

COUNCIL ON JUDICIAL COMPLAINTS

FOR THE PERIOD
JANUARY 1, 2007 THROUGH
DECEMBER 31, 2008

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

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

**For the Period
January 1, 2007 through December 31, 2008**

STATE AUDITOR AND INSPECTOR

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State Auditor

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May 20, 2009

TO THE COUNCIL ON JUDICIAL COMPLAINTS

Following is the audit report of the Council on Judicial Complaints for the period January 1, 2007 to December 31, 2008. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

Mission Statement

This mission of the Council on Judicial Complaints 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, the Oklahoma Supreme Court, or should be dismissed.

Council Members

Gary Clark Chairman
Leroy Milton Member
Glen Huff Member

Key Staff

Eric Mitts Executive Director
Laurie Kensil Principle Assistant

Council on Judicial Complaints Operational Audit

Background

The Council on Judicial Complaints (the Agency) was created to investigate allegations of judicial misconduct. The three members each serve a five year term and are appointed by Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Bar Association.

The Agency has jurisdiction over all persons subject to the Code of Judicial Conduct, including approximately 690 state, municipal, and administrative judges. They have two full-time staff.

Operations are governed by 20 O.S. §§ 1651 through 1662 as well as the Oklahoma Administrative Code Title 376.

Table 1 summarizes the Agency's sources and uses of funds for fiscal years 2007 and 2008.

Table 1-Sources and Uses of Funds for FY 2007 and FY 2008

Sources:	2007	2008
State Appropriations	<u>\$280,551</u>	<u>\$283,660</u>
Total Sources	<u>\$280,551</u>	<u>\$283,660</u>
Uses:		
Personnel Services	\$163,562	\$169,525
Professional Services	106,038	67,233
Travel	6,181	4,020
Miscellaneous Administrative	8,193	5,094
Rent Expense	6,528	12,620
Other	<u>2,164</u>	<u>3,054</u>
Total Uses	<u>\$292,666</u>	<u>\$261,546</u>

Source: Oklahoma CORE Accounting System (unaudited - for informational purposes only)

Authority, Purpose, and Scope

This 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 state officers 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. 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.

The audit period covered was January 1, 2007 through December 31, 2008.

Objective 1 - To determine if the Agency's internal controls provide reasonable assurance that expenditures were accurately reported in the accounting records.

Conclusion The Agency's internal controls generally provide reasonable assurance that expenditures were accurately reported in the accounting records. However, we did note two areas that should be strengthened.

Methodology To accomplish our objective, we performed the following:

- Documented internal controls related to the expenditure process;
- Tested controls which included:
 - Reviewing a sample of 40 expenditure claims (26 randomly selected and 14 haphazardly selected) from the period to ensure they were properly authorized. This included ensuring the invoice supported the payment, the invoice was mathematically accurate, the correct account code was used, and the expenditure was reasonable for the Agency's mission;

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

Observation

Inadequate Segregation of Duties Related to Expenditure Claims

An effective internal control system provides for adequate segregation of duties. The principle assistant is responsible for:

- Posting disbursements into the PeopleSoft accounting system;
- Receiving warrants from OSF;
- Mailing warrants to vendors.

The executive director has attempted to mitigate this risk by approving each claim presented to him and annually reviewing a detailed expenditure report from the PeopleSoft accounting system.

The Agency's limited size and staffing resources has made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Misappropriation of assets could occur may not be detected in a timely manner.

Recommendation To detect if an unauthorized expenditure occurred, we recommend the executive director review the detailed expenditure report from the PeopleSoft accounting system on a monthly or quarterly basis rather than annually.

Views of Responsible Officials The Director will review a detailed report of all expenditures generated by the PeopleSoft accounting system on a quarterly rather than an annual basis, and the Director will investigate the feasibility of renting a Post Office Box and directing the State Treasurer's

office to deliver all warrants to that box for acceptance by the Director only, on a weekly basis.

Inadequate Review of Certain Expenditure Claims -

Observation	<p>An effective internal control system provides for adequate review of expenditure claims.</p> <p>We reviewed 40 claims totaling \$41,042. We noted three claims (\$535.70) were travel reimbursements for the executive director. However, the executive director was the approving official for these claims. An additional eight claims (\$3,066.19) in the population were identified where this also occurred. It should be noted the Agency's governing council (The Council) is presented a financial report during meetings which identifies the travel expenditures incurred. Council minutes from the period reflect that all financial transactions were approved by the Council. This would include the travel claims in question.</p> <p>The executive director considered the review provided by the Council to be sufficient. Lack of a detailed review could allow for errors or irregularities to occur and not be detected in a timely manner.</p>
Recommendation	<p>We recommend the Council members review and approve any expenditure claims to the executive director prior to them being paid.</p>
Views of Responsible Officials	<p>Out of state travel by the Director will continue to require the prior approval of the Chairman or the Council as it currently does. All Director travel expenses will continue to be reported to the Council for review and approval as they currently are. All Director travel claim forms will be presented to the Chairman for his approval prior to submission for payment.</p>

Additional Procedures Performed

Methodology	<p>As a result of the control deficiencies identified under objective 1 of this report, the following procedures were performed:</p> <ul style="list-style-type: none">• Reviewed 12 expenditure claims to ensure they were reasonable for the Agency's mission. No exceptions were noted.
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Objective 2 - Determine whether the Agency complied with 20 O.S. § 1657.

Conclusion	<p>The Agency complied with 20 O.S. § 1657(Council members receive \$100 for each day of attendance at their sessions).</p>
Methodology	<p>To accomplish our objective, we performed the following:</p> <ul style="list-style-type: none">• We reviewed 20 O.S. § 1657;• Randomly selected four months from the period in which a Council meeting was held. We ensured the members present at those meetings each received \$100.



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