

Minnesota Board on Judicial Standards Financial Related Audit

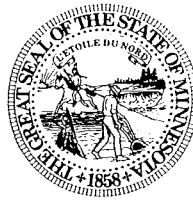
Three Fiscal Years Ended June 30, 1998

September 1998

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**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**

98-56



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
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Minnesota Board on Judicial Standards

Members of the Minnesota Board on Judicial Standards

De Paul Willette, Executive Secretary
Minnesota Board on Judicial Standards

We have audited the Minnesota Board on Judicial Standards for the period July 1, 1995, through June 30, 1998, as further explained in Chapter 1. Our audit scope included: payroll, rent, and legal services expenditures. The following Summary highlights the audit objectives and conclusions.

We conducted our audit in accordance with generally accepted auditing standards and *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 internal 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 September 30, 1998.

Handwritten signature of James R. Nobles in cursive.

James R. Nobles
Legislative Auditor

Handwritten signature of Claudia J. Gudvangen in cursive.

Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

End of Fieldwork: August 27, 1998

Report Signed On: September 28, 1998

SUMMARY

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Minnesota Board on Judicial Standards

Financial Related Audit Three Fiscal Years Ended June 30, 1998

Public Release Date: September 30, 1998

No. 98-56

Background

The 1971 Legislature created the Minnesota Board on Judicial Standards as an independent state agency to receive and act upon complaints about Minnesota judges for judicial misconduct or wrongdoing. The board also reviews judicial disability matters. The board consists of ten members: one judge of the Court of Appeals, three trial 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 members and, except for the judges, senate confirmation is required. Board members may serve up to two full four-year terms. The board appoints the executive secretary. Mr. DePaul Willette has served as executive secretary since July 1, 1992.

Objectives and Conclusions

The objectives of our audit were to gain an understanding of the internal control structure over the accounting and reporting of the Minnesota Board on Judicial Standards' financial activities and to determine if the board complied with material finance-related legal provisions. The areas covered by our audit were payroll, rent, and legal services for the period July 1, 1995, through June 30, 1998.

The Minnesota Board on Judicial Standards designed and implemented internal controls to provide reasonable assurance that transactions were properly authorized, adequately supported, and accurately reported in the state's accounting system. In addition, for the items tested, the board complied with material finance-related legal provisions and applicable provisions of the judiciary personnel plan.

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	Deputy Legislative Auditor
Tom Donahue, CPA	Audit Manager
Charlie Gill	Auditor-in-Charge

Minnesota Board on Judicial Standards

Chapter 1. Introduction

The 1971 Legislature created the Minnesota Board on Judicial Standards as an independent state agency to receive and act upon complaints about Minnesota judges for judicial misconduct or wrongdoing. The board also reviews judicial disability matters. The Minnesota Supreme Court issues the rules of the board.

The Board on Judicial Standards consists of ten members: one judge of the Court of Appeals, three trial 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 members and, except for the judges, senate confirmation is required. Board members may serve up to two full four-year terms. The board appoints the executive secretary. Mr. DePaul Willette has served as executive secretary since July 1, 1992.

The board does not have jurisdiction over court administrators or their employees, court reporters, or probation personnel. Complaints against federal judges are filed in the Eighth Circuit Court of Appeals.

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.

Table 1-1
Minnesota Board on Judicial Standards
For the Three Fiscal Years Ended June 30, 1998

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>Total</u>
Expenditures:				
Payroll	\$129,089	\$131,978	\$155,137	\$416,204
Rent	14,261	14,227	14,421	42,909
Legal Services	93,113	78,607	112,016	283,736
Other	<u>22,951</u>	<u>32,806</u>	<u>22,540</u>	<u>78,297</u>
Total Expenditures	<u>\$259,414</u>	<u>\$257,618</u>	<u>\$304,114</u>	<u>\$821,146</u>

Source: Statewide Accounting System (SWA) and the Minnesota Accounting and Procurement System (MAPS) Reports.

Chapter 2. Payroll

Chapter Conclusions

The Minnesota Board on Judicial Standards designed and implemented internal controls to provide reasonable assurance that payroll expenditures were properly authorized and accurately reported in the accounting records. In addition, for the items tested, the board complied with material finance-related legal provisions and applicable judiciary personnel plan provisions.

A two-person staff, the executive secretary and an administrative assistant, supports the board. The salary of the executive secretary is set by statute. For fiscal year 1998, the salary of the executive secretary was equal to 85 percent of the maximum salary provided for an administrative law judge under section 15A.083, subdivision 6a. The board has adopted the Supreme Court's personnel plan for judicial employees.

Payroll accounts for approximately 51 percent of the board's expenditures. As shown in Table 1-1, the board expended \$416,204 in payroll related costs during the audit period.

The board began using the state's new SEMA4 payroll system during December 1995. Prior to that time, the Department of Finance entered all of the board's payroll transactions into the state's old personnel/payroll systems.

Audit Objectives and Methodology

Our audit of the board's payroll focused on the following questions:

- Did the Minnesota Board on Judicial Standards design and implement internal controls to provide reasonable assurance that payroll expenditures were properly authorized and accurately reported in the accounting records?
- Did the Minnesota Board on Judicial Standards payroll expenditures comply with applicable statutory provisions and judiciary personnel plan provisions?

To answer these questions, we interviewed board personnel to gain an understanding of the controls over payroll expenditures. We reviewed all board payroll disbursements for the audit period. We tested a sample of payroll transactions for compliance with statutory provisions and the judiciary personnel plan provisions.

Conclusions

The Board on Judicial Standards designed and implemented internal controls to provide reasonable assurance that payroll expenditures were properly authorized and accurately reported in the accounting records. In addition, for the items tested, the board complied with material finance-related legal provisions and applicable judiciary personnel plan provisions.

Chapter 3. Other Administrative Expenditures

Chapter Conclusions

The Board on Judicial Standards designed and implemented internal controls to provide reasonable assurance that legal services and rent expenditures were properly authorized, adequately supported, and accurately reported in the state's accounting system. In addition, for the items tested, the board complied with material finance-related legal provisions.

Under board 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 before the Supreme Court. For the period July 1, 1995, through June 30, 1998, expenditures for such legal services averaged 35 percent of total expenditures. As shown in Table 1-1, the board expended \$283,736 in legal services during the audit period.

Rent payments for leased office space averaged five percent of total expenditures during the audit period. As shown in Table 1-1, the board expended \$42,909 in rent related costs for the three fiscal years ended June 30, 1998.

Audit Objectives and Methodology

Our audit of the board's legal services and rent expenditures focused on the following questions:

- Did the board design and implement internal controls to provide reasonable assurance that legal services and rent expenditures were properly authorized, adequately supported, and accurately recorded in the state's accounting system?
- Did the board comply with material finance-related legal provisions?

To answer these questions, we interviewed board personnel to gain an understanding of the controls over legal services and rent expenditures. We reviewed and tested legal service expenditures and verified monthly lease activity for the audit period.

Conclusions

The Minnesota Board on Judicial Standards designed and implemented internal controls to provide reasonable assurance that legal services and rent expenditures were properly authorized, adequately supported, and accurately recorded in the state's accounting system. In addition, for the items tested, the board complied with material finance-related legal provisions.