Judiciary
Officers of the Special Civil Part, Law Division, Superior Court

January 1, 1998 to June 23, 1998
The Honorable Deborah T. Poritz  
Chief Justice of the Supreme Court

The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Jack Collins  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Judiciary, Officers of the Special Civil Part, Law Division, Superior Court for the period January 1, 1998 to June 23, 1998.

If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
August 3, 1998
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Scope

We have completed an audit of the Judiciary, Officers of the Special Civil Part, Law Division, Superior Court for the period January 1, 1998 through June 23, 1998.

Officers are independent contractors who serve writs, serve judgments, and, in 12 of the 15 vicinages, collect funds. The assignment judge of each vicinage appoints the officers.

Objectives

The objective of our audit was to determine the adequacy of and degree of compliance with the AOC directive concerning the monitoring of district court officer fiscal activities. We also tested for resolution of the applicable conditions noted in our prior report.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation and policies of the agency. Provisions that we considered significant were documented and compliance with these requirements was verified by interview, observation, and tests of monitoring procedures. We also interviewed agency personnel to obtain an understanding of the program and the internal controls.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions about internal control and compliance attributes. Sample items were judgmentally selected.

To ascertain the status of the relevant issue included in our prior audit, we identified and documented corrective action, if any, taken by the auditee and walked through the systems to determine if the
corrective action was effective. Items of noncompliance have been updated and documented below.

Our review of the Officers of the Special Civil Part audits disclosed several areas of weakness indicating that these audits provide a false sense of security when used as a monitoring tool. Administrative Office of the Courts (AOC) directive 4-82 requires semi-annual audits be performed of the officers’ records. Our 1994 audit of the vicinages stated that the criteria established by AOC directive 4-82 for audits of the officers was not sufficient to ensure a thorough review of their records. The directive, which has not been updated, did not detail all required steps to be performed by the auditor nor did it address the type of report to be issued. This resulted in a wide difference in the procedures completed and the nature of the reports being issued by the various firms contracted to perform the audits. Furthermore, audits which we reviewed did not meet the criteria established in the AOC directive; a condition also noted in our 1994 audit. Few of the firms sent out the necessary confirmations in the manner required and other audits were limited to the performance of bank reconciliations. One officer’s audit was performed by an individual who was neither a CPA or RMA as required by AOC directive 4-82.

During our 1994 audit, we noted that there was no mechanism at either the counties or the AOC to ensure the audits were performed. Although the AOC maintains a listing of all officers, they were unable to distinguish between those who collect post judgments, thus requiring an audit, and those who serve only papers. We additionally stated there were no effective reviews of completed audits to determine their adequacy and to ensure follow up on weaknesses noted. The AOC has since assigned this responsibility within their organization. However, at least one of the prior three audits was not available when requested for 30 of 60 officers. None of the requested audits were available for officers in two of the counties, while in two other counties the last two

Conclusions

Current AOC procedures monitoring the district court officers do not provide assurance that court awarded settlements are reaching the proper recipients in a timely manner.
audits of each officer were not available. The AOC was able to obtain these audits at a later date.

The semi-annual audit reports indicated there were delays in the officers’ remittance of post judgment awards to the court-directed recipient of these funds. Information taken from the audit reports show that some officers retained more than one month’s cash receipts in their bank accounts, indicating remittances were being unnecessarily delayed. In addition, 51 reports showed an outstanding checks amount of more than the entire final month’s disbursements which raises questions as to their ultimate disposition. The AOC directive 4-82 requires monthly remittance of funds by the officers. This condition was also noted in the 1994 audit.

In 1994, two vicinages had procedures in place where the officers served papers but did not collect or disburse funds. The monies were sent to the courts, which then assumed the responsibility of disbursing them to the court-ordered recipient. This process avoided many of the problems noted in that report, a number of which still exist as detailed above. Vicinage employees maintained the records removing the need for the audit. Additionally, it strengthened the safeguards over the funds collected by centralizing the collection and disbursement process, while giving the AOC control over the disbursement date. We recommended that the AOC adopt the cash receipt procedures used by these two vicinages. Since 1994 only one other vicinage has adopted these procedures.

**Recommendation**

We repeat our recommendation that the AOC adopt the procedures utilized by the three vicinages which have taken over the post judgment clerical, collection, and disbursement functions.

Please be advised that a more stringent process of monitoring the required audits is now being devel-
Auditee’s Response

oped for use in the vicinages with oversight from the Administrative Office of the Courts and the requirement for auditors to be either CPAs or RMAs will be enforced. Also, we will be reviewing Directive #4-82 and making recommendations for appropriate changes to insure that it is explicit in its audit and reporting requirements.

With respect to the report’s conclusion that the AOC should require all vicinages to adopt procedures implemented in several whereby vicinage staff have taken over the post judgment clerical, collection, and disbursement functions, there are many ramifications to be explored. The compensation to which these officers are entitled is specified in law (N.J.S.A. 22A:2-37-2). In addition, to make these functions part of normal trial court operations would require additional staff, in a number yet to be determined. We will be exploring this during the next Court year.

The Judiciary is committed to assuring compliance with established policy and procedure relating to Officers of the Special Civil Part. We do not concur with the report’s conclusion that transfer of these identified functions from the Officers to Trial Court staff is the most appropriate means to the end at this time.

On behalf of Judge Ciancia, I would like to thank you for this opportunity to respond to the report.