the need to enter relevant information that supports transactions twice, and utilize regular mail for unusual transactions only. Further, the JAC should explore the possibilities of additional efficiencies achieved from the BOMS implementation and reassessment of voucher processing activities and reevaluate the level of resources required to meet the needs of the offices served by the JAC. The JAC should also consider similar efficiencies that could possibly be achieved in the human resources, payroll, and budgeting functions of the JAC in this reevaluation process.

Agency Response:

As recommended, the JAC will continue efforts to automate the batch system and explore similar efficiencies in other JAC operations.

Finding No. 2: Encouraging All State Attorneys and Public Defenders To Use BOMS

Currently, there are three state attorney offices and two public defender offices (excluding the 11th Circuit State Attorney and Public Defender which use FLAIR) which do not use the BOMS. As noted in Finding No. 1, the JAC has entered into a contract to upgrade the BOMS. When fully functional, the ability of the JAC and the state attorneys and public defenders to share financial information among themselves will be greatly enhanced, and also promote a more efficient and effective operation relative to processing and reporting financial information. To achieve the improved efficiencies that will result from this upgrade, and to fully realize the benefits of installing the BOMS at JAC, consideration should be given to having the five offices that are not currently using BOMS begin doing so, unless the existing systems can be adapted to work in tandem with the BOMS upgrade at JAC. While we recognize that for some of these offices either the size of the office or familiarity with the financial system currently being used may have been a factor in the decision not to use BOMS, the improved efficiencies that could be realized once the current upgrade to the BOMS is fully operational may now justify such an effort.

We recommend that the JAC encourage those state attorneys and public defenders that currently do not use either BOMS or FLAIR to consider adopting BOMS, unless their existing systems can be adapted to work in tandem with the BOMS upgrade at JAC.

Agency Response:

The project to automate batch transmittals to the JAC was initiated at the request of most State Attorney and Public Defender offices with the understanding use of the BOMS system would be on a voluntary basis. The new process was designed to allow offices that do not use

BOMS the ability to electronically transmit batch information to JAC. The JAC will regularly update all judicial agencies as to the progress and effectiveness of the BOMS system.

Finding No. 3: Contract for BOMS Implementation

The BOMS, which is currently being used by the majority of state attorneys and public defenders, originated in the mid-1980's when two circuits made initial contact with a vendor that subsequently developed and has maintained the system since that time. Through the years, various upgrades to the BOMS have occurred and many other state attorneys and public defenders have chosen to use the system. Information provided by the JAC indicates that approximately \$800,000 has been expended in the development and maintenance of the BOMS from its inception through February 2001. Although the term of the contract is for a period ending June 30, 2001, as of November 21, 2001, implementation had not been completed.

The contract between the JAC and the vendor lacked numerous provisions needed to assure accountability for the moneys expended on the system and its efficient implementation and operation. Specifically, the contract lacked provisions regarding:

- Ownership of the system software and access to system source codes;
- Estimated deliverable dates for each phase of the implementation;
- Nonperformance on the part of the vendor;
- Testing requirements and performance standards;
- System enhancements and maintenance; and
- System documentation.

Additionally, the contract did not provide a basis for some payments made to the vendor including incidental expenses (\$1,514) and a "BOMS Client Server Version Upgrade" (\$12,000).

Considering the sizable investment that has been made by the JAC, the state attorneys, and the public defenders in the development and maintenance of this system, it is important that the needs of the users be adequately provided for and safeguarded. Currently, adequate safeguards are not in place in the event that this vendor ceased operations for any reason.

Concerns that have not been adequately addressed by the various parties in a manner necessary to assure the continued uninterrupted operations include:

- access and ownership of the system;
- documentation that supports the system; and
- contingency plans for the JAC, state attorneys, and public defenders if the system was to become inoperable, for either a short or long term period of time.

In a memorandum from the Executive Director of the JAC dated August 28, 2001, he stated that "there are no agreements available describing the existing ownership of BOMS." Concerning contingency plans, he stated, "To my knowledge, no formal contingency plan exists to replace BOMS or any of our ... products. In the event of a disaster, I feel certain judicial agencies would replace software in the most cost efficient manner, whether they purchase 'off the shelf' or contract with programmers for tailor made products."

We recommend that agreements be entered into between the appropriate parties that include provisions necessary to assure accountability for the moneys expended on the system and to clearly establish the existing ownership of BOMS. Formal contingency plans should also be developed to protect the parties in the event the system becomes inoperable.

Agency Response:

Future agreements will include more detailed provisions necessary to assure accountability and identify ownership of BOMS. A contingency plan will be developed in the event the system becomes inoperable.

Finding No. 4: Warrant Processing

Opportunities for improving efficiency in the processing of State warrants by the state attorney and public defender offices and the JAC were also noted. Currently, once a warrant in payment of a voucher has been prepared by the DBF, the warrant is returned to the JAC, matched with the respective voucher, and mailed to the appropriate state attorney or public defender office. Once received by the state attorney or public defender office, office personnel verify that all the vouchers previously sent to the JAC for processing have been returned and that a warrant is processed for each voucher. The state attorney and public defender offices then mail the warrants to the vendors.

This process of mailing documents and related state warrants back and forth between the JAC and the state attorney and public defender offices in order to ultimately pay a vendor for services rendered is a time consuming and inefficient process.

The suggested revisions to the voucher processing processes described in Finding No. 1 could provide opportunities for efficiencies in the processing of warrants as well. If the vouchers are preaudited and maintained at the state attorney and public defender offices, and remitted directly to the DBF as necessary, the DBF could send the warrants directly to the state attorneys and public defenders for mailing to the vendors.

We recommend that the JAC consider the direct mailing of warrants from DBF to the state attorney and public defender offices.

Agency Response:

The JAC will contact representatives from the State Attorneys, Public Defenders, and the Department of Banking and Finance regarding the benefits of direct mailing of warrants.

Finding No. 5: Management Reports

The Florida Accounting Information Resource Subsystem (FLAIR) produces various management reports that are currently used by the state attorneys and public defenders as a tool in managing the day-to-day activities of their offices. Currently, these reports are obtained by JAC, then mailed to the state attorney and public defender offices rather than being electronically transmitted to the various offices. The staff time required to prepare the documents for mailing could be reduced, and the postage costs eliminated, if these reports were electronically transmitted to the state attorneys and public defenders. This could be accomplished by means of electronically transmitting these reports using available technology.

One example where JAC has taken advantage of the current technology to accomplish improved timeliness of reports and a reduction in the time and costs involved is the distribution of monthly salary rate reports to the state attorneys and public defenders. The JAC has, for many years, prepared monthly salary rate reports from the Cooperative Personnel Employment Subsystem (COPES) and mailed these reports to the state attorneys and public defenders on a monthly basis. Recently, the JAC implemented a change in procedures which permitted the electronic transmitting (i.e., e-mailing) of these reports rather than mailing them. This resulted in a reduction in the staff time necessary in preparing the reports to be mailed, and a corresponding reduction in the postage cost that would have been needed for mailing, and also made this information available in a more timely manner to the state attorneys and public defenders.

We recommend that the JAC and the state attorneys and public defenders, in consultation with the Department of Banking and Finance, examine ways in which the various FLAIR reports which are currently being mailed to the state attorneys and public defenders could be electronically transmitted resulting in reduced costs and more timely reports.

Agency Response:

The JAC will continue to examine ways to transmit reports electronically rather than by mail.

Authority

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe

William O. Monroe, CPA

Auditor General

Auditee Response

The Justice Administrative Commission's Executive Director, in a letter dated February 1, 2002, provided his response to our findings and recommendations. Excerpts from the Executive Director's response are included under the appropriate findings and recommendations above. The Executive Director's response, in its entirety, may be viewed on the Auditor General's Web site.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by Hardee Ratliff, CPA. Please address inquiries regarding this report to Jim Dwyer, CPA, Audit Manager, via e-mail at jimdwyer@aud.state.fl.us or by telephone at (850) 487-9031.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850-487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).



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E. Frank Farrell
Executive Director

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February 1, 2002

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Dear Mr. Monroe:

Thank you for the opportunity to respond to the preliminary and tentative audit findings and recommendations of your audit of the Justice Administrative Commission Financial Related Services Provided to Judicial Offices for the period March 1, 2000 – June 30, 2001. The following responses address each finding:

Finding No. 1:

Automation and Duplicative Process Issues Related to FLAIR and BOMS

Recommendations

We recommend that the JAC continue their current efforts regarding the installation of a BOMS terminal in the JAC office. The JAC should explore the possibilities of additional efficiencies achieved from the BOMS implementation, reassessment of voucher processing activities, and reevaluation of the level of resources required to meet the needs of the offices served by JAC. The JAC should also consider similar efficiencies that could possibly be achieved in the human resources, payroll, and budgeting functions of the JAC in this reevaluation process.

Agency Response:

As recommended, the JAC will continue efforts to automate the batch system and explore similar efficiencies in other JAC operations.

The Justice Administrative Commission administratively serves the offices of State Attorneys, Public Defenders, and Capital Collateral Regional Counsels

Finding No. 2:

Encouraging All State Attorneys and Public Defenders to Use BOMS

Recommendations

We recommend that the JAC encourage those state attorneys and public defenders that currently do not use either BOMS or FLAIR to consider adopting BOMS, unless their existing systems can be adapted to work in tandem with the BOMS upgrade at JAC.

Agency Response:

The project to automate batch transmittals to the JAC was initiated at the request of most State Attorney and Public Defender offices with the understanding use of the BOMS system would be on a voluntary basis. The new process was designed to allow offices that do not use BOMS the ability to electronically transmit batch information to JAC. The JAC will regularly update all judicial agencies as to the progress and effectiveness of the BOMS system.

Finding No. 3:

Contract for BOMS Implementation

Recommendations

We recommend that agreements be entered into between the appropriate parties that include provisions necessary to assure accountability for the moneys expended on the system and to clearly establish the existing ownership of BOMS. Formal contingency plans should also be developed to protect the parties in the event the system becomes inoperable.

Agency Response:

Future agreements will include more detailed provisions necessary to assure accountability and identify ownership of BOMS. A contingency plan will be developed in the event the system becomes inoperable.

Finding No. 4:

Warrant Processing

Recommendations

We recommend that the JAC consider the direct mailing of warrants from DBF to the state attorney and public defender offices.

Agency Response:

The JAC will contact representatives from the State Attorneys, Public Defenders, and the Department of Banking and Finance regarding the benefits of direct mailing of warrants.

Finding No. 5:

Management Reports

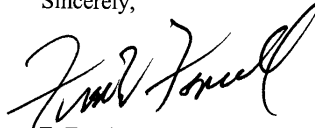
Recommendations

We recommend that the JAC and the state attorneys and public defenders, in consultation with the Department of Banking and Finance, examine ways in which the various FLAIR reports which are currently being mailed to the state attorneys and public defenders could be electronically transmitted resulting in reduced costs and more timely reports.

Agency Response:

The JAC will continue to examine ways to transmit reports electronically rather than by mail.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Frank Farrell". The signature is written in a cursive style with a large, sweeping initial "E".

E. Frank Farrell
Executive Director

EFF/jlk