



G A O

Accountability * Integrity * Reliability

**United States General Accounting Office
Washington, DC 20548**

**Accounting and Information
Management Division**

B-284858

July 31, 2000

The Honorable Ernest J. Istook
Chairman
Subcommittee on the District of Columbia
Committee on Appropriations
House of Representatives

Subject: DC Courts: Fiscal Year 2001 Budget Request and Financial Information

Dear Mr. Chairman:

This letter responds to your December 3, 1999, request that we review the District of Columbia Courts' (DC Courts) fiscal year 2001 budget request and related issues. As you are aware, the visibility of DC Courts' operations and budgets has increased primarily because of deferred payments to court-appointed attorneys during the last quarter of each of the past 2 fiscal years. This has raised concerns that DC Courts did not adequately estimate the amount it needed to pay court-appointed attorneys for defender service costs for fiscal years 1999 and 2000. In addition, DC Courts' recent statements indicate that its fiscal year 2000 defender services funds may not be sufficient.

Consistent with your request, we focused on the following three questions:

- Is DC Courts' fiscal year 2001 budget request reasonable?
- What were DC Courts' obligations and payments for fiscal year 1999 operations, including totals charged for the Criminal Justice Act (CJA), Counsel for Child Abuse and Neglect (CCAN), and the Guardianship programs?
- What are the DC Courts' obligations and payments related to its court operations and defender services (previously identified as CJA, CCAN, and Guardianship programs)¹ to date for fiscal year 2000?

Subsequently, you asked us to obtain information on the following issues:

- DC Courts' implementation of the Crime Victim Fund's legislation and

¹The District of Columbia's fiscal year 2000 Appropriations Act separately appropriates funds for "Defender Services in the District of Columbia Courts" to fund the CJA, CCAN, and Guardianship programs.

- the reconciliation of the Child Support bank account.

DC Courts has annually carried over unpaid attorney obligations to the following year. For example, DC Courts carried forward unpaid obligations from fiscal year 1998 to fiscal year 1999 because of management decisions in executing its budget and problems in estimating the amounts needed to pay attorneys on an annual basis, as we previously reported.²

Scope and Methodology

We performed our work in accordance with generally accepted government auditing standards from January 2000 through April 2000. In performing the necessary work to address the issues in your request, we obtained and reviewed financial information, budgetary reports, bank statements, and other supporting documentation from DC Courts, the General Services Administration's (GSA), and the Office of Management and Budget (OMB). GSA provides accounting services to DC Courts, including recording financial transactions, preparing monthly accounting and budgetary reports, and making payments.

Further, we met with officials from DC Courts and the District's Office of the Corporation Counsel (OCC) to discuss various issues related to your request. We requested comments on a draft of this report from DC Courts. The Acting Executive Officer, on behalf of the Joint Committee on Judicial Administration in the District of Columbia, provided us with written comments that are discussed in the "DC Courts' Comments and Our Evaluation" section and are reprinted in enclosure II.

Results in Brief

We could not conclude on the reasonableness of DC Courts' fiscal year 2001 budget request that was originally submitted to the Office of Management Budget (OMB). DC Courts did not submit the detailed information required by OMB Circular A-11 along with its fiscal year 2001 budget request to OMB, but subsequently provided in April 2000 a more detailed budget justification to OMB and the Congress. Even though DC Courts subsequently provided the documentation that was needed to support the proposed increases, we could not determine the reasonableness of all budget increases. DC Courts officials stated that the required detailed information would be submitted along with future budget requests to OMB. DC Courts also did not have adequate documentation to support the funds projected for the defender services for fiscal year 2001.

DC Courts' records indicated that more than \$132 million was obligated and spent for fiscal year 1999. The amount included more than \$36.4 million of payments to court-appointed attorneys for defender services, \$6.2 million of which was for unpaid obligations that were properly carried over for fiscal years 1996, 1997, and 1998. The payment of the carried over obligations resulted in more than \$4.9 million of fiscal year 1999 defender service obligations that could not be paid with fiscal year 1999 funds.

²Discussed in our report entitled *DC Courts: Planing and Budgeting Difficulties During Fiscal Year 1999* (GAO/AIMD/OGC-99-226, September 16, 1999) and our report entitled *DC Courts: Processing Fiscal Year 1999 Defender Service Vouchers* (GAO/AIMD-00-129R, April 20, 2000).

As of March 31, 2000, DC Courts' records indicated that more than \$62 million was obligated for the first 6 months of fiscal year 2000. According to DC Courts' fiscal year 2000 spending plan, the obligations for the fiscal year are projected to be \$137 million and within the budgetary resources that were made available for fiscal year 2000. The projected obligations include more than \$4.9 million of carried forward defender service obligations from fiscal year 1999. While DC Courts' spending plan projected sufficient funds for defender services, questions have arisen as to whether the spending plan accurately reflects amounts it anticipates for defender services. In April 2000, DC Courts officials estimated that an additional \$6 million is needed to pay defender services for fiscal year 2000, and they have reserved fiscal year 2000 operating funds for that purpose. DC Courts did not provide sufficient documentation to support the projected additional defender service obligations or exactly how it expected to reduce current operating costs to establish the reserve. As stated in our April 20, 2000, report on DC Courts, we continue to be concerned with DC Courts' ability to estimate defender service costs, account for vouchers, and pay attorneys.

Since the passage of the District of Columbia's Fiscal Year 2000 Appropriation Act, DC Courts' records indicate that it has properly stopped using Crime Victim funds for administrative costs. DC Courts is in the process of having the Treasury Department establish a separate Crime Victim Fund account within the U.S. Treasury and plans to have it in place by the end of the fiscal year.

As of May 2000, DC Courts' Child Support bank account had not been properly reconciled for more than 2 years. Until the automatic reconciliation feature of the new Child Support system is operational, DC Courts needs to manually reconcile the bank account as we previously recommended. Accordingly, we reaffirm our prior recommendations dealing with tracking vouchers and reconciling bank accounts. In addition, we recommend that DC Courts provides detailed support along with subsequent budget requests and establishes the separate account with the U.S. Treasury. In its comments on a draft of this report, DC Courts agreed with and stated it would implement our recommendations.

Fiscal Year 2001 Budget Request

DC Courts' fiscal year 2001 budget request to OMB contained certain requested increases to the budget base amounts without adequate supporting documentation. DC Courts subsequently provided documentation to support budget increases to the Congress. However, we are not in a position to conclude whether or not all requested increases are reasonable. For example, DC Courts did not provide documentation to justify the projected one-time \$5 million increase in the Criminal Justice Act program in order to avoid the continuing annual shortfalls at year-end for the defender service programs. DC Courts officials stated that they expect to develop a more systematic methodology for estimating defender service program funding requirements when its new automated tracking system is implemented. They stated that, as we recommended,³ this new system is designed to maintain information on the vouchers submitted by court-appointed attorneys from the time that they are issued to the time that they are paid. Aside from not knowing how much is really necessary for this one-time increase at this juncture, it is also unclear whether DC

³See GAO/AIMD-00-129R (April 20, 2000).

Courts would actually need supplemental funding in view of its stated intent to reserve more than \$5 million of its operating funds for fiscal year 2000 to cover all defender service costs, as discussed later.

In reviewing DC Courts' initial budget request, OMB raised questions about the reasonableness of estimated amounts, denying several items that were not adequately supported. On October 27, 1999, DC Courts submitted a fiscal year 2001 budget request totaling \$164.5 million to OMB. Then in February 2000, the President submitted his recommended budget for DC Courts of \$141.4 million to the Congress. The \$23 million reduction stemmed from the denial of DC Courts' proposed (1) cost-of-living adjustments that were not provided to nonjudicial court employees in January 1999 nor in January 2000, (2) increase in the investigator reimbursement rate, and (3) additional capital improvements. In a March 2000 correspondence to Congress, OMB stated that the increase for nonjudicial compensation was denied because DC Courts had not provided any of the analysis requested by OMB and Congress to justify this increase. OMB also denied additional requests for capital budget improvements that exceeded the President's 3-year commitment for capital funding.

OMB Circular No. A-11, as revised on November 10, 1999, *Preparation and Submission of Budget Estimates* states in Section 25.1, "Applicability, Exceptions, and Advance Approval" that the District of Columbia must submit information in accordance with this Circular to support its request for federal payments. Our review confirmed that DC Courts' fiscal year 2001 budget request submitted to OMB on October 27, 1999, did not meet the requirements of this circular. For example, OMB denied funding for Juvenile Urban Services expansion because the cost of program changes was not supported. Other required information that was not in DC Courts' submission included the (1) the broad policies and strategies proposed and the total amounts of discretionary and mandatory budgetary resources and FTE requested, (2) relevant performance information, including performance goals and indicators, and (3) a breakdown of the budget base by expenditure type, such as personnel services, contractual services, and administrative costs.

In April 2000, DC Courts provided a more detailed budget justification than was submitted along with its initial budget request to the Congress, including the job comparison analysis requested by the Congress and OMB to support the nonjudicial employee compensation increase (pay parity) that DC Courts requested in fiscal year 1999.⁴ The Congress is currently determining the level of appropriated funding for DC Courts. Our review showed that DC Courts' April 2000 budget justifications included the type of detailed information that it annually provided to the Congress since fiscal year 1998. Prior to that, the same information was provided to the District of Columbia Financial Responsibility and Management Assistance Authority, the Mayor, and the City Council before submission to the Congress. The inclusion of the required detailed justification information assists the Congress and other decisionmakers, and previously assisted the District, in making critical

⁴In November 1999, an independent study was conducted of the pay comparison between DC Courts' nonjudicial employees and their counterparts in U.S. Courts and federal agencies. The study found that the pay of DC Courts' nonjudicial employees was at least 14 percent less than their counterparts in federal courts and 11 percent less than comparable federal agency employees.

decisions about the funding and operation of programs and services for DC Courts. In April 2000, DC Courts officials advised staff from this Subcommittee that future budget requests to OMB would include the additional support and meet the requirements of Circular A-11.

In another matter, DC Courts' budget requests for fiscal years 2000 and 2001 included the same item because its fiscal year 2000 spending plan did not provide for spending funds on the item. Specifically, DC Courts included a request for \$2.5 million for an Integrated Justice Information System as part of its fiscal year 2001 Capital Budget Plan. The District of Columbia Appropriations Act for fiscal year 2000 provided that of the amounts available for operations of the District of Columbia, an amount not to exceed \$2.5 million would be used for the design of an Integrated Justice Information System. DC Courts officials stated that no contract would be awarded or funds spent during fiscal year 2000 for the design of the new system due to the time needed to prepare a detailed requirements analysis to guide the system design. Instead, DC Courts officials stated that they requested the amount to design the new system in the fiscal year 2001 capital budget.

Fiscal Year 1999 Obligations and Payments

DC Courts' records indicated that amounts totaling \$132.1 million were obligated and paid for in fiscal year 1999 (see enclosure I to this letter). Included in those amounts were payments for defender services including \$28.1 million for CJA, \$7.2 million for CCAN, and approximately \$648,000 for the Guardianship program. The defender service payments properly included approximately \$6.2 million of unpaid obligations that were carried forward from fiscal years 1996, 1997, and 1998.

On September 29, 1999, DC Courts notified the House Appropriation Subcommittee on the District of Columbia that it had incurred obligations for CJA, CCAN, and Guardianship programs in excess of its fiscal year 1999 obligational authority. In accordance with the fiscal year 2000 Appropriations Act that was approved on November 29, 1999, DC Courts needed the Comptroller General to certify that DC Courts' obligations were lawfully incurred for such payments and that DC Courts had exceeded its obligational authority otherwise available for making such payments. Upon our certification, the District's fiscal year 2000 appropriations authorized DC Courts to use interest earned on its fiscal year 1999 federal payment and funds from its fiscal year 2000 federal payment to pay unpaid fiscal year 1999 obligations under such programs.

On January 27, 2000, we provided this certification to the Joint Committee on Judicial Administration in the District of Columbia (Joint Committee).⁵ As of July 21, 2000, DC Courts stated that it had not yet paid \$647 of vouchers submitted to DC Courts by court-appointed attorneys through September 30, 1999. The Fiscal Officer indicated that DC Courts has determined the status of the four remaining vouchers from the fiscal year 1999 certification and is determining whether they should be paid or referred for appropriate action by the U.S. Attorney's Office.

⁵DC Courts: Review of Fiscal Year 1999 Defender Services Obligations (GAO/AIMD/OGC-00-68R, January 27, 2000).

Fiscal Year 2000 Obligations and Payments to Date

As of March 31, 2000, DC Courts' records indicated total obligations of \$47.2 million for court operations, \$249,000 for capital improvements, and \$14.6 million for defender services for the first 6 months of fiscal year 2000 (see the enclosure I to this letter). According to DC Courts' spending plan,⁶ the total projected obligations for the entire fiscal year were \$102.9 million for DC Courts' operations, including capital improvements and \$34.1 million for the defender services program. These total projected obligations, which include more than \$4.9 million of carried forward fiscal year 1999 obligations, suggest a spending path that would not exceed the \$102.9 million and \$34.2 million in budgetary resources that were made available for fiscal year 2000.

It is unclear whether DC Courts' spending plan accurately reflects its funding needs for defender services. In February 2000, the Joint Committee advised the District of Columbia Subcommittees of the House Appropriations and Government Reform Committees that the \$34.2 million appropriated for defender services would not be sufficient for fiscal year 2000. The Joint Committee estimated that an additional \$6 million may be needed. The Joint Committee stated that this resulted primarily from the fiscal year 1999 obligations that were carried forward and paid with fiscal year 2000 funds. In April 2000, DC Courts provided the Congress with projected defender service costs for the fiscal year 2000 that exceeded the budgeted amounts.

The basis for DC Courts' statements that they will need additional funding for the defender service program is unclear. DC Courts' records show obligations of only \$14.6 million for the first 6 months of fiscal year 2000, including \$4.9 million that was rolled forward from the prior fiscal year. DC Courts' spending plan reflects \$18.6 million of defender service expenditures for the last 6 months thus showing that it does not expect the defender service costs to exceed the available resources of \$34.1 million. Even if these costs were to be greater, DC Courts stated that it reserved \$5 million from its operating funds as a contingency for this purpose. DC Courts' provided a list of cost savings it planned to reserve that included (1) the deferral of more than half of its fiscal year 1999 pay increase, or \$2.6 million,⁷ which has not been authorized by the Joint Committee, (2) the elimination of planned increases in juror entitlements of almost \$600,000, and (3) other court services of approximately \$1 million. DC Courts has not provided any documentation to support exactly what costs will be reduced in the other court operation categories to create this reserve.

As noted in our report, we continue to be concerned with DC Courts' ability to estimate the cost of the defender service program and to properly track, accurately record, and promptly

⁶DC Courts' spending plans are based on actual expenditures and the allocation of the unspent budget for the remainder of the fiscal year.

⁷DC Courts' fiscal year 2000 budget base includes the 10-percent pay increase that was included in the amount appropriated from its fiscal year 1999 budget request. To date, the Joint Committee has authorized only 3 percent of the pay increase for nonjudicial employees because the remaining amount was needed to pay the defender services shortfall in fiscal year 1999. In fiscal year 2000, the remaining amount has been set aside in the operating budget reserve to pay a potential defender services shortfall.

pay vouchers submitted by attorneys. In our April 20, 2000 report,⁸ we made recommendations to address these issues. Until DC Courts has completely developed a systematic approach for reliably estimating the cost of the defender service program, it (1) will not be able to provide the Congress a reliable estimate of its defender service costs and (2) faces the risk of further delays in paying court-appointed attorneys.

Crime Victims Fund

In our September 1999 report on DC Courts' planning and budgeting difficulties for fiscal year 1998,⁹ we noted that while DC Courts was responsible for administering and collecting these sums, it did not have any legislative authority to actually spend those funds on behalf of the Crime Victims Compensation Program. In the District's fiscal year 2000 Appropriation Act, the Congress authorized DC Courts to spend moneys properly deposited in the Crime Victims Fund (Fund) for purposes authorized by the Victims of Violent Crime Compensation Act of 1996,¹⁰ as amended. In addition, section 160 (b)(1) of the act required that DC Courts maintain the Fund as a separate fund in the Treasury of the United States and stop using those funds to pay administrative costs of that program.

Since the passage of the appropriation act, DC Courts' records indicate that it has used crime victim funds only for crime victim claims as required and has not used the funds to reimburse itself for administrative costs. DC Courts submitted a request to the U.S. Treasury Department to establish a separate account in August 1999. However, as of May 9, 2000, DC Courts officials stated that this account has not been established and the funds continue to be maintained outside the United States Treasury. Our discussions with Treasury and DC Courts officials indicated they are awaiting OMB guidance regarding the specific type of account that is requested. DC Courts officials stated they will continue to work with OMB to establish this account before the end of the fiscal year.

Regarding the financial activity and account balances of the Fund since our last report on this issue,¹¹ we noted the following:

- DC Courts deposited more than \$8.6 million, consisting primarily of fines and fees, and paid out more than \$2.4 million in accordance with the Crime Victims Act, from October 1, 1998, through March 31, 2000; and
- DC Courts reported Crime Victim Fund cash balances of \$6.6 million and \$12.8 million as of September 30, 1998, and March 31, 2000, respectively.

⁸During our certification work, we identified several weaknesses in DC Courts' payment processing procedures. See GAO/AIMD-00-129R, April 20, 2000.

⁹GAO/AIMD/OGC-99-226 (September 16, 1999).

¹⁰D.C. Law 11-243, 44 D.C. Reg. 1142, 2601 (April 9, 1997), DC Code Ann. Sections 3-421 through 3-438 (1999 Supp.).

¹¹*DC Courts: Improvements Needed in Accounting for Escrow and Other Funds* (GAO/AIMD/OGC-00-6, October 29, 1999).

Child Support Bank Account

In our report on DC Courts' ability to account for escrow and other funds,¹² we noted that DC Courts had not reconciled its Child Support bank account since the District's Office of Corporation Counsel (OCC) implemented its new Child Support system on May 1, 1998. Our main point was that because the automatic reconciliation feature of the new Child Support system was inoperative, DC Courts should have been performing manual reconciliations to ensure that balances were correct. As part of our review, we asked DC Courts and OCC officials to provide a status report on the progress of this reconciliation.

In March 2000, OCC officials stated that the automatic reconciliation feature of the new Child Support system still does not operate and that a contractor is currently attempting to reconcile this account for each month from May 1998. They also stated that this contractor was obtaining the detailed information that would ensure that all data were available to reconcile the account and enable the automatic reconciliation feature to perform all future reconciliations. DC Courts officials acknowledged the work being performed by OCC's contractor and stated that they have not performed any manual bank reconciliations since they are awaiting the completion of the contractor's work. However, in DC Courts' response on July 25, 2000, its officials stated that they are actively engaged in reconciling this account and that they plan to complete the financial reconciliation no later than September 30, 2000. Consequently, while significant effort seems to be underway to resolve this problem, the DC Courts' Child Support bank account has not been properly reconciled to ensure correct balances in more than 2 years.

Conclusions

Until DC Courts has completely implemented a systematic approach to estimating the cost of its defender services, it will not be able to provide the users of DC Courts' budget and projected amounts with accurate and reliable information. As discussed in this letter, we previously recommended that DC Courts (1) track all vouchers through the entire process, beginning with the assignment of vouchers to court-appointed attorneys through payment by GSA, once the new voucher system is fully implemented and (2) review all collections and disbursements and perform a manual reconciliation each month, until the automated reconciliation function of the new child support system can be used. We reaffirm these recommendations. It is also important that DC Courts provide detailed support along with subsequent budget requests and obtain the necessary guidance to establish the separate Crime Victims Fund account in accordance with the law.

Recommendations

We recommend that DC Courts Fiscal Officer

- Document its budget submission preparation procedures to ensure that future OMB budget submissions are adequately supported and comply with OMB Circular A-11 and

¹²Same as footnote 10.

- Follow up with OMB and the U.S. Department of Treasury on the establishment of a separate Crime Victims Fund account within the U.S. Treasury before the end of the fiscal year.

DC Courts' Comments and Our Evaluation

DC Courts agreed with our observations and recommendations and stated that it would implement the recommendations. DC Courts also provided explanations of additional actions undertaken or planned that relate to budget submissions, the defender service reserve, the child support bank account, and the Crime Victims Fund.

We are sending copies of this letter to Senator Kay Bailey Hutchison, Senator George Voinovich, Senator Richard Durbin, Representative James P. Moran, Representative Thomas M. Davis III, and Representative Eleanor Holmes Norton, in their capacities as Chair or Ranking Minority Member of Senate or House Subcommittees. We are also sending copies of this letter to the Joint Committee on Judicial Administration, DC Courts, through the Honorable Annice Wagner, Chair; the Honorable Jacob J. Lew, Director, Office of Management and Budget, and Grace Mastelli, Deputy Assistance Attorney General, Department of Justice. Copies will be made available to others upon request.

If you have any questions regarding this letter, please contact me at (202) 512-4476, or by e-mail at jarmong.aimd@gao.gov or Steven Haughton, Assistant Director, at (202) 512-5999 or by e-mail at haughtons.aimd@gao.gov. Individuals making key contributions to this letter included Jeffrey Isaacs, Lou Fernheimer, Valerie Freeman, Julia Ziegler, Robert Preshlock, Meg Mills, and Richard Cambosos.



Sincerely yours,
Gloria L. Jarmon
Director, Health, Education, and Human Services
Accounting and Financial Management Issues

Enclosure

DC Courts
Schedules of Budgeted Amounts and Obligations by Fiscal Year
(Unaudited)

Items	Budgeted Amounts			Obligations			
	1999	2000 (a)	2001	1999	2000		
				Actual	Actual (b)	Projections (c)	Total
Appeals Court:							
Court Operations	\$ 7,839,000	\$ 7,179,216	\$ 8,068,000	\$ 6,222,905	\$ 3,150,446	\$ 3,669,554	\$ 6,820,000
Funds set aside	-	-	-	-	-	362,000	362,000
Appeals Court subtotal	\$ 7,839,000	\$ 7,179,216	\$ 8,068,000	\$ 6,222,905	\$ 3,150,446	\$ 4,031,554	\$ 7,182,000
Superior Court:							
Court Operations	65,119,000	68,068,611	77,996,000	69,011,289	34,973,496	32,897,304	67,870,800
CCAN	6,900,000	-	-	7,243,548	-	-	-
Guardianship	400,000	-	-	647,747	-	-	-
Funds set aside	-	-	-	-	-	3,820,200	3,820,200
Superior Court subtotal	\$ 72,419,000	\$ 68,068,611	\$ 77,996,000	\$ 76,902,584	\$ 34,973,496	\$ 36,717,504	\$ 71,691,000
Court System:							
Court Operations	15,706,000	16,087,260	18,465,000	13,950,800	9,058,317	6,072,683	15,131,000
CJA	25,036,000	-	-	28,120,451	-	-	-
Funds set aside	-	-	-	-	-	962,000	962,000
Court System subtotal	\$ 40,742,000	\$ 16,087,260	\$ 18,465,000	\$ 42,071,251	\$ 9,058,317	\$ 7,034,683	\$ 16,093,000
Court Operations Budget	\$ 121,000,000	\$ 91,335,087	\$ 104,529,000	\$ 125,196,740	\$ 47,182,259	\$ 47,783,741	\$ 94,966,000
Capital Budget	\$ 7,000,000	\$ 8,000,000	\$ 18,270,000	\$ 6,936,636	\$ 239,677	\$ 7,729,323	\$ 7,969,000
Defender Services Budget:					(d)		
CCAN	-	6,773,323	7,350,000	-	1,947,291	4,826,032	6,773,323
CJA	-	26,036,000	33,590,000	-	12,373,959	13,662,041	26,036,000
Guardianship	-	400,000	850,000	-	230,113	169,887	400,000
Defender Services Budget	\$ -	\$ 33,209,323	\$ 41,790,000	\$ -	\$ 14,551,363	\$ 18,657,960	\$ 33,209,323
FY 1999 Interest Earnings(e)	\$ -	\$ 899,000	\$ -				
Refunds and Reimbursements(f)	\$ 4,574,790	\$ 3,610,000	\$ 3,545,000				
Total	\$ 132,574,790	\$ 137,053,410	\$ 168,134,000	\$ 132,133,376	\$ 61,973,299	\$ 74,171,024	\$ 136,144,323

Source: DC Courts and GSA records as of 4/26/00.

- (a) - For fiscal year 2000, court operations, capital, and CCAN (for defender services) amounts include the 0.38 of 1 percent rescission.
- (b) - Actual obligations incurred for the 6-month period from October 1, 1999 to March 31, 2000.
- (c) - Projection of costs for the remaining 6 months of the fiscal year based on amount appropriated.
- (d) - Includes \$4,984,058 of fiscal year 1999 obligations carried forward and paid with fiscal year 1999 interest and fiscal year 2000 funds.
- (e) - Additional appropriated amount is applied to fiscal year 1999 CJA obligations carried forward into fiscal year 2000.
- (f) - Additional available funds to be offset against Superior Court obligations.

Comments From the District of Columbia Courts

Note: GAO's comment supplementing those in the letter appear at the end of this enclosure.



District of Columbia Courts
500 Indiana Avenue, N.W.
Washington, D.C. 20001



July 25, 2000

Ms. Gloria L. Jarmon
Director, Health, Education, and Human Services
Accounting and Financial Management Issues
United States General Accounting Office
Washington, D.C. 20548

Dear Ms. Jarmon:

On behalf of the Joint Committee on Judicial Administration in the District of Columbia, I submit herewith the response of the District of Columbia Courts to the draft report entitled "D.C. Courts: Fiscal Year 2001 Budget Request and Financial Information." It is our understanding that this response will be included in GAO's final report.

Sincerely yours,

A handwritten signature in cursive script that reads "Anne B. Wicks".

Anne B. Wicks
Acting Executive Officer

**District of Columbia Courts
Response to Draft GAO Report on
Fiscal Year 2001 Budget Request and Financial Information**

This is in response to a draft report of the General Accounting Office (GAO) entitled "D.C. Courts: Fiscal Year 2001 Budget Request and Financial Information." Immediately below is the Courts' response to the two report recommendations, followed by explanatory comments on the draft report.

I. Response to Report Recommendations

Recommendation 1

The D.C. Courts' Fiscal Office document their budget submission preparation procedures to ensure that future OMB budget submissions are adequately supported and are in compliance with OMB Circular A-11.

D.C. Courts Response

The Courts agree that a budget preparation procedures manual could improve the budget submission's supporting documentation and ensure compliance with OMB Circular A-11. The Courts provided a detailed FY 2001 Budget Justification book to OMB and Congress in April 2000 that follows the principles of OMB Circular A-11.¹ The Fiscal Office will prepare for the Courts a budget preparation procedures manual prior to submission of the FY 2002 request to OMB that includes the new procedures and complies with all applicable sections of Circular A-11.

Recommendation 2

The D.C. Courts Fiscal Office contact OMB and follow up with the Treasury Department on the establishment of a separate Crime Victims Fund account within the U.S. Treasury before the end of the fiscal year.

D.C. Courts Response

The Courts' Fiscal Office will continue its work with OMB and the Treasury Department to establish a separate Crime Victims Fund account within the U.S. Treasury before the end of fiscal year 2000.

¹ See Explanatory Comments on the Draft Report in section II, *infra*.

II. Explanatory Comments on the Draft Report

Budget submission

The District of Columbia Courts have taken important steps to improve the quality of information in the budget submission. The Courts provided a detailed FY 2001 Budget Justification to Congress and the Office of Management and Budget (OMB) in April 2000, or three months prior to Congressional action on the FY 2001 budget request. The budget justification follows the principles of OMB Circular A-11 and includes detailed information on obligations by object classification and activity; reimbursements and grant funding; and FTE data. It was anticipated that this documentation would be sufficient for a determination of the reasonableness of the Courts' FY 2001 budget request.

To build on the recent enhancements made to the FY 2001 budget submission, the Courts are reviewing their budget preparation process and submission materials. The Courts have conducted training on the Government Performance and Results Act (GPRA) and are working to incorporate GPRA principles in the FY 2002 budget submission. The Fiscal Officer is working closely with OMB, including establishing an electronic connection to download Circular A-11 required budget data into OMB's database. The D.C. Courts' FY 2002 budget submission will comply with applicable OMB circulars and guidelines.

Defender services voucher payment and tracking

By its nature, the costs for representation of indigent clients, which are paid from the Defender Services account, are difficult to predict because the amount in any given year depends upon a number of variables. These variables include, for example: (1) the number of criminal cases filed; (2) the seriousness and complexity of each case; (3) the status and location of defendants and witnesses; (4) sentencing alternatives; (5) completion date of the case; (6) date of submission of the claim for payment; and (7) other case-specific issues. Some 50,000 defender services vouchers were submitted to the Courts last year, and the amount of each depended upon the types of variables listed. These factors make it extremely difficult to predict the level of future expenditures.

Nevertheless, the District of Columbia Courts have taken several steps to improve their ability to estimate defender services costs, account for vouchers, and pay attorneys. These steps include: requiring timely voucher submission (within 60 days of case completion); implementing an automated voucher tracking system, which currently is being tested; analyzing historical Criminal Justice Act (CJA) data to better understand the time required for the various types of cases and its

impact on voucher submission; and re-engineering the voucher payment process. In addition, the Financial Operations Division has developed and implemented an interim tracking system to account for vouchers during the testing phase of the full-scale automated voucher tracking system.

Defender services reserve

In an effort to ensure timely payment for all FY 2000 attorney claims, the D.C. Courts took the extraordinary step of creating a \$5 million reserve from the FY 2000 operating budget (representing 5%) to be available in the event that the defender services appropriation was insufficient. To create this reserve, the Courts developed a spending plan and made difficult decisions to defer spending for fundamental court operations (such as the automation of juvenile probation and increasing the juror service fee), to cut much needed contractual services, to institute a hiring freeze for all but essential positions (nearly 100 positions remain unfilled), and to forego a non-judicial compensation adjustment. The Courts have provided GAO and Congress with a list of the projects that were deferred, and the object class reductions that created the operating budget reserve. Such measures can only be taken over a short period of time without long-term detrimental consequences to core court functions and the effective administration of justice in the District of Columbia.

See comment 1.

Child support bank account

The Courts are actively engaged in reconciling the child support bank account. Staff from the Courts' Financial Operations and Family Divisions are working with the bank and the Office of Corporation Counsel, the District of Columbia's IV-D agency that administers the child support program, to reconcile the account as quickly as possible. The Courts plan to complete the manual reconciliation of the child support account by September 30, 2000.

See comment 1.

Crime Victims Fund

Since enactment of the Fiscal Year 2000 Appropriations Act, the Courts have worked with OMB and the Treasury Department to establish a separate fund in the Treasury for the Crime Victims Fund. OMB is in the process of determining for the Treasury Department the type of account to be established. The Courts will continue their efforts, in cooperation with OMB, to resolve this issue before the end of the fiscal year.

Enclosure II

The following is GAO's comment on the letter from the Chief Judge of the Court of Appeals of the District of Columbia Courts dated July 25, 2000.

GAO Comment

1. We have added this information to the body of this letter.

(916318)