Judiciary
Administrative Office of the Courts
Superior Court of New Jersey
Middlesex Vicinage

July 1, 1999 to June 30, 2000

Richard L. Fair
State Auditor
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, Middlesex Vicinage for the period July 1, 1999 to June 30, 2000.

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

October 18, 2000
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Judiciary, Administrative Office of the Courts  
Superior Court of New Jersey, Middlesex Vicinage

**Scope**

We have completed an audit of the Judiciary, Administrative Office of the Courts, Superior Court of New Jersey, Middlesex Vicinage for the period July 1, 1999 to June 30, 2000. Our audit included financial activities accounted for in the state’s General Fund as well as vicinage functions related to the Judiciary-Bail, Probation, Special Civil, Superior Court and Child Support Funds.

General Fund expenditures for the vicinage were $24 million during fiscal year 2000. 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 $4.6 million and the major components of revenue were fines and fees collected.

**Objectives**

The objectives of our audit were to determine whether financial transactions were related to the vicinage’s program, were reasonable and were recorded properly in the accounting systems.

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.

**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, rules covering the courts of the State of New Jersey, administrative code, circular letters promulgated by the State Comptroller, and policies of the vicinage. 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 vicinage personnel to obtain an understanding of the programs and the internal control.

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 selected on a judgmental basis.

**Conclusions**

We found that the financial transactions included in our testing were related to the vicinage’s programs, were reasonable and were recorded properly in the accounting systems. In making this determination, we noted certain internal control weaknesses meriting management’s attention.
The vicinage needs to improve procedures for recording and refunding bail funds.

**Bail**

Bail is the security given for release of a person who has been arrested as a guarantee of his appearance for trial. It is collected at the county jail and forwarded to the vicinage bail unit. These bail cases are recorded on the Central Automated Bail System (CABS), a statewide system used by the vicinage bail units to account for cash receipts, cash disbursements and receivables. The vicinage has the fiduciary responsibility to account for open bail cases and to refund bail when the cases are concluded.

As of June 30, 2000, there were 12,000 open bail cases totaling $125 million, including $1.8 million of cash and $123.2 million property and bonds. Of these, 8,000 cases were over two years old. A sample of ten cash bail cases were tested. Four of these cases were found to have been adjudicated for more than two years and three cases had been forwarded to municipal court for disposition. However, the bail unit did not notify the sureties, nor does the vicinage have adequate follow-up procedures for old bail cases. As a result, the unclaimed cash, property and bond bail balances have been allowed to accumulate. The longer bail funds go unclaimed, the more difficult and costly it becomes to locate the sureties.

The bail unit uses the criminal case system, Promis Gavel, for discharging bail. As Promis Gavel is not interfaced with CABS, discharging bail is a complex and time consuming process. Each concluded case must be reviewed on Promis Gavel and manually matched to CABS to determine if bail was posted.

We noted that the county jail is remitting bail for municipal cases to the vicinage instead of remitting it directly to the municipalities. These unnecessary remittances cause a burden on the vicinage because it has to process these bails and forward them to the municipalities. Subsequently, the bail intake process
is duplicated by the municipalities when the bail is finally refunded to the sureties.

The CABS has not been reconciled to the New Jersey Comprehensive Financial System since February 2000. Reconciliations provide the vicinage with assurance that $1.8 million of bail funds held in trust is accounted for properly.

Several bail unit staff members have the ability to record bail receipts and refund bail funds. A proper system of internal controls requires that the person refunding bail should not have the ability to record bail. In addition, the vicinage staff continues to use a security logon ID of a terminated employee. Proper system controls require security logon ID’s to be deactivated when employees are terminated.

**Recommendation**

We recommend the vicinage:

- review the status of open bail cases and refunding procedures should be initiated for those completely adjudicated;
- interface the Promis Gavel system and CABS;
- direct the county jail to forward bail that belongs to municipalities directly to them;
- prepare monthly bank reconciliations; and
- segregate the bail recording and refunding functions, and deactivate logon ID’s for terminated employees.

**Auditee’s Response**

The report of open bail cases is being analyzed by a team of workers within the Criminal Case Management Division. All Bails which are ready for refunding are referred to the Finance Division. This will remain an ongoing project until all bails are disposed of.
A program to interface both the CABS System and Promis Gavel System is in the testing phase. Testing of this interface is scheduled to begin in October 2000 by a core group of workers from various vicinages statewide. The interface of both systems is a statewide issue and is being addressed centrally by the AOC with input from the vicinages.

Periodic meetings are held with the Jail to discuss issues concerning the collection of bail. A meeting will be held in October to discuss the issue of municipal bails, and the disposition thereof.

Bank reconciliations (a reconciliation of the General Ledger to the bank statements) for the bail account are performed monthly and are current. Reconciliations of the CABS System to the General Ledger have not been performed monthly since February 2000 due to the complexity of the reconciliation. A revised version of the CABS reconciliation to the NJCFS has been developed and was introduced to the conference of Vicinage Finance Managers at the October meeting. This reconciliation format will be used to reconcile the CABS system in the future. Our goal is to have bail reconciliations completed and up to date by February 2001.

Requests have been sent to the AOC to deactivate terminated employees. A review of the bail recording and refunding functions will be performed and segregation of these functions will be made where possible. Where segregation is not possible, compensating controls will be implemented to ensure the integrity of the system.
$458,000 should be escheat to the General Fund.

**Probation**

The Middlesex Probation Unit is responsible for disbursing the fines and restitutions they collect from probationers to the proper recipient. During our audit, we noted that the unit does not have a timely, effective policy to followup on uncashed checks to ensure that rightful recipients are getting their funds. As a result, the probation bank account had accumulated a balance of $458,000 of outstanding restitution checks and unidentified deposits dating back to 1989. These funds meet the criteria for escheat to the General Fund.

**Recommendation**

We recommend that the probation unit establish follow-up procedures to identify the proper recipients of these payments and transfer to the General Fund those amounts that meet the criteria for escheat.

**Auditee’s Response**

$140,000 of the balance of the old outstanding balances were escheated in fy 2000. The General Ledger account from which Probation monies are disbursed needs to be reconciled to the CAPS System. The CAPS System does not report current balances to allow for a monthly reconciliation to the General Ledger. Enhancements are currently underway to allow for a complete CAPS reconciliation to NJCFS. Once this is accomplished, all undisbursed funds will be researched and/or escheated. This is a statewide issue and is being addressed by the ISD in Trenton as well as a subcommittee of the conference of Vicinage Finance Managers.