



OKLAHOMA COUNCIL ON JUDICIAL COMPLAINTS

Operational Audit

For the Period July 1, 2017 through June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

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

**For the Period
July 1, 2017 through June 30, 2020**



Cindy Byrd, CPA | State Auditor & Inspector

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April 12, 2021

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, 2017 through June 30, 2020. 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, the Oklahoma Supreme Court or should be dismissed.

The Oklahoma Council on Judicial Complaints 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.

Members as of March 2021 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 2019 and 2020 (July 1, 2018 through June 30, 2020).

Sources and Uses of Funds for FY 2019 and FY 2020

| | 2019 | 2020 |
|-----------------------------------|------------|------------|
| Sources: | | |
| Court Filing Fee | 431,932 | 376,210 |
| Other Non-Revenue Receipts | 500 | 794 |
| Total Sources | \$ 432,432 | \$ 377,004 |
| Uses: | | |
| Personnel Services | 216,832 | 270,953 |
| Professional Services | 84,798 | 82,844 |
| Travel | 3,329 | 29,450 |
| Administrative Expenses | 21,944 | 33,245 |
| Property, Furniture, Equipment | 5,076 | 3,549 |
| Refunds, Indemnities, Restitution | 197 | 878 |
| Total Uses | \$ 332,176 | \$ 420,919 |

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, 2017 through June 30, 2020. Our audit procedures included inquiries of appropriate personnel, research and analysis, and inspections of documents and records. Further details regarding our methodology are included in Appendix A. 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. Each of these components, listed in Appendix B for your reference, includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*², we have identified the aspects of internal control significant to each audit objective in this engagement and our assessments are detailed in Appendix B.

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>.

² *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

OBJECTIVE

Determine whether effective internal control activities related to the reconciliation process are in place to ensure all funds due to the agency are deposited and claimed, in line with *GAO Standards for Internal Control*.

Conclusion

The Agency's internal control activities related to the reconciliation process to ensure all funds due to the agency are deposited and claimed, are operating effectively as defined by *GAO Standards for Internal Control*.

No findings were identified as a result of the procedures performed. See details in Appendix A.

APPENDIX A: Detailed Methodology

In gaining an understanding of the agency and developing our objective, in addition to routine discussions, surveys, analysis, research, and prior audit follow-up, we performed the following:

- Documented significant agency-wide controls by sending the director key agency internal control questions significant to our objective, and by interviewing key employees to gather an understanding of the Agency.
- Reviewed expenditure data from the statewide accounting system and gathered information from Agency personnel to assess the related financial processes and trends for any notable risks.
 - In reviewing expenditures, we noted that that approximately 65% of the agency's expenditures are for payroll services. Audit period payroll expenditures amounted to \$738,341. We reviewed the HR All Actions report from the Statewide Accounting System and noted a total of eleven personnel transactions with a financial impact for the audit period.
 - Non-Payroll expenditures for the audit period were approximately 35%. Non-payroll expenditures amounted to \$361,256. We also reviewed the 6-digit expenditure detail report, scanning for unusual expenditures in miscellaneous expenditures, travel reimbursements or any recurring vendors that are unrelated to the objectives of the Agency.
 - No significant concerns arose from those procedures.
- Reviewed the Agency's inventory listing for FY19 and FY20 and noted the Agency had a reasonable amount of inventory and no significant concerns or risks were identified.
- In addition, we reviewed the previous SAI engagement workpapers and report completed in State Fiscal Year 2017. No exceptions were noted in the previous engagement.

OBJECTIVE: Determine whether effective internal control activities related to the reconciliation process are in place to ensure all funds due to the agency are deposited and claimed, in line with GAO Standards for Internal Control.

To accomplish our objectives, we performed the following:

- Documented significant internal controls and process factors related to receipting of revenues and tested those controls, which included:
 - Comparing the process to relevant standards and state policy as outlined in our objective language.
 - Reviewing 15 months of revenue (41.67% of the 36 monthly revenues in the population tested) to determine if the revenues were properly reviewed and reconciled by the director and signed off as complete by the Agency Director using the Fee Report, bank records, and revenue reports from the Statewide Accounting system.

APPENDIX B: Internal Control Components and Principles

The table below outlines the components and principles of internal control, identifies those considered significant to our specific objectives in this engagement, and notes whether those principles were found to be operating effectively. For those not operating effectively, further discussion and related recommendations are included in the report.

As recommended by Government Auditing Standards section 9.32, the full outline of the fundamental components of internal control and their underlying principles is included for your reference.

| Internal Control Component/Principle | Significant to Audit Objective I | Operating Effectively? |
|--|----------------------------------|------------------------|
| Control Environment Component – Foundation that provides processes and structure to help an entity set expectations and achieve its objectives. | | |
| 1. The oversight body and management should demonstrate a commitment to integrity and ethical values. | | |
| 2. The oversight body should oversee the entity’s internal control system. | | |
| 3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives. | | |
| 4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals. | | |
| 5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities. | | |
| Risk Assessment Component – Dynamic process of identifying, analyzing, and managing risks facing the entity. | | |
| 6. Management should define objectives clearly to enable the identification of risks and define risk tolerances. | | |
| 7. Management should identify, analyze, and respond to risks related to achieving the defined objectives. | | |
| 8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks. | | |
| 9. Management should identify, analyze, and respond to significant changes that could impact the internal control system. | | |
| Control Activities Component – Actions management establishes through policies and procedures to protect against risks. | | |
| 10. Management should design control activities to achieve objectives and respond to risks. | ✓ | Yes |

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|---|---|-----|
| 11. Management should design the entity’s information system and related control activities to achieve objectives & respond to risks. | | |
| 12. Management should implement control activities through policies. | ✓ | Yes |
| Information and Communication Component – Quality information communicated and used to support the internal control system. | | |
| 13. Management should use quality information to achieve the entity’s objectives. | | |
| 14. Management should internally communicate the necessary quality information to achieve the entity’s objectives. | | |
| 15. Management should externally communicate the necessary quality information to achieve the entity’s objectives. | ✓ | Yes |
| Monitoring Component – Activities to assess the quality of performance and promptly correct any deficiencies. | | |
| 16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. | ✓ | Yes |
| 17. Management should remediate identified internal control deficiencies on a timely basis. | ✓ | Yes |

The GAO emphasizes that each of the five components of internal control must be effectively designed, implemented, and operating. For an internal control system to be effective, the components must operate together in an integrated manner. They further stress that documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity’s internal control system.

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