



OKLAHOMA COUNCIL ON JUDICIAL COMPLAINTS

Operational Audit

For the period July 1, 2020 through June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Council on Judicial Complaints**

**For the Period
July 1, 2020 through June 30, 2022**



November 14, 2022

TO THE OKLAHOMA COUNCIL ON JUDICIAL COMPLAINTS

We present the audit report of the Oklahoma Council on Judicial Complaints for the period of July 1, 2020 through June 30, 2022. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

Background

The Oklahoma Council on Judicial Complaints (the Agency) was created by 20 O.S. § 1652 to receive and investigate complaints concerning the alleged misconduct of Oklahoma Judges and Judicial Officers. The Council functions independent of the Judicial Branch of Government and has investigative powers similar to a Grand Jury. When appropriate the Council can initiate a process to remedy misconduct including discipline of a judge or removal from office with a prohibition of holding future judicial office. The Council also has the authority to initiate a criminal investigation of a judicial officer by the Oklahoma State Bureau of Investigation.

The mission of the Council is to efficiently and impartially investigate complaints regarding the conduct of persons holding judicial positions and to determine if such complaints should be the subjects of an action before the Court on the Judiciary or the Oklahoma Supreme Court, or should be dismissed.

The Oklahoma Council on Judicial Complaints (the Council) is composed of three members who serve five-year terms. At least one of the members must be a non-lawyer. They are appointed, one each, by the President Pro Tempore of the Oklahoma Senate, the Speaker of the Oklahoma House of Representatives, and the President of the Oklahoma Bar Association.

Board members as of September 2022 are:

Cathy Christensen..... Chairwoman
Nicole Bell Vice-Chairwoman
Jerry Franklin..... Member

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2021 and 2022 (July 1, 2020 through June 30, 2022).

Sources and Uses of Funds for FY 2021 and FY 2022

	2021	2022
Sources:		
Licenses, Permits & Fees	\$ 357,948	\$ 396,237
Non-Revenue Receipts	584	312
Total Sources	\$ 358,532	\$ 396,549
Uses:		
Personnel Services	\$ 232,584	\$ 278,652
Professional Services	89,841	111,191
Administrative Expenses	18,453	30,290
Property, Furniture, Equipment & Related Debt	11,053	4,557
Assistance & Payments to Local Governments	304	312
Travel Expenses	50	10,563
Total Uses	\$ 352,285	\$ 435,565

Source: Oklahoma statewide accounting system (unaudited, for informational purposes only)

**Scope and
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period of July 1, 2020 through June 30, 2022. To assess risk and develop our audit objective, we held discussions with management and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the statewide accounting system and information gathered from agency personnel to assess the related financial processes and trends for any notable risks
- Reviewing management’s processes for P-card purchases and review of P-card reports
- Reviewing a comprehensive list of personnel actions from the statewide accounting system to assess the changes that had a financial impact during the audit period
- Reviewing inventory listings, inventory account codes, and discussing the inventory count processes with staff
- Reviewing pertinent statutes and regulations and assessing related risks

One objective related to expenditures was developed, as discussed in the next section. No other significant risks or findings were identified as a result of these procedures.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their

*Standards for Internal Control*¹ outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

¹ *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

OBJECTIVE I

Determine whether the Agency's non-payroll expenditures were independently reviewed and approved in line with 20 O.S. §1660 and with Government Accountability Office *Standards for Internal Control*.

Conclusion

The Agency's non-payroll expenditures are not independently reviewed in line with GAO *Standards for Internal Control*. While the Agency complied with statute 20 O.S. § 1660, the Director has conflicting responsibilities of processing expenditures and reviewing the Agency's expenses. See our related recommendation below.

Objective Methodology

To accomplish our objective, we:

- Documented our understanding of the expenditure processes through discussion with management and review of documentation.
- Evaluated those processes and identified and assessed significant internal controls related to our objective.
- Confirmed the Director is reviewing expenditures in compliance with 20 O.S. § 1660, which states that the Agency's expenditures shall be approved by the chair, upon a majority vote of the Council, or by the Administrative Director as directed by the chair.

OBSERVATIONS AND RECOMMENDATIONS

Independent, Documented Review of Non-Payroll Expenditures Needed

As the Agency's expenditure process is currently designed, both the Principal Assistant and the Director approve the Agency's invoices. The Principal Assistant is responsible for posting payments in the Statewide Accounting System and the Director is responsible for approving the transactions. The Principal Assistant prepares a Claims and Expense report, an internal report listing the Agency's expenditures, and provides it to the Council after it is reviewed by the Director. Reportedly the Council is also periodically provided with the 6-Digit Detail Expenditure Report from the Statewide Accounting System, however there is no documentary evidence this is occurring.

In order to ensure expenditures are authorized and accurate, an independent review of a complete and reliable listing of the Agency's expenditures is necessary.

According to GAO *Standards for Internal Control*:

- Management may design a variety of transaction control activities for operational processes, which may include verifications,

reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.

- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.
- Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

Recommendation

We recommend that one or more Council members review an unaltered, line-item detailed expenditure report such as the 6-Digit Detail of Expenditure Report from the Statewide Accounting System. This review could be performed on a regular basis or randomly. Documentation of the review should be retained for audit purposes.

Views of Responsible Officials

The Director for the Council on Judicial Complaints intends to attach the 6-Digit Detail Expenditure Report from the Statewide Accounting System to the Claims and Expense Report for the Council Members' review at each of the Council's regularly scheduled Open Meetings. Both the agenda and minutes will reflect the attachment and review. Currently Okla. Admin. Code § 376:1-1-10 requires the Director provide the Council with a current financial report in a format approved by the Council. The currently approved format is the Claims and Expense Report. Should that approved format change in the future, the Director will ensure that, at a minimum, the Council's review of the agency's non-payroll expenditures includes the 6-Digit Detail Expenditure Report, or any future equivalent, from the Statewide Accounting System.

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STATE AUDITOR & INSPECTOR



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