

Financial-Related Audit

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**Minnesota Board on Judicial  
Standards**  
**July 1, 1998, through June 30, 2001**



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## Financial Audit Division

The Office of the Legislative Auditor (OLA) is a professional, nonpartisan office in the legislative branch of Minnesota State government. Its principal responsibility is to audit and evaluate the agencies and programs of state government (the State Auditor audits local governments).

OLA's Financial Audit Division annually audits the state's financial statements and, on a rotating schedule, audits agencies in the executive and judicial branches of state government, three metropolitan agencies, and several "semi-state" organizations. The division also investigates allegations that state resources have been used inappropriately.

The division has a staff of approximately fifty auditors, most of whom are CPAs. The division conducts audits in accordance with standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States.

Consistent with OLA's mission, the Financial Audit Division works to:

- Promote Accountability,
- Strengthen Legislative Oversight, and
- Support Good Financial Management.

Through its Program Evaluation Division, OLA conducts several evaluations each year and one best practices review.

OLA is under the direction of the Legislative Auditor, who is appointed for a six-year term by the Legislative Audit Commission (LAC). The LAC is a bipartisan commission of Representatives and Senators. It annually selects topics for the Program Evaluation Division, but is generally not involved in scheduling financial audits.

All findings, conclusions, and recommendations in reports issued by the Office of the Legislative Auditor are solely the responsibility of the office and may not reflect the views of the LAC, its individual members, or other members of the Minnesota Legislature.

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All OLA reports are available at our Web Site: <http://www.auditor.leg.state.mn.us>

If you have comments about our work, or you want to suggest an audit, investigation, evaluation, or best practices review, please contact us at 651-296-4708 or by e-mail at [auditor@state.mn.us](mailto:auditor@state.mn.us)



Senator Ann H. Rest, Chair  
Legislative Audit Commission

Members of the Legislative Audit Commission

Ms. Suzanne White, Chairperson  
Minnesota Board on Judicial Standards

Members of the Minnesota Board on Judicial Standards

Mr. David Paull, Executive Secretary  
Minnesota Board on Judicial Standards

We have audited the Minnesota Board on Judicial Standards for the period July 1, 1998, through June 30, 2001. Our audit scope included payroll, rent, legal service expenditures, and other administrative expenditures. The audit objectives and conclusions are highlighted in the individual chapters of this report.

We conducted our audit in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States. Those standards require that we obtain an understanding of management controls relevant to the audit. The standards require that we design the audit to provide reasonable assurance that the Minnesota Board on Judicial Standards complied with provisions of laws, regulations, contracts, and grants that are significant to the audit. Management of the Minnesota Board on Judicial Standards is responsible for establishing and maintaining the control structure and complying with applicable laws, regulations, contracts, and grants.

This report is intended for the information of the Legislative Audit Commission and the management of the Minnesota Board on Judicial Standards. This restriction is not intended to limit the distribution of this report, which was released as a public document on April 18, 2002.

*/s/ James R. Nobles*

James R. Nobles  
Legislative Auditor

*/s/ Claudia J. Gudvangen*

Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

End of Fieldwork: January 31, 2002

Report Signed On: April 10, 2002

# Minnesota Board on Judicial Standards

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### **Audit Participation**

The following members of the Office of the Legislative Auditor prepared this report:

Claudia Gudvangen, CPA  
Tom Donahue, CPA  
Kathy Fisher

Deputy Legislative Auditor  
Audit Manager  
Auditor-in-Charge

# Minnesota Board on Judicial Standards

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## Report Summary

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The Minnesota Board on Judicial Standards properly authorized, adequately supported and accurately recorded its payroll and other administrative expenditures in the states accounting records. In addition, for the items tested, the board complied with material finance-related legal provisions and applicable judiciary personnel plan provisions.

### Board Background

The Minnesota Board on Judicial Standards was established in 1971. The board consists of ten members: one Court of Appeals judge, three district court judges, two lawyers with ten years of Minnesota experience, and four citizens who are not judges, retired judges, or lawyers. The members may serve two four-year terms. The board is supported by a two member staff.

The mission of the Minnesota Board on Judicial Standards is to receive and act upon complaints alleging that Minnesota judges, referees, child support magistrates, or other judicial officers engaged in misconduct or were unable to perform their duties. A public hearing with the Supreme Court may result from the investigation of misconduct. The board may recommend a disciplinary measure to the Supreme Court.

**Financial-Related Audit Reports** address internal control weaknesses and noncompliance issues found during our audits of state departments and agencies. Our audit scope included payroll, rent, legal service expenditures, and other administrative expenditures. We did not identify any findings or concerns as a result of our work at the Minnesota Board on Judicial Standards.

# Minnesota Board on Judicial Standards

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## Chapter 1. Introduction

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The 1971 Legislature created the Minnesota Board on Judicial Standards as an independent state agency to receive and act upon complaints alleging that Minnesota judges, referees, child support magistrates, or other judicial officers engaged in misconduct or were unable to perform their duties. The board determines if there is cause for a public hearing with the Minnesota Supreme Court and also recommends judicial discipline to the Court. The board follows the professional rules issued by the Minnesota Supreme Court.

The Minnesota Board on Judicial Standards consists of ten members: one Court of Appeals judge, three district court judges, two lawyers who have practiced law in Minnesota for ten years, and four citizens who are not judges, retired judges, or lawyers. The Governor appoints all board members. Board members may serve up to two full four-year terms. The board appoints the executive secretary. Mr. DePaul Willette served as executive secretary from July 1992 through December 1998. The Minnesota Board on Judicial Standards appointed the current executive secretary, Mr. David Paull in December 1998.

General Fund appropriations finance the operations of the Minnesota Board on Judicial Standards. Table 1-1 shows the board's expenditures for the audit period.

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**Table 1-1**  
**Minnesota Board on Judicial Standards' Expenditures**  
**For the Three Fiscal Years Ended June 30, 2001**

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Payroll	\$172,188	\$160,115	\$169,189
Rent	14,526	14,592	14,678
Legal Services	25,943	14,725	518
Other Administrative Expenditures	<u>44,456</u>	<u>54,211</u>	<u>52,040</u>
Total Expenditures	<u>\$257,113</u>	<u>\$243,643</u>	<u>\$236,425</u>

Source: Minnesota Accounting and Procurement System (MAPS) reports.

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## Chapter 2. Payroll and Business Expense Reimbursements

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### *Chapter Conclusions*

*The Minnesota Board on Judicial Standards properly authorized, adequately supported, and accurately recorded its payroll and business expense reimbursements in the state's accounting records. In addition, for the items tested, the board complied with finance-related legal provisions and applicable judiciary personnel plan provisions.*

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Payroll was the Minnesota Board on Judicial Standard's largest expenditure. Payroll accounts for approximately 67 percent of the board's total expenditures. During the audit period, the board had payroll expenditures of \$501,492 and business expense reimbursements of \$16,150. Payroll and business expense reimbursements are processed through the State Employee Management System (SEMA4), the state's payroll system.

The executive secretary and an administrative assistant support the Minnesota Board on Judicial Standards' activities. The salary of the executive secretary is set by statute. For fiscal year 2001, the salary of the executive secretary was equal to 85 percent of the maximum salary provided for an administrative law judge under Minn. Stat. (2000) Section 15A.083, Subd. 6a. The board has adopted the Supreme Court's personnel plan for judicial employees. Board members are allowed a per diem as specified in Minn. Stat. (2000) Section 15.0575 and travel expenses for board activities.

### **Audit Objectives and Methodology**

Our audit of the Minnesota Board on Judicial Standards' payroll and business expenditures focused on the following questions:

- Did the board properly authorize, adequately support, and accurately record its payroll and business expenditures in the state's accounting records?
- Did the board comply with finance-related legal provisions and applicable judiciary personnel plan provisions for payroll and business expenditures?

To answer these questions, we interviewed board personnel to gain an understanding of the controls over payroll and business expenditures. We reviewed board payroll disbursements during the audit period for reasonableness. We tested payroll and business expense reimbursement transactions for compliance with statutory provisions and the judiciary personnel plan provisions. Board member per diems also were tested for compliance with statutory provisions.

## **Minnesota Board on Judicial Standards**

### **Conclusions**

The Minnesota Board on Judicial Standards properly authorized, adequately supported, and accurately recorded its payroll and business expenditures in the state's accounting records. In addition, for the items tested, the board complied with finance-related legal provisions and applicable judiciary personnel plan provisions.



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## Chapter 3. Other Administrative Expenditures

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### *Chapter Conclusions*

*The Minnesota Board on Judicial Standards properly authorized, adequately supported, and accurately recorded its administrative expenditures in the state's accounting system. In addition, for the items tested, the board complied with material finance-related legal provisions.*

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After payroll, the board's largest expenditures were for legal services and office rent. Other office administrative costs included network services, computers and system services, supplies, equipment, repairs, printing, employee development, and postage. Board staff enter purchase transactions into MAPS, the state's accounting system, and the Department of Finance makes the payment to the vendor.

#### **Legal Service Expenditures**

Under Supreme Court rule, the executive secretary may employ, with the approval of the board, special counsel, private investigators, or other experts, as necessary, to investigate and process matters before the board and the Supreme Court. During the audit period, the board had legal services expenditures of \$41,186 or approximately six percent of total expenditures. The majority of the legal services were for one Supreme Court case, which began in 1998.

#### **Rent**

The Minnesota Board on Judicial Standards has leased the office space in the Centre Pointe One Building in Mendota Heights since October of 1989. During the audit period, the board paid \$43,796 for its leased office space or approximately six percent of total expenditures.

#### **Other Administrative Expenditures**

During the audit period, the board had administrative expenditures of \$150,707, or approximately 20 percent of total expenditures. The board listed equipment purchases over \$500 as inventory and attached a state fixed asset sticker.

#### **Audit Objectives and Methodology**

Our audit of the Minnesota Board on Judicial Standards legal services, rent expenditures, and other administrative expenditures focused on the following questions:

## **Minnesota Board on Judicial Standards**

- Did the board properly authorize, adequately support, and accurately record its legal services, rent, and other administrative expenditures in the state's accounting system?
- Did the board comply with finance-related legal provisions for legal, rent, and other administrative expenditures?

To answer these questions, we interviewed board personnel to gain an understanding of the controls over legal services, rent, and other administrative expenditures. We reviewed the contractual agreement between the board and the legal firm and tested legal service expenditures. We reviewed the lease agreement and verified monthly lease activity for the audit period. We reviewed the ordering, receipt and payment process for other administrative expenditures. We tested a sample of administrative expenditures to determine if they were authorized, reasonable, and properly recorded in the accounting records.

### **Conclusions**

The Minnesota Board on Judicial Standards properly authorized, adequately supported, and accurately recorded its administrative expenditures in the state's accounting system. In addition, for the items tested, the board complied with material finance-related legal provisions.

## Minnesota Board on Judicial Standards

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### **Status of Prior Audit Issues As of January 31, 2002**

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Legislative Audit Report 98-56, issued in September of 1998, covered the period July 1, 1995, through June 30, 1998, and contained no findings.