Judiciary
Administrative Office of the Courts
Superior Court of New Jersey
Gloucester, Cumberland and Salem Vicinage

July 1, 1998 to December 20, 1999

Richard L. Fair
State Auditor
The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Deborah T. Poritz  
Chief Justice of the Supreme Court

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 (AOC), Superior Court of New Jersey, Gloucester, Cumberland and Salem Vicinage for the period July 1, 1998 to December 20, 1999.

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

Richard L. Fair  
State Auditor  
February 2, 2000
# 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>ACSES</td>
<td></td>
</tr>
<tr>
<td>Security Administrator</td>
<td>4</td>
</tr>
<tr>
<td>Security Access</td>
<td>4</td>
</tr>
<tr>
<td>Segregation of Duties</td>
<td>5</td>
</tr>
<tr>
<td>Escheatment of Unclaimed Child Support Payments</td>
<td>6</td>
</tr>
<tr>
<td>CABS Security Access</td>
<td>7</td>
</tr>
</tbody>
</table>
Scope

We have completed an audit of the Judiciary, Administrative Office of the Courts (AOC), Superior Court of New Jersey, Gloucester, Cumberland and Salem Vicinage for the period July 1, 1998 to December 20, 1999. Our audit included financial activities accounted for in the state’s General Fund as well as vicinage functions related to the Judiciary-Bail, Child Support, Probation, Special Civil and Superior Court Funds.

Annual appropriations for the vicinage were $19.8 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 in the counties of Gloucester, Cumberland, and Salem. Vicinage revenues totaled $1.8 million annually and the major components of revenue were fines and fees collected. The vicinage collects and disburses $63 million annually through its other related funds.

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 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.
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 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.

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 dated December 31, 1997 and March 24, 1999, 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 requiring management’s attention. We also found that the vicinage has not resolved significant issues noted in our prior reports related to Automated Child Support Enforcement System and Central Automated Bail System security controls and access, procedures to ensure unclaimed child support payments are escheated and segregation of duties. These issues have been updated and restated in our current report.
Auditee’s Response

We have reviewed the Judiciary, Superior Court of New Jersey: Gloucester, Cumberland and Salem Vicinage audit report and welcome this opportunity to comment. Please note that the Gloucester, Cumberland, and Salem Vicinage (Vicinage 15) is currently in process of implementing an action plan to consolidate Finance functions to report to the Vicinage Finance Manager (VFDM). The consolidations were initially implemented in Cumberland, are in process with Salem, and are planned to be completed in Gloucester in April 2000.

Thank you and your staff for a comprehensive audit and the opportunity to respond to the findings.
Security Access
Access controls are intended to prevent and detect unauthorized access and use of computer files, programs, resources and documentation. Access to computer data and its resources should be controlled to protect them from unauthorized use, damage, loss or modification which can ultimately result in the loss or misuse of assets or the processing of invalid or inaccurate data.

Our review of ACSES access revealed eight people with access ability who were no longer employed by the vicinage. In addition, employees had high level access that was not warranted based on their job duties. There were no standard documented procedures that would facilitate the notification of the security administrator of employee movement or needed access.

Recommendation
We repeat the recommendation that the security administrator for ACSES should be a person who is separate from systems programmers and system users. In addition, procedures should be established and documented to ensure proper security access.
The access to ACSES is being reviewed by the VFDM. As each county’s Finance Division is being formed, the ACSES security levels are being examined. Based on the examination of the job duties and security levels, ACSES access is being modified. System access has been eliminated for the eight people who are no longer employed by the vicinage.

In the course of consolidating financial functions, delineation of responsibilities between the Probation, Family and Finance Divisions is being documented. Responsibility for security administration for ACSES will be assigned in a way that ensures that the security administrator has no ACSES operational responsibilities.

---

### Segregation of Duties

The AOC requires vicinages to void and reissue child support checks outstanding over 180 days. As noted in our report of the Child Support Enforcement Program dated December 31, 1997, this process was done by one person at each probation office within the vicinage who had ACEPRO access, which includes the ability to change the address where the check is sent. In this situation, the person handling these checks could reroute or reissue checks with no independent review. Since these checks have been outstanding over 180 days, one could assume the payees may not be waiting for them to arrive, thereby removing a major compensating control. A similar condition existed with checks returned undeliverable.

We repeat the recommendation that procedures should be implemented to allow for the independent verification of reissue and returned check activity.

---

**Internal control over the processing of returned checks and reissues should include adequate segregation of duties.**

**Recommendation**

We repeat the recommendation that procedures should be implemented to allow for the independent verification of reissue and returned check activity.

**Auditee’s Response**

As financial functions are consolidated in each county, internal controls are being established to ensure proper segregation of duties. Vicinage 15 is implementing a process whereby a clerk(s) will void and reissue the
checks in the system as well as review checks outstanding over 180 days. The Financial Specialist/Supervisor on a daily basis will review the Void and Reissues Report from the prior day for verification of the transactions. The Administrative Supervisor will randomly audit several transactions on the Monthly Void and Reissues Report on a monthly basis.

Escheatment of Unclaimed Child Support Payments

Pursuant to N.J.S.A. 46:30B-1 et seq. the AOC issued “Procedures for Processing Unclaimed Child Support Collections and Unidentified Funds Held by the Probation Division.” The process includes attempting to notify the payee prior to the Escheatment of funds deemed abandoned during the prior year. We found the Gloucester Probation Office has not implemented these procedures.

Our report on the Child Support Enforcement Program dated December 31, 1997 addressed this issue and recommended the AOC enforce established procedures to ensure vicinages complete future escheats in a timely and thorough manner. During that audit it was noted that the escheat process at the Gloucester Probation Office was nonexistent, resulting in $162,000 of outstanding checks not being escheated. Those outstanding checks still have not been addressed two years later. No one has attempted to contact the payees. In addition, the Gloucester Probation Office did not review unclaimed child support payments in the past two years to determine if there are any more funds that should be escheated. Finally, the lack of supervisory oversight has allowed this problem to continue.

The Gloucester Probation Office should transfer unclaimed child support payments to the proper trust fund.
**Recommendation**

We recommend the vicinage comply with AOC procedures to ensure the Gloucester Probation Office completes future escheats in a timely and thorough manner, which can enhance the probability of locating the rightful owners of the funds. In addition, there should be supervisory oversight of this process to ensure procedures are properly followed.

**Auditee’s Response**

The Finance Division in Gloucester is scheduled to open in March 2000. A process, including proper notice, disposition and review will be developed and implemented to close out unclaimed child support payments. The vicinage will be current by the next escheat period.

---

**CABS Security Access**

Unlimited CABS access creates a weak control environment and opportunity for unauthorized use of bail funds.

**Recommendation**

We recommend the vicinage review CABS security access and limit access based on users’ job duties.

**Auditee’s Response**

The review of CABS access to ensure that access is required by the user’s job duties has been completed for Cumberland and Salem. CABS access in Gloucester has been reviewed and changes will be completed upon the opening of that Finance Office. Finance Office employees will be consolidated and cross trained,
thereby facilitating segregation of duties, eliminating access concerns, and establishing better internal controls.