

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
JUDICIAL DISCIPLINE AND DISABILITY COMMISSION
FOR THE YEAR ENDED JUNE 30, 2022**

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 again overpaid invoices and failed to promptly pay invoices, resulting in late fees and finance charges as discussed below:

Due to exceptions noted during our regular testing, we expanded testing to cover all payments made in fiscal year 2022 to the vendor that supplies postage for the Agency's postage meter. Expanded testing revealed the following errors, which appear to be the result of oversight by Agency staff charged with processing payments and delays by management in reviewing and approving items for payment:

- Duplicate payments totaling \$428 made in October 2021 and June 2022.
- Six payments that included invoiced amounts for late fees and/or finance charges totaling \$230, issued in September and December 2021 as well as February and May 2022.

Additionally, the Agency recorded these late fees and finance charges in the general ledger as "postage" rather than "penalties and interest."

Recommendation:

We recommend the Agency strengthen controls over disbursements by implementing procedures designed to make correct and timely payments that are appropriately recorded as to amount, classification, and period.

Agency Response:

The Commission will strengthen its controls by getting READ-ONLY access to AASIS, verifying the billed amounts, and requesting that the vendor submit invoices by email to expedite the ability to process the payments in a timely matter.

The Agency's Fiscal Manager has taken steps to get READ-ONLY access to AASIS. The support managers for AASIS attempted to install "SAP front-end installer" on to the Fiscal Manager's computer in July 2023. They were unable to complete the installation because the current computer will not support the program. The Agency will request additional funding to purchase new computers during the next biennial budget process. The Fiscal Manager will continue to verify billed amounts and implement additional internal controls to ensure that overpayments do not occur. The Fiscal Manager will request emailed invoices from vendors. The new Agency Director and the Fiscal Manager have implemented an internal, expedited process for reviewing and approving items for payment so that management delays do not occur.