The Judiciary
Superior Court of New Jersey
Camden Vicinage

July 1, 1995 to June 30, 1997

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, Superior Court of New Jersey, Camden Vicinage, for the period July 1, 1995 to June 30, 1997.

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

Peter M. Guilfoyle  
Assistant State Auditor  
July 30, 1997
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Methodology</td>
<td>2</td>
</tr>
<tr>
<td>Conclusions</td>
<td>2</td>
</tr>
<tr>
<td>Findings and Recommendations</td>
<td></td>
</tr>
<tr>
<td>House Arrest Program</td>
<td>3</td>
</tr>
<tr>
<td>Reconciliation of Open Bail and Bank Records</td>
<td>4</td>
</tr>
<tr>
<td>Payroll</td>
<td>5</td>
</tr>
<tr>
<td>Purchasing</td>
<td>6</td>
</tr>
</tbody>
</table>
The Judiciary  
Superior Court of New Jersey  
Camden Vicinage

**Scope**

We have completed an audit of The Judiciary, Superior Court of New Jersey, Camden Vicinage for the period July 1, 1995 to June 30, 1997. Our audit included financial activities accounted for in the state’s General Fund and the Judiciary Bail Fund.

Total general fund expenditures of the vicinage during the audit period were approximately $42 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. The main components of vicinage revenues were fines and forfeitures which approximated $5.6 million during our audit period. For the audit period, receipts and disbursements of the Judiciary Bail Fund were approximately $9.2 million and $9.5 million, respectively.

**Objectives**

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 prior audit 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.
Methodology

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 control structure.

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. Sample transactions were judgmentally selected.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the vicinages 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 certain internal control weaknesses and matters of compliance with laws and regulations meriting management's attention.

Details of our findings and recommendations follow.

Auditee’s Response

We concur with the findings. We have taken steps to implement all of the recommendations.
House Arrest Program

Individuals who are placed in the house arrest program are assessed a daily fee of $7 to defray the costs of the program. Fees totaling $181,000 during the audit period were processed as refunds of disbursements on the New Jersey Comprehensive Financial System. Payments are accepted in the form of cash or money orders.

Internal controls were not adequate to provide management with reasonable assurance that all fees due are collected and deposited intact. There are no written policies and procedures governing the collection, deposit and accounting of house arrest program fees. Written procedures are necessary to establish a basis for the system of internal controls over cash collections. The following weaknesses should be addressed by management.

Probation Officers only issued receipts to individuals who make payments in cash. These receipts were not prenumbered, properly accounted for or reconciled with collections.

No centralized subsidiary records existed which could provide management with information to track amounts receivable and funds collected.

Records were not maintained by someone independent of the cash collection process. Probation Officers were responsible for cash collections and maintaining individual subsidiary records of balances due. Additionally, one individual received the funds from all officers without issuing receipts, maintained the funds in a locker and forwarded collections to another unit for deposit preparation. A manual log maintained by this employee only listed totals forwarded.

Procedures to properly safeguard and account for funds received from individuals placed in the house arrest program should be developed.
There were no independent reconciliations of collections with amounts due or bank deposits.

Recommendation

We recommend the vicinage develop and implement written procedures over the collection, deposit and maintenance of house arrest program fees. These procedures should provide for the utilization of prenumbered receipts for all collections, adequate subsidiary record keeping and periodic reconciliations.

Reconciliation of Open Bail and Bank Records

Reconciliation of vicinage records and those of the bank are necessary to ensure that the proper amount of funds are available to refund sureties.

Recommendation

We recommend the vicinage comply with the internal audit recommendation and perform these reconciliations on a regular basis.

Payroll
The vicinage should strengthen controls over payroll processing. Payroll expenditures for the vicinage totaled $37.2 million during the audit period. The timekeeping function was decentralized at each of five organizations maintaining employee time and leave records. To safeguard salary appropriations against theft or unauthorized use, management must establish proper internal controls.

Paycheck distribution and timekeeping functions were not properly segregated. The same individuals who maintained employee time records received and distributed paychecks.

Probation Services has a computerized employee time tracking system in lieu of time sheets. This system did not provide for supervisory approvals of employee time worked. Additionally, regular bi-weekly pay time for nine sampled Probation Services employees could not be traced to the computerized time tracking system for a selected pay period. The prescribed Judiciary time sheet which accounts for employee time worked during the state pay period and requires a supervisory approval signature was not being utilized by all employees within Civil and Family Courts. Various employees within those two organizations used alternative time reporting methods that included daily time sheets and county issued weekly time sheets that account for hours worked on a Friday to Thursday basis. Additionally, the daily time sheets utilized by Civil Court clerks and aides were not certified by an approval officer.

Recommendation

We recommend the vicinage strengthen the internal controls over payroll through the segregation of employee timekeeping and paycheck distribution functions. In addition, all employees of the vicinage should utilize the prescribed Judiciary time reporting form to account for hours worked.

Purchasing

Purchasing guidelines mandated by the Department of
Vicinage purchases should be executed in accordance with established state guidelines.

Recommendation

We recommend vicinage purchases be made in accordance with purchasing guidelines established by the Department of the Treasury, Division of Purchase and Property.

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