Judiciary
Superior Court of New Jersey
Morris/Sussex Vicinage

July 1, 2002 to September 30, 2004

Richard L. Fair
State Auditor
The Honorable Deborah T. Poritz  
Chief Justice of the Supreme Court

The Honorable Richard J. Codey  
Acting Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director 
Office of Legislative Services

Enclosed is our audit report on the audit of the Judiciary, Superior Court of New Jersey, Morris/Sussex Vicinage for the period July 1, 2002 to September 30, 2004. If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
May 24, 2005
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We have completed an audit of the Judiciary, Superior Court of New Jersey, Morris/Sussex Vicinage for the period July 1, 2002 to September 30, 2004. 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, and Superior Court Funds.

Annual expenditures of the vicinage were $19 million. The prime responsibility of the vicinage is the overall operations of the Civil, Criminal, and Family Courts, the Probation Services Unit and a Field Operations Section. Annual revenues of the vicinage were $2 million during our audit period. The major component of revenue was filing fees.

The objectives of our audit were to determine whether financial transactions were related to the vicinage's programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of the significant conditions noted in our prior report dated December 1, 1998.

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, 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.

Statistical and nonstatistical sampling approaches were 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 populations were sorted and transactions were judgmentally selected for testing. Payroll samples were selected randomly.

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

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 found internal control weaknesses requiring management’s attention. We also found that the agency has resolved the significant issues noted in our prior report.
Internal controls over the vicinage’s recording of employee leave time needs to be strengthened.

Recommendation

Greater effort should be made to assure the timely refunding of bail.

Unposted Leave Time

During the 18-month review period ended June 2004, employees took over 130,000 hours of sick, vacation, or administrative leave time. Our test of leave record postings found that 52.5 of 612 hours of absence were not deducted from employee leave balances. Statistically projecting this error rate to the population indicates, with 95 percent confidence, that at least 8,300 leave hours (about 1,200 days) were not posted during this period. This projected error amounts to $220,000 during the 18-month period. A control feature of any process should include subjecting the work of each employee to the review of another. We found that the existing procedures for recording and reviewing leave postings are not adequate.

Management should implement independent review procedures to assure accuracy of the leave postings.

Unrefunded Cash Bails

When criminal cases are concluded and the courts authorize the release of bail, the sureties are entitled to the return of all deposited funds. On June 30, 2004, the Morris bail unit had 200 open cash bail cases that were over two years old, totaling $123,000. Recent computerized linking of systems have helped assure the timely initiation of the refund process by notifying the sureties that their funds are available upon confirming their current address. However, this notification mailing to the surety’s last known address is the only step taken by the court to comply with the court order and refund the bail. Although the computerized system improvement may reduce the number of unclaimed funds in the future, there are no uniform procedures requiring following up on those unclaimed funds cases that
may still occur, or those that have remained unrefunded for many years. As with all trust funds, the state has a fiduciary responsibility to make reasonable efforts in refunding these unclaimed funds.

**Recommendation**

Management should implement additional follow-up procedures to assure that court authorized bail refunds are properly returned to the sureties. These additional procedures could include consulting other data bases available to the courts, or contacting third parties in an effort to locate missing sureties.
March 28, 2005

Mr. Richard L. Fair
State Auditor
Office of Legislative Services
Trenton, New Jersey 08625-0067

Dear Mr. Fair:

We have reviewed the Judiciary, Superior Court of New Jersey, Morris/Sussex Vicinage audit report for the period July 1, 2002 to June 30, 2004 and welcome this opportunity to comment.

Unposted Leave Time

Recommendation

*Management should implement independent review procedures to assure accuracy of the leave postings.*

Response

The vicinage has taken steps to revise and implement procedures to assure accuracy in the posting of leave time. These procedures include identification of the proper forms, the usage of those forms, firm time lines for submitting the forms, review of the data contained in the forms and posting of that data. Additionally, an independent review function will be introduced.

Unrefunded Cash Bails

Recommendation

*Management should implement additional follow-up procedures to assure that court authorized bail refunds are properly returned to the sureties. These additional procedures could include consulting other databases available to the courts or contracting third parties in an effort to locate missing sureties.*
Response

In addition to the computerized linking of bail to the case management system of indictable offenses, the AOC recently developed reports where all vicinages can review outstanding bails on a monthly basis. This analysis should enhance timeliness on closing open bails and improve the refund process. In addition, the Judiciary will investigate the feasibility of using outside services to identify last known addresses.

Sincerely,

Christina P. Higgins
Director
Office of Management
& Administrative Services

c: Judge Philip S. Carchman, J.A.D., Acting Administrative Director
Michael Arnold, Trial Court Administrator
Shelley R. Webster, Assistant Director, Management Services
John Nardone, Chief, Internal Audit