New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor

The Judiciary
Ocean County Vicinage

July 1, 1999 to March 31, 2001

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State Auditor
The Honorable Donald T. DiFrancesco  
Acting 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

The Honorable Deborah Poritz  
Chief Justice of the Supreme Court

Enclosed is our report on the audit of the Judiciary, Ocean County Vicinage for the period July 1, 1999 to March 31, 2001.

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

July 12, 2001
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Findings and Recommendations

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The Judiciary
Ocean County Vicinage

**Scope**
We have completed an audit of the Judiciary, Ocean County Vicinage for the period July 1, 1999 to March 31, 2001. Our audit included financial activities accounted for in the state’s General Fund, Judiciary Bail Fund, Judiciary Child Support and Paternity Fund, Judiciary Probation Fund, and Judiciary Special Civil Fund.

Expenditures during fiscal year 2000 totaled $13 million. The prime responsibility of the vicinage is the overall operation of the Civil, Criminal and Family Courts, the Probation Services Unit and Trial Court Services. Revenues during fiscal year 2000 totaled $2 million. The major components of revenue were fees and fines collected by the courts. The Ocean County Vicinage is one of 15 vicinages encompassing the 21 counties in New Jersey.

**Objectives**
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 significant conditions noted in our prior report.

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, administrative code, circular letters promulgated by the State Comptroller, and policies of the Judiciary and the vicinage. 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 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 populations were sorted and transactions were judgmentally selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the vicinage 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 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.

We also found that the vicinage has resolved the significant issues noted in our prior report except for matters related to the distribution of paychecks. This issue has been updated and restated in our current report.
Revenue Collections

The family division collected $375,000 during fiscal year 2000. Strong internal controls, including adequate segregation of duties, supervisory action, proper safeguarding of assets, and adequate support documentation, increase confidence that funds received are deposited properly. Control weaknesses exist in the division’s revenue collection processes which reduce these assurances. All checks and money orders received by the family division are immediately placed in a safe. However, the safe is left open all day and the combination is written on a piece of paper next to it. The duties of this unit are not properly segregated. Each day, an employee totals cash receipts from the system, prepares the deposit slip and the cash receipt form, puts the deposit in the armored car bag and places it in the safe for pick up the next day. Neither the unit supervisor nor any other employee verifies the daily deposit amounts.

Recommendation

The vicinage should strengthen internal controls over the family division’s collection operations to ensure the proper and timely disposition of funds received.

Auditee’s Response

Immediately upon identification of the finding of inadequate control over the safe, the Ocean Vicinage changed the safe combination.

During the audit, the Ocean Family Division reorganized and a reception/intake team was developed. A new collection and deposit procedure, which provides for appropriate oversight and separation of duties, was implemented.

Payroll and Personnel

During our prior audit, we noted that the paycheck distribution and timekeeping functions were not properly segregated. The same individuals who
The vicinage should strengthen controls over the processing of payroll expenditures.

Maintained employee time records also received and distributed the checks. The vicinage has taken steps to alleviate this problem. The unit responsible for distributing paychecks is different than the one performing the timekeeping function; however, an employee of the timekeeping unit still picks up the checks in Trenton.

Every section is required to submit time sheets to the payroll unit each pay period indicating the hours worked and leave time taken by employees. Time sheets are often submitted without the required approval of the section supervisors.

Inadequate segregation of duties and lack of supervisory approval weaken internal controls necessary to assure the proper use of resources as authorized by state and judiciary regulations.

**Recommendation**

The vicinage should strengthen internal controls over payroll and personnel by sending an employee who does not work in the timekeeping unit to pick up the checks in Trenton, and enforcing procedures requiring the approval of time sheets by section supervisors.

**Auditee’s Response**

The vicinage has assigned a clerk driver from the General Operations Division to pick up the paychecks. This was instituted in April 2001.