

The Response of the Administrative Office of the Courts to the Legislative Oversight and Investigations Committee's Judicial Contracting Study

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Administrative Office of the Courts

June 16, 2022

Actions Taken By AOC After Receipt of the 2018 Report of the Auditor of Public Accounts

- Engaged Deloitte to Assist with Implementation of its Response to the Audit
 - Made recommendations concerning internal controls, including automated controls and systems
 - Developed 6 process narratives and workflows
- Reorganization of AOC
 - Established Office of Finance and Administration (OFA)
 - Hired a Director of Finance and Administration
 - Established Office of Audits
 - Hired a Director of Audits
 - Hired an AOC Policy Officer
 - Hired an Executive Officer of the Department of Financial Services
 - Established and staffed a Division of Procurement
- Developed Independent Internal Audit Function
 - Retained Dean Dorton to assist with establishing an internal audit function and conduct several internal audits in the audit plans for the first two years
 - Established the Division of Internal Audit and hired staff
 - Established the Audit Oversight Committee
 - 11 internal audits performed in 2 years



Actions Taken By AOC After Receipt of the 2018 Report of the Auditor of Public Accounts

- Supreme Court Adopted and Revised Administrative Procedures
 - Revisions to Reimbursement for Official Travel
 - Internal and External Audits of the AOC
 - Revisions to Personnel Policies
- Supreme Court Entered New Administrative Order
 - Judicial Branch Surplus Property
- Adopted New AOC Policies
 - Policy for Policy Development
 - Reimbursement for Job-Related Certification/Licenses/Memberships
 - Cash Handling
 - Conflict of Interest in Leasing
- Adopted Credit Card Program Policies and Procedures
 - ProCards
 - Credit Cards
- Developed Auditable Financial Statements
 - FY 2021 were audited by MCM CPAs & Advisors LLP
 - FY 2022 to be published in October



Actions Taken By AOC After Receipt of the 2018 Report of the Auditor of Public Accounts

- Leveraged Available Technology to Add Additional Internal Controls
 - SharePoint
 - OnBase forms and associated workflows
 - eMARS
- Property Accountability Improvements
 - All fixed asset information maintained by the Accounting Services Division in one information system, Archibus
 - Working to update sublocation codes in eMARS
 - Working to update insurance certificates with State Risk
 - Physical Inventory of all over-\$300 fixed assets completed this year
- OFA Standard Operating Procedures
 - 189 SOPs complete or in development
- OFA Forms
 - 156 Forms complete or in development
 - 37 Contract templates complete or in development



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Finding 1: Auditor of Public Accounts Recommendations Have Been Implemented

- AOC agrees with this finding and will implement the two recommendations of the Committee.
- AOC will incorporate a statement in the OnBase form and associated workflow for managers of ProCard holders to verify prior verbal approval of any purchases in excess of \$500.
- AOC will recommend that the Supreme Court more formally designate the internal audit division as the judicial branch's reporting entity for fraud, waste, and abuse in AP Part III and AP Part XIX.



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Finding 2: Contract Documents Met Many, But Not All, Requirements

- AOC agrees with this finding, which primarily focused on digitizing files, maintaining requisition forms with the files, and using correct forms.
- The Procurement Division is implementing a new form and workflow in OnBase for requisitions, called eRequisition, in Fiscal Year 2023. eRequisition will require all necessary form fields to be completed before a requisition may be submitted and will route the form to the manager and the budget director for approval before sending the form to the buyer. Competitive Exceptions are documented in eRequisition, and all documentation related to the requisition is digitized and maintained in OnBase. AOC believes the new system will resolve the findings and recommendations made by the Committee.
- It should be noted that for files without an approved request form, the manager and the Budget Director were required to sign the contract, evidencing approval.



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Finding 3: General Accounting Expenditures Were Used for Unsuitable Payments

- AOC agrees with this finding and states that it has historically used GAX payments to pay purchase orders created and maintained in its in-house purchase order database. Until recently, AOC staff were unaware that a stand alone PRC could be used to pay purchase orders that had not been entered in eMARS.
- The AOC's new procurement policy, effective July 1, will require POs to be paid using stand alone PRCs and allows GAX documents to be used only to pay reimbursements, utilities, telephone and internet, and mail. No exceptions are permitted.





Code	Product	Price	Total		
			2017	2018	2019
T0001	RICE	120	1200	1320	1440
T0002	PORK	100	650	750	850
T0003	CORN	85	850	900	700
T0004	PEANUT	150	300	600	900
T0005	CHECKEN	100	2000	2500	2800
T0006	COCONUT	150	600	750	900
T0007	MANGO	70	700	840	770

Continuous Improvement

- Train employees on new policies, procedures, and eMARS.
- Seek opportunities to leverage eMARS.
 - Using stand-alone PRCs to pay POs and DOs instead of GAX documents.
 - Updating cited authorities list in eMARS to include cited authorities applicable to the judicial branch.
 - Creating POs and DOs in eMARS, beginning in FY2023.
- Seek additional opportunities to leverage OnBase.
 - Invoices
 - Contract development and routing
 - Travel
- Policies under development:
 - Telework
 - Drug Testing
 - ITS Security



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Continuous Improvement

- Rules of Administrative Procedure being drafted or updated:
 - Judicial Branch Grants
 - Procurement
 - Accounting
 - Capital Construction Program
 - Operation and Maintenance of Court Facilities
 - Leasing
 - Security
- Department of Procurement improving:
 - Vendor Management
 - Contract evaluation and administration

AOC Personnel

Laurie K. Givens
Director

Jenny Lafferty
Director of Finance and Administration

Carole Henderson
Budget Director

Tammy Brown
Executive Officer
Department of Financial Services

Ashley Hooker-Lane
Manager
Division of Procurement

Sonya Conway
Manager
Division of Accounting

Jason McGinnis
Deputy Director

Alice Wilson
Director of Audits

Tressa Milburn
AOC Policy Officer

Danny Rhoades
Executive Officer
Department of Court Facilities

Christie Collier
Manager
Division of Real Property

Mark Bannister
Manager
Division of Capital Construction



Questions?

