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

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New Jersey State Parole Board

July 1, 1995 to February 28, 1997

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Richard L. Fair  
State Auditor

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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 New Jersey State Parole Board, for the period July 1, 1995 to February 28, 1997.

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

Peter M. Guilfoyle  
Assistant State Auditor  
June 19, 1997

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## **New Jersey State Parole Board**

### ***Scope***

We have completed an audit of the State Parole Board for the period July 1, 1995 to February 28, 1997. Our audit included financial activities accounted for in the state's General Fund.

Total expenditures of the agency during the 20 month audit period were \$12.2 million. The prime responsibility of the State Parole Board is to determine when inmates may be released on parole.

### ***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 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 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. Transactions were judgmentally selected.

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.

### ***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.

We also found that the agency has resolved the significant issues noted in our prior report except for matters related to internal controls. These issues had been updated and restated in our current report.

Details of our findings and recommendations follow.

### **Internal Controls**

**M**anagement should assure that internal control procedures are followed.

Department of Treasury Circular Letter 94-04-OMB requires management to maintain an internal control system that provides reasonable assurance that operations are effective and in compliance with rules, regulations and applicable laws. Our review of the internal control system noted that management had developed adequate procedures. However, our tests noted that the control procedures for non-salary transactions which total \$400,000 were not always in effect. Our testing disclosed a weakness in the documentation of both procurement and the verification of the receipt of goods or services prior to payment. Management must periodically monitor the procedures to assure that they are in effect and effective.

#### *Recommendation*

We recommend that management periodically monitor the effectiveness of the internal control system and take corrective action if necessary.

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### **Operating Efficiencies**

**M**anagement should review the cost of operations.

As part of our review, we compared the parole board activities to Maryland, which has a similar size operations. We found that the New Jersey State Parole Board has approximately twice the number of employees and triple the amount of operating costs for an equivalent parole hearing case load.

	<u>New Jersey State Parole Board</u>	<u>Maryland Board Commission</u>
Number of Employees	167	73
Salary & Wages	\$ 8.7 million	\$ 2.6 million
Total Operating Costs	\$ 9.3 million	\$ 3.0 million
Inmate Population	27,104	25,225
Parole Hearings	*18,370	15,496

Fiscal year 1996 data except for parole hearings.

\* New Jersey has not compiled the number of hearings for FY 96. Maryland had 14,799 hearings during FY 96.

The above schedule highlights the costs of parole hearings. It reflects only those costs charged to the funding of the respective parole functions and does not consider differences in processes mandated by law.

One area in which efficiencies may be accomplished is the Division of Field Services, which has 50 employees. Our review noted that this division uses the Judgement of Conviction document from the Office of Administrative Courts and internal schedules to manually calculate an inmate's parole eligibility date. Six months prior to the eligibility date, this information is sent to the board's central office where it is manually entered in the agency's word processor to create the Publication List. The Publication List is the record that notifies the various divisions to perform the required procedures to be ready for the parole hearing process. The inmate's parole eligibility date could be processed electronically by a computer application that interfaces with data from the Administrative Office of the Courts, eliminating manual calculations and word processing.

### ***Recommendation***

We recommend that management review operations of other states and implement efficient practices as identified. We also recommend that the State Parole Board computerize its parole eligibility date calculation process.



STATE OF NEW JERSEY

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MARY KEATING DISABATO  
CHAIRMAN

DEPARTMENTAL RESPONSE

JUNE 4, 1997

Peter M. Guilfoyle  
Assistant State Auditor  
Office of Legislative Services  
Office of the State Auditor  
125 South Warren Street  
CN-067  
Trenton, New Jersey 08625-0067

Dear Mr. Guilfoyle:

Thank you for your letter of May 29, 1997 and for providing a copy of the Audit the New Jersey State Parole Board.

Mr. Egles and Mr. Petracci of my staff advised me of their recent meeting with the auditors from your office and I am pleased to note that we have implemented measures to eliminate the weaknesses you noted with regard to non-salary transactions. You may be assured that the effectiveness of these measures will be monitored.

With regard to the report's comments regarding operating efficiencies I appreciate the fact that the original draft was revised to note that the comparison between our Board and Maryland's "does not consider differences in processes mandated by law." Nevertheless, these differences in mandated processes are considerable and tend to undermine the report's observation that the two states have "similar size operations"...and..."an equivalent parole hearing case load." However, the recommendation that we review operations of paroling authorities in other states is well taken. I am actively involved with the Association of Paroling Authorities, International and while, more often than not, the New Jersey Parole Board is the model to which other states look for guidance, I will consult with my colleagues in other states to identify opportunities for further efficiency. Furthermore, I am pleased to advise that we have already taken steps to achieve greater efficiency through the automation of our eligibility monitoring and decision processing activities.

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Peter M. Guilfoyle  
June 4, 1997  
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On behalf of the Board, I wish to commend the professionalism of your staff during the audit and thank you for the constructive recommendations offered.

MKD:bb

c: Mr. Egles  
Mr. Petracchi

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Keating DiSabato". The signature is fluid and cursive, with a large initial "M" and "K".

Mary Keating DiSabato  
Chairman