



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
Auditor

June 20, 2005

Limited Internal Control and Compliance Review Management Report

Luther T. Brantley, III, Executive Director
Mississippi Commission on Judicial Performance
P. O. Box 22527
Jackson, Mississippi 39225-2527

Dear Mr. Brantley:

Enclosed for your review are the limited internal control and compliance review findings for the Mississippi Commission on Judicial Performance for the Fiscal Year 2004. In these findings, the Auditor's Office recommends the Mississippi Commission on Judicial Performance:


1. Strengthen internal controls over contractual expenditures; and
2. Ensure purchases are made in compliance with state laws.

Please review the recommendations and submit a plan to implement them by July 15, 2005. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

This report is intended solely for the information and use of management and Members of the Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendations enable the Mississippi Commission on Judicial Performance to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Commission on Judicial Performance throughout the review. If you have any questions or need more information, please contact me.

Sincerely,

Phil Bryant
State Auditor

Enclosures

The Office of the State Auditor has completed its limited internal control and compliance review of the Mississippi Commission on Judicial Performance for the year ended June 30, 2004. The Office of the State Auditor's staff members participating in this engagement included Rob Robertson, Laura Griffin, and Lucreta Walker.

The fieldwork for review procedures and tests was completed on March 11, 2005. These procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

In performing our review, we noted a matter involving the internal control over financial reporting and an instance of noncompliance that requires the attention of management. These matters are noted under the headings **IMMATERIAL WEAKNESS IN INTERNAL CONTROL** and **INSTANCE OF NONCOMPLIANCE WITH STATE LAWS**.

IMMATERIAL WEAKNESS IN INTERNAL CONTROL

Internal Controls Should Be Strengthened over Contractual Services Expenditures

Finding:

During our review of 15 contractual services expenditures at the Mississippi Commission on Judicial Performance, we noted the following:

- Three instances in which there was no contract on file. Two of these instances related to court reporting services, and one instance related to consulting services.
- One instance in which payment was not submitted in accordance with the contractual agreement. This instance related to the monthly rental payment of the office building. We noted that three monthly invoiced amounts for rent for the months of November 2003, December 2003 and January 2004 were not paid until January 2004. The contract on file requires monthly payments.

Good internal controls dictate that contractual agreements be documented in writing, outlining the services to be performed and the consideration for such services (including the basis for consideration). Without a written contractual agreement, duties and costs to the parties involved are not adequately documented. Prudent business practices mandates execution of a written contractual agreement binding the parties in costs and duties. Good internal controls also require payments to be made in accordance with contractual agreements in place. Failure to obtain and maintain signed contractual agreements could allow improper payments to be made.

Recommendation:

We recommend the Mississippi Commission on Judicial Performance obtain written contractual agreements signed by both parties to document services to be performed by individuals and/or organizations. The contracts should document agreed upon costs as well as duties to be performed. We further recommend the Commission ensure that payments comply with terms of the contract.

INSTANCE OF NONCOMPLIANCE WITH STATE LAWS

Purchases Should Be Made in Accordance with State Laws

Finding:

Testwork performed at the Mississippi Commission on Judicial Performance on expenditures which required purchase orders revealed three instances totaling \$12,857.50 in which purchase orders were prepared after vendor invoices were received.

Section 7-7-23, Miss. Code Ann. (1972), states that purchases of equipment, supplies, materials or services of whatever kind or nature may be made only by written purchase orders duly signed by the official authorized to do so. It further states that it shall be the duty of the proper official in each department or agency to forward a copy of each purchase order to the Department of Finance and Administration on the same day the said order is issued. Failure to prepare purchase orders prior to making purchases impedes the agency's and the Department of Finance and Administration's ability to maintain budgetary control.

Recommendation:

We recommend the Mississippi Commission on Judicial Performance implement procedures to ensure purchase orders are prepared and approved prior to goods and services being ordered in compliance with Section 7-7-23, Miss. Code Ann. (1972).