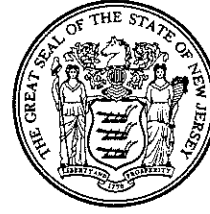

**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**



**Judiciary
Administrative Office of the Courts
Probation Services Division**

July 1, 2007 to June 30, 2011

**Stephen M. Eells
State Auditor**



ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRANNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN

New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLI
Assistant State Auditor

JOHN J. TERMYNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stuart Rabner
Chief Justice of the Supreme Court

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
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, Probation Services Division for the period of July 1, 2007 to June 30, 2011. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells
State Auditor
October 20, 2011

Table of Contents

	Page
Scope.....	1
Objectives	1
Methodology	1
Conclusions.....	2
Background	2
Findings and Recommendations	
Collections of Probation Fines, Fees, and Restitution	4
Recordkeeping	8
Probation Supervision Manual.....	10
Reconciliation of Probation Funds.....	10
Modification of Payee Name	11
Client Identifying Information.....	12
Jointly and Severally Dispositions.....	12
Auditee Response.....	14

Scope

We have completed an audit of the Judiciary, Administrative Office of the Courts, Probation Services Division for the period July 1, 2007 to June 30, 2011. The role of the division is to promote the welfare and safety of children, families, and communities in New Jersey by enforcing court orders, supervising offenders, monitoring behaviors, and intervening to produce positive outcomes. Our audit included program and financial activities accounted for in the Judiciary's Comprehensive Automated Probation System (CAPS). It did not include financial activities accounted for in the Child Support and Paternity Fund; these will be audited separately. Receipts are collected and processed at the state's 15 vicinages and through the Intensive Supervision program. The collections are entered into CAPS and later into the state's accounting system, where it is accounted for as an agency fund known as the Judiciary Probation Fund. Total receipts recorded in CAPS for fiscal years 2010 and 2011 were \$32.7 million and \$33.7 million, respectively.

Objectives

The objectives of our audit were to determine whether adequate controls were in place at the Probation Services Division to ensure that collections were properly posted to the accounting systems, that supervision and collection efforts were adequately documented in the division's Comprehensive Automated Probation System, that the division is fulfilling its administrative and fiduciary responsibilities to collect fines, fees, and restitution in an effective and efficient manner, and that victim and government interests were safeguarded with the docketing of civil judgments when necessary. We also tested for resolution of the significant conditions noted in our prior report dated October 28, 2004.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, 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, the administrative code, circular letters promulgated by the Department of the Treasury, 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 testing of client records. We also reviewed financial trends and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

A nonstatistical sampling approach was used. Our samples of client records were designed to provide conclusions about the validity of the information recorded in the computer system, 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 agency and performed tests to determine if the corrective action was effective.

Conclusions

We found that there were adequate policies and procedures in place at the Probation Services Division to ensure collections were properly posted to the accounting systems, supervision and collections efforts were adequately documented in the division's Comprehensive Automated Probation System (CAPS), the division is fulfilling its administrative and fiduciary responsibilities to collect fines, fees, and restitution in an effective and efficient manner, and victim and government interests were safeguarded with the docketing of civil judgments when necessary. In making these determinations, we noted opportunities where the division could improve collections by instituting additional procedures, including obtaining quarterly wage downloads from another state agency.

We also found that the division has resolved the issues noted in our prior report relating to CAPS security administration and some of the issues relating to the collection of probation fines, fees, and restitution. It has not resolved the issues relating to the reconciliation of probation funds and the other issues relating to the collection of probation fines, fees, and restitution. These unresolved issues have been updated in this report.

Background

One of the primary responsibilities of the Probation Services Division is to ensure compliance with court orders. Those individuals selected for probation are afforded the opportunity to remain in the community subject to compliance with the rules and conditions imposed by the sentencing court. In addition to the court-ordered supervision and treatment requirements of probationers, the court often imposes a financial obligation to provide restitution to their victim(s), as well as fines and fees which are used to support a variety of state and local programs. It is the division's statutory responsibility to collect these payments from the clients under their supervision and disburse the funds as directed by the court. To facilitate and enforce its collection efforts, monthly payment plans are established by the courts at sentencing or during intake based on the probationer's ability to pay. All payment plans must be approved by a judge in a court order to be enforceable.

Collections of fines, fees, and restitution are controlled at the vicinage level and are deposited into the Judiciary Probation Fund, which serves as a repository for the collection and disbursement of these court-imposed financial obligations. The financial goal of the probation program is to have the probationer pay off the debt prior to the conclusion of the probation term. However, there is a population of collection-only cases in which the probationers have completed their supervision phase, but still have an outstanding financial obligation. As of June 30, 2011, these cases consisted of 70,495 clients with an outstanding debt of \$178 million.

The Judiciary's Comprehensive Automated Probation System serves two purposes. It provides a tracking system to ensure compliance with probation requirements such as treatment programs, supervision requirements, and community service responsibilities. In addition, it is the primary accounting system used to account for the Judiciary Probation Fund receipts and disbursements, as well as the balances due to victims and various state agencies.

The Comprehensive Enforcement Program (CEP) was established in 1995 to increase the collection of court-ordered fines, fees, and restitution imposed on probationers. In general, an individual is subject to the CEP program when court-ordered payments are more than 60 days past due. Not all clients in delinquency status are selected for the CEP program because of the limited number of hearings held monthly and the exclusion of some clients who are incarcerated, hospitalized, receiving inpatient treatment for substance abuse, or unemployed. Those delinquent in their payments or in completing hours of community service receive a notice informing them of their delinquency and are given two weeks to comply. Otherwise, they are ordered to appear before a hearing officer, who has the authority to impose additional sanctions against probationers for noncompliance and may adjust the probationer's payment plan based upon their financial condition.

Certain first-time offenders or perpetrators of relatively minor crimes are allowed to enroll in the Pre-Trial Intervention (PTI) program. Participants are supervised by probation officers; the level of their supervision is dependent upon their crime. Participants' cases are reviewed by the presiding judge every six months and enrollment in the program can be extended to a maximum of three years. The division is responsible for the collection of all fines, fees, and restitution imposed by the courts associated with these cases. If the client does not violate the PTI conditions, all charges will be dismissed at the end of the term, even if the client has failed to pay off their financial obligation.

Collections of Probation Fines, Fees, and Restitution

The division should take additional efforts to improve its collections of fines, fees, and restitution from probationers. These efforts should include identifying available income through improved verification of social security numbers and more extensive wage lookups, and increased collection efforts on dismissed Pre-Trial Intervention cases.

As of June 2011, there were 149,957 probationers with an outstanding debt of \$364 million. A majority of this debt, \$268 million, represents restitution due to victims. Annual collections have declined from \$38 million in fiscal year 2006 to \$33 million in fiscal year 2010. Since our last audit, the division has changed its collection goals from total dollars collected to compliance with expected monthly collections based upon established payment plans. Although the division's compliance rate has increased from 48.5 percent in fiscal year 2009 to 55.3 percent in fiscal year 2011, the expected collections have decreased from \$52 million in 2009 to \$44 million in 2011. This is explained by the fact that the number of payment plans in the upper pay ranges have declined while the number of payment plans in the lowest ranges have increased.

Invalid Social Security Numbers

Social security numbers of probationers are not tested for validity during the intake process.

Our analysis of the Comprehensive Automated Probation System (CAPS) database identified 8,956 clients who had an invalid social security number (SSN) listed in the system. Their outstanding debt totaled \$11.4 million. We found 6,522 of these clients had an SSN of 888-88-8888 or 999-99-9999, which accounted for \$7.1 million of the outstanding debt. These generic SSNs are utilized by the division during intake for aliens or when they cannot determine the client's true SSN and further investigation is required. Our analysis found that 24 percent of the clients having an obvious invalid SSN are classified as being actively supervised, which means the clients should be meeting with their probation officer on a regular basis. Based on our review of case notes and the continued presence of these generic SSNs, there was little evidence of the division's efforts to obtain valid SSNs.

Our comparison of the CAPS database against a software program linked to the Social Security Administration database identified the remaining 2,434 clients with invalid SSNs; the outstanding debt associated with this population totaled \$4.3 million. Of this total, 1,166 matches were determined invalid because the SSN belonged to an individual reported as deceased and their name did not agree with that of the probationer. The total outstanding debt for these probationers is \$2.6 million. The division needs to investigate these cases since, in all likelihood, the client utilizing the SSN is alive and either supplied an erroneous SSN or a keying error occurred while being inputted into CAPS. Failure to capture this information accurately within CAPS will inhibit future collection efforts.

The division does not have software to verify at intake if the SSN provided by the court's computer systems or the client is valid. Our previous report had recommended that the division standardize their method for researching the death of a probationer by checking the free website Rootsweb.com for the Social Security Death Index. Since 48 percent of the above invalid SSN matches were linked to a deceased person, the need for the division's intake personnel to check this website remains.

Recommendation

The division should ensure that a valid social security number (SSN) is captured during the intake phase by either acquiring the appropriate software program or training personnel as to which sequence of numbers are invalid, as well as having intake personnel check Rootsweb.com to determine if the SSN is associated with a deceased person. For those clients that do not have an SSN, or have provided an invalid SSN, division employees should investigate the matter. Attempts to acquire this information from the client and other sources should be documented in CAPS.

Wage Lookups

The division needs to perform wage lookups on a regular basis.

We tested probationers with outstanding balances who had reported earnings according to the New Jersey Department of Labor and Workforce Development (DLWD) Wage and Hour database. Based on our review of CAPS case notes and inquiries of vicinage personnel responsible for collections, we concluded that the division does not perform wage lookups on a regular basis. We found there was no documentation regarding the client's income or monthly expenses in the case notes. In fact, there are no screens in CAPS designated to record wages or financial liabilities, and the supervision manual does not require wage lookups when establishing or adjusting a client's payment plan. Payment plans are either established at sentencing or during intake. However, there are no established procedures to determine when fluctuations in earnings would warrant a change in the payment plan.

In our prior report, we had recommended that the Administrative Office of the Courts (AOC) obtain on-line access for all the counties to the Wage and Hour computer system and that quarterly downloads of this information be obtained in a database format to facilitate automated cross matches. The AOC has obtained on-line access to this system for all the counties; however, it still does not have a signed agreement with DLWD for quarterly downloads. Only five of the 222 vicinage personnel responsible for intake have access to the Wage and Hour database.

Another tool utilized by the division to assist in locating clients is the LexisNexis computer software program, which is linked with a variety of computer databases and allows users to search for individuals by using their name or SSN. It provides such information as the individual's resident history, driver's license information, property and business ownership, and court actions (both criminal and civil).

From our May 2010 CAPS database, we identified 959 probationers who had earnings in New Jersey of \$10,000 or more per quarter for at least four of five quarters from January 2009 to March 2010. The total outstanding debt of these probationers was \$14.7 million. We found that 449 of these probationers had a cumulative arrearage of \$641,000. These totals do not include 126 dismissed Pre-Trial Intervention clients whose total outstanding debt was \$85,000. The identification of these wage earners suggests that these cases should be investigated for the possibility of increased collections and the establishment of wage garnishments when appropriate.

The following is an example where our wage lookups indicated that a collections-only client should be making regular payments of \$50 a month. The client's probationary term ended in August 2008 and the last payment received from the client, other than a tax offset in 2010, was in May 2009. Our wage lookups showed that this client, who owes over \$64,000, has been working since their probationary term ended, earning over \$50,000 a year. Yet the client had not been called in for a CEP hearing for failure to pay until our audit team brought the matter to the division's attention.

We also found that cases assigned to the bench warrant caseload, which includes criminal and enforcement warrants, are not actively monitored by division personnel. Action on bench warrant cases is only taken when the client is arrested or turns themselves in. A majority of the counties that responded to our survey regarding the annual verification of warrants indicated that wage lookups and LexisNexis searches were not part of their confirmation process.

An analysis of the CAPS database revealed that there were 20,015 active warrants as of May 2010. A majority of those warrants were either criminal (11,754) or enforcement (4,900) warrants. We compared all clients with active warrants to the Wage and Hour database and identified 1,089 clients who were working in New Jersey during 2010 and had total earnings of \$10.5 million and outstanding debt totaling \$2 million.

One of those clients identified in our wage match testing was a college professor who had an outstanding enforcement warrant since November 2008. The client had been a collection-only case since his probationary term ended in September 1997 and as of May 2010 the client had a debt of \$33,500. Through our wage lookups, we found that the client was working at two local colleges with total annual gross earnings in excess of \$160,000 for each of the past three years and had been working at one college since 2000. Collection notices were sent to his out-of-state residence for the past several years. Only after our audit team provided the division with the client's employment information, which was also available via their on-line access to the Wage and Hour computer system, was this information forwarded to the local sheriff's department. The client was required to make a \$5,000 payment immediately to avoid jail and is now making regular payments.

Recommendation

The division should expand on-line access to the Department of Labor and Workforce Development's (DLWD) Wage and Hour computer system in order to facilitate wage lookups

during intake to identify and confirm a client's financial condition when evaluating the adequacy of their payment plan. The Administrative Office of the Courts (AOC) should finalize their efforts to reach an agreement with the DLWD to acquire quarterly updates of the Wage and Hour database to identify income for all probationers.

The AOC should establish a field in CAPS to capture client's quarterly earnings and establish parameters when fluctuations in income should be reviewed to determine if the client's payment plan needs to be adjusted. In addition, the quarterly Wage and Hour databases could be used to identify clients who are working in state that have failed to make a payment for a six-month period, as well as locate clients with an outstanding warrant. Until these computer programming changes are instituted, the division should mandate that wage lookups be performed prior to a payment plan adjustment, issuance of a warrant, or designation of uncollectibility.

LexisNexis searches should be performed as part of the annual verification of outstanding warrants. All of this information should be documented in CAPS so that anyone reviewing the client's case can determine the reasons for the actions taken. Lastly, the division should also consider adding a statement to its Conditions of Probation authorizing the release of tax information when the client fails to comply with their court-ordered financial obligations.

Pre-Trial Intervention (PTI)

The division does not pursue collection efforts on dismissed Pre-Trial Intervention (PTI) cases, even though it has docketed civil judgments for outstanding restitution due to victims.

The division's PTI policy is based upon a decision from the Conference of Criminal Presiding Judges. The division accepted our previous audit recommendation requiring the docketing of a civil judgment to protect the financial interests of the victim(s) and the state. However, the division claims that it has no legal authority to pursue collection efforts after PTI charges have been dismissed, since the client was never convicted or plead guilty to a crime. Once PTI charges have been dismissed, the case is reassigned to the uncollectible PTI caseload and the case is no longer eligible for submission to the state's Set-Off of Individual Liability (SOIL) program or to a Comprehensive Enforcement Program (CEP) hearing or any other sanctions. Clients are directed by their probation officer at their last meeting to continue making regular payments after the charges have been dismissed and are notified that a civil judgment will be docketed when they sign the Order of Dismissal and Consent Judgment. The division will actively pursue collections only when former PTI clients return to probation with a new disposition; any payments received will be applied to the old PTI obligation.

We determined from our database that there were 1599 clients in the uncollectible PTI caseload having an outstanding debt of \$10.8 million as of May 2010. Fifty percent of these former PTI clients, with a debt of \$6.5 million, had a docketed civil judgment, since the policy for docketing judgments for these cases only went into effect in January 2007.

Recommendation

The division should determine if another unit within the Judiciary has the authority to collect on PTI cases with a docketed civil judgment. At a minimum, the Judiciary should forward these cases to the Set-Off of Individual Liability program; if necessary, the division could authorize this action by adding an additional statement to the Order of Dismissal and Consent of Judgment.



Recordkeeping

Failure to adequately document information in CAPS

Division employees are not adequately documenting key information in the division's computer system pertaining to database searches, client demographic information, and financial data used to evaluate a client's ability to pay their probationary debt.

The Judiciary's Comprehensive Automated Probation System (CAPS) serves as the official legal record of probation supervision. All client events must be entered into the case note section of CAPS within three business days of the event. Although it was noted in CAPS that client payment plans were adjusted, we found there was no documentation regarding the client's income or monthly expenses that contributed to the decision to adjust the payment plan in the case notes.

Our review of CAPS also revealed numerous omissions, such as the following:

- There was no evidence in the case notes or Comprehensive Enforcement Program (CEP) hearing results as to why a case was declared uncollectible.
- There were no casebook entries indicating that there had been a match with the Department of Health death file; this is not required per the supervision manual. There was also a failure to document the investigation of SSN matches with the death file report when names from the two databases did not fully agree.
- The name associated with the SSN on the death file report was not listed as an alias in CAPS, yet the client was identified as deceased and the case was closed.
- The case book entry failed to identify key information such as the name listed on the death certificate, the date of death, and the source of the death information.

Multiple Client IDs have the same SSN and/or SBI number

The division does not have a standard report to identify multiple client IDs that have the same social security number (SSN) and it is underutilizing the report that identifies clients having duplicate State Bureau of Investigation (SBI) numbers.

Both the client ID and the client's State Bureau of Investigation number, which is linked to the individual's fingerprints, are unique numbers used to identify an individual, and only one set of numbers should be entered into the system for each client. Duplicate SSNs can occur if intake personnel fail to perform a name, SSN, and/or SBI number search for the individual prior to entering the client into the Comprehensive Automated Probation System (CAPS). SBI information is first entered into the county system, known as the Automated Criminal System (ACS), and is then transferred to the court's computer system and eventually transferred to CAPS. The duplicate SBI numbers can occur since the division only receives one database interface when the case is forwarded to CAPS after sentencing. CAPS does not receive automatic updates when changes are inputted in the other two computer systems for such items as the SBI number and client aliases.

Our analysis of the CAPS database identified 1,071 client IDs that had a duplicate social security number. There were 319 client IDs that shared both the same SBI number and the same social security number. As a result of our findings, the division created a custom report to identify this information in preparation for their annual Set-Off of Individual Liability (SOIL) submission to the Department of the Treasury's Division of Revenue. Copies of this report were distributed to the vicinages along with a memo instructing personnel to investigate and, when possible, consolidate the multiple client IDs to one client ID for each probationer.

There is a monthly CAPS report that identifies clients with duplicate SBI numbers. In our comparison of query results identifying clients with duplicate SBI numbers from our May 2010 CAPS download and the CAPS Duplicate SBI numbers report dated April 2011, we found that 270 (47 percent) of the 574 clients listed on the April report had not been addressed in 11 months.

Recommendation

The division should emphasize the need to document all events that have an impact on client supervision and collections in the Comprehensive Automated Probation System (CAPS). The division should specify in the supervision manual when certain entries are required.

The division should continue to generate a standard statewide monthly report identifying multiple client IDs having the same social security number and post the report in CAPS. In addition, management should ensure that both the SSN and SBI reports identifying this information are addressed by division personnel in a timely manner.



Probation Supervision Manual

The division's supervision manual has not been updated since it was issued in January 2007.

During the course of the audit as we discussed compliance issues regarding various elements of the Probation Supervision Manual, we learned that policies and procedures had been modified, some dating back to May 2007, yet neither the hard copy nor the on-line version of the manual reflected these changes. Employees are advised to use the intranet version of the manual as a quick reference, but these changes are not present in the manual and are not available anywhere else on the Judiciary's intranet. We were informed by division management that amending the manual is an extensive process since all of the divisions within the Judiciary are involved in the review process. All changes and additions to the manual need to be codified in their entirety and are then approved by the Judicial Council. Pending final approval by the Judicial Council, modifications to these policies and procedures are being enacted and put into operation based on division management approval. When this occurs, it is the responsibility of division management to disseminate the information to key personnel at the vicinage level and for them to notify those employees whose job responsibilities are impacted by these changes.

Recommendation

We recommend the division either ensure that the Probation Supervision Manual is updated in a timely manner or provide on the Judiciary's intranet copies of revised policies and procedures that have been approved by division management, noting the effective date, to ensure that all personnel are following the same procedures.



Reconciliation of Probation Funds

Proper reconciliations are needed between the division's Comprehensive Automated Probation System (CAPS) and the state's financial accounting system.

The Administrative Office of the Courts (AOC), Judiciary Cash Control Unit is responsible for the monthly reconciliation of the monies deposited in the bank for the Probation Fund to the amount recorded on the New Jersey Comprehensive Financial System (NJCFIS). The individual vicinages are responsible for reconciling NJCFIS to CAPS on a monthly basis. Our prior audit noted a significant difference between the two systems and recommended that the division make the necessary enhancements to the system a priority in order to facilitate uniform monthly reconciliations between CAPS and NJCFIS for all the vicinages.

We found that the division's current CAPS Reconciliation Committee did not hold meetings on a regular basis to address this issue until January 2011 and has not resolved the problem.

As a result, the AOC still does not have a standardized reconciliation process in place for the vicinages to use to perform a CAPS to NJCFS reconciliation. Most of the counties are utilizing a CAPS to CAPS worksheet to first test the integrity of CAPS to itself but are encountering differences that need to be resolved. During our review of the July 2010 reconciliations, we noted an estimated difference in the two systems of \$1.4 million, with more money on NJCFS than CAPS. The reconciliation variance is attributable to the AOC not implementing the necessary enhancements to CAPS that would correct reports on the system used in the reconciliation process. In addition, we noted that CAPS lacks an edit function to prevent the reversal of transactions that were associated with restitution checks that had previously been issued and cashed. This eliminates client payments from the CAPS system, which would have an effect on the reconciliation process.

Recommendation

We recommend the AOC make the necessary system enhancements to CAPS in order to facilitate the development of a standardized reconciliation process to be utilized by all the vicinages. We also recommend the implementation of a system edit to prevent incompatible transactions such as the reversal of payments on restitution payments already issued to victims.



Modification of Payee Name

The Comprehensive Automated Probation System (CAPS) has inadequate system controls in place to prevent the misappropriation of funds through a modification of the restitution payee name or address information.

The ability to modify information in CAPS for the restitution payee name and address is considered a sensitive transaction since this information is used to generate restitution checks to victims. When a change is made to this information, the system generates a case note in the client record and an entry in the payee history. The case note shows the original information and what the information was changed to. When multiple changes are processed to the same restitution payee on the same day, only the first change is listed as an entry on the summary listing of case notes. Any subsequent changes to this information are only viewable by accessing the detail screen for the original case note; these subsequent changes do not require supervisory approval. The change is also reflected on a payee history screen which is deep in the application. A user has to navigate through seven different menu selections from the main screen to view all the changes for that day. This makes the multiple changes described above less obvious to the CAPS users who are responsible for monitoring the case for questionable activity. As a result, funds due to victims could be misappropriated. Other sensitive transactions, such as changes in fees or supervision fee calculations, are handled in a preferred manner whereby an individual note is generated for each change and all changes require supervisory approval. We performed additional tests and did not find any evidence of improper payments.

Recommendation

We recommend that changes in name or address to a restitution payee which are made multiple times in one day be handled by the system in the same manner as other sensitive transactions and generate a note for each modification.



Client Identifying Information

No audit trail exists in the Comprehensive Automated Probation System (CAPS) to track changes to information that is used to identify a probationer such as name and social security number, which can be changed without supervisory approval.

Changes made to the name or social security number on CAPS can be reflected on an alias screen. This alias screen can be edited or deleted by a user and there is no record of which user made the change or when the change was made. Being able to change the identifying information impairs the division's ability to search for a client in CAPS, as well as to perform cross matches with other databases. This has the same effect as a court order to expunge the client's probation record. Our database testing found 161 client IDs that had their identifying information altered; 98 had no social security number history, and 77 had no name history. In addition, we noted four additional instances from other test samples of the name or social security number being changed where the change was not reflected in either the casebook notes or on the alias screen.

Recommendation

The CAPS system should be modified to automatically track and report changes to the client's name or social security number to the supervisor.



Jointly and Severally Dispositions

The Comprehensive Automated Probation System (CAPS) does not clearly identify cases where multiple clients are "jointly and severally" responsible for restitution.

There is no standard screen, field, or attribute within CAPS that can be queried or viewed to identify all codefendants associated with a particular victim. It is important to have this information easily accessible in CAPS since each client must be assessed the full amount of restitution ordered payable to all victims when "jointly and severally" dispositions are established in CAPS. When any one of the clients makes a payment which is applied to restitution, the payer's account is credited for the money collected. In addition, each of the other codefendants must have an equivalent amount credited against their account through a verified credit reducing the restitution assessment to ensure that the victim(s) is not overpaid.

Often codefendants are supervised by different probation officers and sometimes they are in different counties. Probation officers' access to client information within CAPS is also limited to probationers being supervised in their county. All verified credits must be recorded by Finance Division staff at the county level, yet it is the responsibility of the probation officer to periodically review the status of all the codefendants' payments to ensure that their client's account received the proper number of verified credits.

From our test samples, we identified four "jointly and severally" cases; within each group, we compared the client payment balances and the balances owed to the victim, which in all cases should agree. All four cases had inconsistent balances for the dollar amount owed the victim and the amount of payments made by the client in the system. Due to the posting of the verified credits, we also found that the codefendants that were not in compliance with their payment plans were not being selected for the Comprehensive Enforcement Program (CEP). In order for these clients to be selected for CEP, the probation officer would have to have the verified credits reversed and later re-applied.

Recommendation

We recommend the Administrative Office of the Courts (AOC) institute changes within CAPS in order to clearly identify cases where multiple clients are "jointly and severally" liable for restitution. In addition, we recommend the division document a set of steps for all counties to follow when inputting the cases into CAPS and recording payments. The documented steps should differentiate verified credits from payments made by the other codefendants to accurately identify clients that are non-compliant and should be selected for the CEP program.





GLENN A. GRANT, J.A.D.
Acting Administrative Director of the Courts

www.njcourts.com • phone: 609-984-0275 • fax: 609-984-6968

October 14, 2011

Mr. Stephen M. Eells, State Auditor
Office of the State Auditor
Office of Legislative Services
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

Subj: Draft OLS Audit Report on the Judiciary Administrative Office
of the Courts, Probation Services Division for July 1, 2007 to
June 30, 2011 – Judiciary Response

Dear Mr. Eells:

I am in receipt of the draft OLS audit report on the Judiciary Administrative Office of the Courts, Probation Services Division for July 1, 2007 to June 30, 2011. Thank you for the work your team of auditors did in conducting this audit. The following are the Judiciary's responses to the findings on the draft audit report.

Finding:

Page 4: Invalid Social Security Numbers - Social security numbers of probationers are not tested for validity during the intake process.

OLS Recommendation:

The division should ensure that a valid social security number (SSN) is captured during the intake phase by either acquiring the appropriate software program or training personnel as to which sequences of numbers are invalid, as well as having intake personnel check Rootsweb.com to determine if SSN is associated with a deceased person. For those clients that do not have an SSN, or have provided an invalid SSN, division employees should investigate the matter. Attempts to acquire this information from the client and other sources should be documented in CAPS.

Judiciary Response:

The Judiciary agrees that the social security number is a critical element of case supervision, in particular as to the enforcement of court ordered financial obligations. To improve the quality of social security information in the Probation case management systems, the judiciary is taking the following steps:

(1) Improvements are being made to ensure the collection of quality social security number information at the earliest stage of the criminal justice process. In the vast majority of criminal cases, local law enforcement officers create and electronically file the complaint (including the defendant's social security number) directly into the Judiciary's Automated Complaint System (ACS) at the time of arrest. That social security information through various system interfaces is transferred to the Comprehensive Automated Probation System (CAPS). The Judiciary is reviewing ACS to identify any data editing enhancements that can be made to the social security field, including addressing invalid number sequencing. Any enhancements that will improve the collection and quality of social security information will be implemented and made available statewide to all law enforcement.

(2) CAPS is being enhanced so as to automatically detect duplicate social security numbers and alert probation officers so that corrective action can be taken.

(3) CAPS is being enhanced so as to also automatically update the other Judiciary case management systems whenever modifications to the social security number are made. This will also improve the overall quality of data for future transactions between the various systems.

(4) The Judiciary is developing procedures and will consider using available software such as Rootsweb.com to identify any active social security information that is associated with a deceased person.

(5) Judiciary staff have been trained to investigate and take corrective action whenever invalid social security numbers are identified. These procedures, including the requirement to record the action in CAPS, will be reinforced with staff.

Finding:

Page 5: Wages Lookups – The division needs to perform wage lookups on a regular basis.

OLS Recommendation:

The division should expand on-line access to the Department of Labor and Workforce Development's (DLWD) Wage and Hour computer system in order to facilitate wage lookups during intake to identify and confirm a client's financial condition when evaluating the adequacy of their payment plan. The Administrative office of the Courts (AOC) should finalize their efforts to reach an agreement with the DLWD to acquire quarterly updates of the Wage and Hour database to identify income for all probationers.

The AOC should establish a field in CAPS to capture client's quarterly earnings and establish parameters when fluctuations in income should be reviewed to determine if the client's payment plan needs to be adjusted. In addition, the quarterly Wage and Hour databases could be used to identify clients who are working in the state that have failed to make a payment for a six-month period, as well as locate clients with an

outstanding warrant. Until these computer programming changes are instituted, the division should mandate that wage lookups be performed prior to a payment plan adjustment, issuance of a warrant, or designation of uncollectability.

LexisNexis searches should be performed as part of the annual verification of outstanding warrants. All of this information should be documented in CAPS so that anyone reviewing the client's case can determine the reasons for the actions taken. Lastly, the division should also consider adding a statement to its Conditions of Probation authorizing the release of tax information when the client fails to comply with their court-ordered financial obligations.

Judiciary Response:

The judiciary is in the process of expanding its on-line access to the New Jersey Department of Labor (DOL) and Workforce Development Wage and Hour Computer System to include all intake personnel and general supervision probation officers. Protocols to maximize the effectiveness of this access are being developed.

The Judiciary is finalizing an agreement with the DOL to provide quarterly reports to identify income for all probation clients. Further, the Judiciary is developing an automated process to make this information readily viewable on CAPS by probation staff in the supervision of the clients and the maintenance of realistic payment plans. The Judiciary will develop management reports using this quarterly information and statewide protocols based on those reports. In addition, the probation division has conducted pilot tests in four vicinages using the wage and hour system and LexisNexis system to identify any clients with outstanding warrants who have recent earnings. The Judiciary is currently assessing the results of these pilots for possible statewide implementation.

With regard to the recommendation concerning revising the Conditions of Probation, the Judiciary is exploring with the Division of Taxation what tax information can permissibly be shared.

Finding:

Page 7: Pre-Trial Intervention (PTI) – The division does not pursue collection efforts on dismissed Pre-Trial Intervention cases, even though it has docketed civil judgments for outstanding restitution due to victims.

OLS Recommendation:

The division should determine if another unit within the Judiciary has the authority to collect on PTI cases with a docketed civil judgment. At a minimum, the Judiciary should forward these cases to the Set-Off of Individual Liability program; if necessary, the division could authorize this action by adding an additional statement to the order of Dismissal and Consent of Judgment.

October 14, 2011

Page 4

Judiciary Response:

The Probation Division continues to collect and disburse monies against these judgments. However, after further research, the judiciary has concluded that it does not have authority to take further enforcement actions on dismissed PTI cases, including submission of any such cases to the Set Off Individual Liability (SOIL) program.

Finding:

Page 8: Failure to adequately document information in CAPS – Division employees are not adequately documenting key information in the division's computer system pertaining to database searches, client demographic information, and financial data used to evaluate a client's ability to pay their probationary debt.

Page 9: Multiple Client IDs have the same SSN and/or SBI number – The division does not have a standard report to identify multiple client IDs that have the same social security number and it is underutilizing the report that identifies clients having duplicate State Bureau of Investigation numbers.

OLS Recommendation:

The division should emphasize the need to document all events that have an impact on client supervision and collection in the Comprehensive Automated Probation System (CAPS). The division should specify in the supervision manual when certain entries are required.

The division should continue to generate a standard statewide monthly report identifying multiple client IDs having the same social security number and post the report in CAPS. In addition, management should ensure that both the SSN and SBI reports identifying this information are addressed by division personnel in a timely manner.

Judiciary Response:

The Judiciary concurs with the importance of documenting events in CAPS. The Probation Supervision Manual (Manual) specifies when certain events are required to be entered in CAPS. While many events are entered automatically, some entries have to be done manually. In addressing this recommendation the Manual has been revised regarding (1) recording in CAPS when verification of death has been determined, and (2) recording deportation events in CAPS. In addition, a casebook code must be used to record the event date and the source of verified information.

In April 2011 the Probation Division compiled a statewide list of clients with duplicate social security numbers. The list was cross-referenced by social security numbers with multiple venues where the number was being used and provided to the vicinages. That report will be updated and provided to the vicinages on a monthly basis.

Finding:

Page 10: Probation Supervision Manual – The division's supervision manual has not been updated since it was issued in January 2007

OLS Recommendation:

We recommend the division either ensure that the Probation Supervision Manual is updated in a timely manner or provide on the Judiciary intranet copies of revised policies and procedures that have been approved by division management, noting the effective date, to ensure that all personnel are following the same procedures.

Judiciary Response:

The Probation Supervision Manual is undergoing a significant update, with the updates to be distributed statewide shortly. The updated Manual will also be made available to all judiciary staff on our judiciary intranet. Additionally, the judiciary will implement a regularized updating procedure to ensure that the Manual is kept current. That procedure will include a cumulative log of the changes as well as an index of those changes.

Finding:

Page 10: Reconciliation of Probation Funds – Proper reconciliations are needed between the division's Comprehensive Automated Probation System and the state's financial accounting system.

OLS Recommendation:

We recommend the AOC make the necessary system enhancements to CAPS in order to facilitate the development of a standardized reconciliation process to be utilized by all the vicinages. We also recommend the implementation of a system edit to prevent incompatible transactions such as the reversal of payments on restitution payments already issued to victims.

Judiciary Response:

The judiciary has developed a manual process that reconciles the monthly cash receipts and disbursements from CAPS to NJCFS. This process will be incorporated into a statewide procedure that will be implemented in all vicinages by January 2012.

The judiciary has established a working group of Subject Matter Experts (SME's) to review the CAPS reconciliation process and identify system changes that may be helpful in standardizing the reconciliation. . Those changes will be prioritized and implemented commensurate with available funding and staff resources

The Judiciary also is conducting a comprehensive systems analysis of all of the Superior Court computer systems (including CAPS) to streamline both the processing of financial transactions and the account reconciliation process.

Finding:

Page 11: Modification of Payee Name – The Comprehensive Automated Probation System has inadequate system controls in place to prevent misappropriation of funds through a modification of the restitution payee name or address information.

October 14, 2011

Page 6

OLS Recommendation:

We recommend that changes in name or address to a restitution payee which are made multiple times in one day be handled by the system in the same manner as other sensitive transactions and generate a note for each modification.

Judiciary Response:

This modification to CAPS is under development, with statewide implementation anticipated by November 2011.

Finding:

Page 12: Client Identifying Information – No audit trail exists in the Comprehensive Automated Probation System to track changes to information that is used to identify a probationer such as name and social security number, which can be changed without supervisory approval.

OLS Recommendation:

The CAPS system should be modified to automatically track and report changes to the client's name or social security number to the supervisor.

Judiciary Response:

This enhancement to CAPS has been approved. Development will begin commensurate with available funding and staff resources.

Finding:

Page 12: Jointly and Severally Dispositions - The Comprehensive Automated Probation System does not clearly identify cases where clients are "joint and severally" responsible for restitution.

OLS Recommendation:

We recommend the AOC institute changes within CAPS in order to clearly identify cases where multiple clients are "jointly and severally" liable for restitution. In addition, we recommend the division document a set of steps for all counties to follow when inputting the cases into CAPS and recording payments. The documented steps should differentiate verified credits from payments made by the other codefendants to accurately identify clients that are non-compliant and should be selected for the CEP Program.

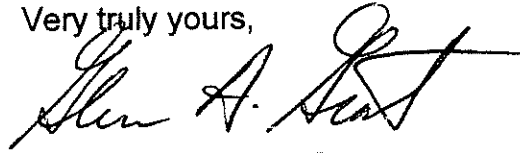
Judiciary Response:

Systems analysis is now underway to develop the business requirements to automate this process. Considerable resources will be required to complete and implement the necessary system changes. The Probation Supervision Manual does provide details as to how these cases are to be processed and current practices are being examined for possible improvements pending automation of the process.

October 14, 2011
Page 7

I trust you will find the Judiciary's responses to the audit exceptions acceptable. I look forward to your comments.

Very truly yours,

A handwritten signature in black ink, appearing to read "Glenn A. Grant". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Glenn A. Grant, J.A.D.

c: Shelley R. Webster, Director, OMAS
Robert S. Smith, Director, Trial Court Services, AOC
James S. Agro, Assistant Director, Management Services Division
Kevin M. Brown, Assistant Director, Probation Services Division