Judiciary
Administrative Office of the Courts
Superior Court of New Jersey
Atlantic/Cape May Vicinage

July 1, 1997 to August 17, 1998

Richard L. Fair
State Auditor
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 Administrative Office of the Courts, Superior Court of New Jersey Atlantic/Cape May Vicinage for the period July 1, 1997 to August 17, 1998.

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

Richard L. Fair  
State Auditor  
September 16, 1998
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We have completed an audit of the Judiciary, Administrative Office of the Courts, Superior Court of New Jersey, Atlantic/Cape May Vicinage for the period July 1, 1997 to August 17, 1998. Our audit included financial activities accounted for in the state’s General Fund.

Fiscal year 1998 appropriations for the vicinage were $10.8 million. The prime responsibility of the vicinage is the overall operation of the Civil, Criminal and Family Courts, the Probation Services Unit and a Field Operations Section. Vicinage revenues totaled $2.6 million during fiscal year 1998 and the major components of revenue were fines and fees collected.

The objectives of our audit were to determine whether financial transactions were related to the agency's programs, were reasonable and were recorded properly in the accounting systems. We also tested for resolution of significant conditions noted in our prior reports which were within our current audit scope.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

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, administrative code, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed agency
personnel to obtain an understanding of the programs and the internal controls.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Samples were selected on a judgmental basis.

To ascertain the status of findings included in our prior reports, we identified corrective action, if any, taken by the agency and walked through the system to determine if the corrective action was effective.

**Conclusions**

We found that the financial transactions included in our testing were related to the agency's programs, were reasonable and were recorded properly in the accounting systems. In making this determination, we noted an internal control weakness requiring management's attention. We also found that the agency has resolved the significant issues noted in our prior report.
Payroll and Personnel

Management is responsible for establishing and executing internal controls that will safeguard assets from loss or unauthorized use. Adequate segregation of duties, including subjecting the work of each employee to the review of another employee, is an important element of internal control. Our review of payroll procedures at one county within the vicinage, indicated a lack of this element. The individual who prepared the payroll proofs and maintained the leave time also received the bi-weekly pay checks prior to distribution.

Recommendation

We recommend management strengthen internal controls by ensuring the duties of payroll proof preparation and maintenance of leave records are performed by an individual other than the one who receives the payroll checks.

Auditee’s Response

The duties of preparing payroll and distributing paychecks in the county in question are now performed by two individuals to ensure proper internal controls.