

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Judicial Discipline and Disability Commission

For the Fiscal Year Ended June 30, 2021



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Judicial Discipline and Disability Commission. As discussed in the Results of Assessment section below, our procedures disclosed the Commission overpaid a vendor and did not pay invoices promptly, resulting in late fees.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Judicial Discipline and Disability Commission, a commission of Arkansas state government, as of and for the year ended June 30, 2021, and have issued our report dated August 26, 2022. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2021 State Comprehensive Annual Financial Report and Single Audit Report.

RESULTS OF ASSESSMENT

Assessment procedures disclosed the following internal control or compliance matters that were discussed with Agency officials during the assessment and at the exit conference:

Finding: According to regulation R1-19-4-1210 of the State Financial Management Guide, adequate internal administrative procedures and controls shall be established by each state agency executive administrator to ensure prompt and accurate payment of obligations.

During testing of expenditures, we noted that the Commission overpaid invoices to a records storage vendor and did not promptly pay the invoices for the year under review. Due to the four exceptions noted during testing, we expanded our review to include all invoices for this vendor for fiscal years 2020 through 2022 and noted the following:

1. The Commission paid for the September 2019, October 2020, and November 2020 months of service twice, resulting in overpayments totaling \$471.
2. The vendor did not follow the lease agreement in its monthly billing. Specifically, the vendor charged \$18 for standard deliveries, although the lease agreement stipulated \$15 per standard delivery. The vendor also overcharged the Commission for the 490 cubic feet the lease agreement said would be charged starting in December 2020. Overpayments resulting from noncompliance with the lease agreement totaled \$199.

ARKANSAS LEGISLATIVE AUDIT

500 Woodlane Street, Suite 172, Little Rock, AR 72201

Phone: 501-683-8600 Fax: 501-683-8605

www.arklegaudit.gov

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3. The Commission did not pay invoices promptly, resulting in late fees totaling \$88 being assessed by the vendor.

We recommend the Commission strengthen controls over disbursements by implementing procedures designed to detect and prevent duplicate payment of the same invoice and/or same services provided. We also recommend the Commission promptly pay invoices so that late fees are not assessed.

Management response: *The vendor has issued a refund to the Commission, and the Commission will strengthen its controls by verifying that the billed amount complies with the lease agreement.*

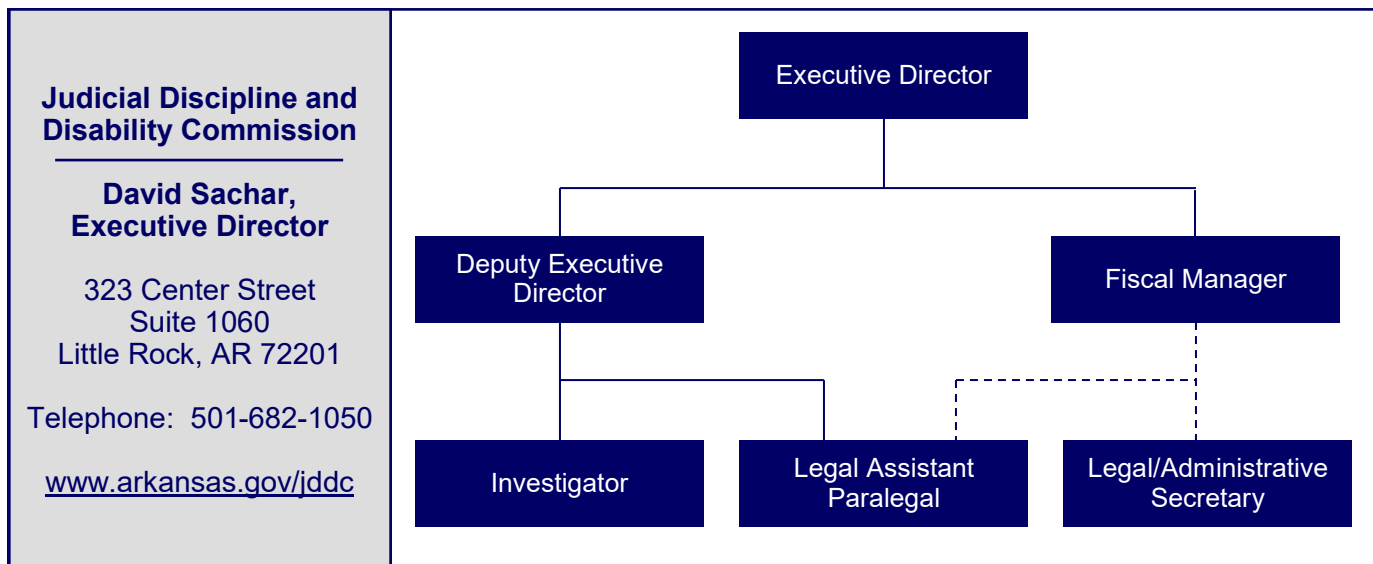
ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Judicial Discipline and Disability Commission was created by Amendment 66 to the Arkansas Constitution, passed in November 1988. The Commission consists of nine members: three judges, three attorneys, and three at-large members who are neither judges nor attorneys. The Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges.

The Commission's purpose is to help enforce the high ethical standards of judicial conduct on and off the bench and preserve both the integrity of judges and public confidence in the courts. In performing its functions, the Commission strives to maintain the necessary balance between judicial independence and public accountability. In July 1991, the Commission created a Judicial Ethics Advisory Committee that issues advisory opinions to all judges and judicial candidates on ethical matters. The Commission's organizational structure is provided in **Exhibit I**.

Exhibit I

Judicial Discipline and Disability Commission Organizational Chart



Source: Judicial Discipline and Disability Commission

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Revenues, expenditures, and transfers for fiscal years 2017 through 2021 are presented in **Exhibit II**. The Commission receives very little, if any, revenues, with funding primarily coming from general revenue transfers through the miscellaneous agencies fund. Net transfers for fiscal year 2021 were \$621,748.

Commission expenditures totaled \$630,898 in fiscal year 2021. The majority of expenditures were for salary expenses, which accounted for approximately 82% of total expenditures in fiscal year 2021. Salaries expense increased \$8,960, or 2%, in fiscal year 2021.

Assets and Liabilities

Commission assets at June 30, 2021, totaled \$53,075. Cash balances were reconciled to the State Treasury without exception. Asset and liability balances at year-end for fiscal years 2017 through 2021 are presented in **Exhibit III on page 4**. The Commission returned \$2,640 in unspent general revenues to the State at the end of the fiscal year 2021.

Exhibit II

Judicial Discipline and Disability Commission Revenues, Expenditures, and Transfers For the Years Ended June 30, 2017 through 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Total Revenues	\$ 0	\$ 474	\$ 139	\$ 169	\$ 0
Expenditures					
Salaries	\$ 514,976	\$ 506,016	\$ 488,375	\$ 446,829	\$ 500,956
Utilities and rent	59,829	58,344	58,728	57,712	54,619
Professional service fees	17,659	22,314	41,860	35,237	26,098
Other expenses	38,434	42,024	41,807	54,623	67,732
Total Expenditures	\$ 630,898	\$ 628,698	\$ 630,770	\$ 594,401	\$ 649,405
Net Transfers In (Out)	\$ 621,748	\$ 628,151	\$ 625,661	\$ 601,954	\$ 637,914

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III
Judicial Discipline and Disability Commission
Assets and Liabilities
For the Years Ended June 30, 2017 through 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Assets					
Cash and cash equivalents	\$ 2,640	\$ 12,911	\$ 3,683	\$ 14,254	\$ 41,025
Fixed assets	50,435	46,249	46,249	48,800	48,800
Other assets	0	0	0	56	0
Total Assets	\$ 53,075	\$ 59,160	\$ 49,932	\$ 63,110	\$ 89,825
Liabilities					
Payroll liability	\$ 23,031	\$ 21,610	\$ 17,555	\$ 17,232	\$ 25,295
Other liabilities	4,004	15,239	9,993	15,972	42,346
Total Liabilities	\$ 27,035	\$ 36,849	\$ 27,548	\$ 33,204	\$ 67,641

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

