

# STATE OF CONNECTICUT

**AUDITORS' REPORT  
JUDICIAL DEPARTMENT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2002**

**AUDITORS OF PUBLIC ACCOUNTS  
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October 30, 2003

**AUDITORS' REPORT  
JUDICIAL DEPARTMENT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2002**

We have examined the financial records of the Judicial Department for the fiscal years ended June 30, 2001 and 2002. This report on our examination consists of the Comments, Condition of Records, Recommendations and Certification that follow.

The financial statement presentation and auditing of the books and accounts of the State are done on a Statewide Single Audit basis to include all State agencies including the Judicial Department. This audit examination has been limited to assessing compliance with certain provisions of financial related laws, regulations, contracts and grants and evaluating internal control structure policies and procedures established to ensure such compliance.

**COMMENTS**

**FOREWORD:**

The Judicial Department operates under the provisions of Article Fifth of the Constitution of the State of Connecticut and Titles 8 and 51, Chapters 78 and 870, respectively, of the General Statutes.

The Judicial Department is headed by the Chief Justice of the Supreme Court who is responsible for the administration of the Department. Daily operations of the Department are under the direction of the Chief Court Administrator who is responsible for the efficient and proper administration of judicial business. Included within the Judicial Department are the Supreme Court, the Appellate Court, the Superior Court and the various Courts of Probate.

The Supreme Court is the State's highest court. It must hear certain appeals from decisions of the Superior Court and it has discretion whether to grant review of cases decided by the Appellate Court. It also has authority to transfer to itself any case in the Appellate Court and, except certain original actions (as provided by Article XXVI of the Amendments to the Connecticut Constitution); it may transfer a case or class of cases from itself to the Appellate Court. The Appellate Court is an intermediate court of appeals.

The Honorable Francis M. McDonald served as Chief Justice of the Supreme Court during the audited period until January 22, 2001 when he was replaced by the Honorable William J. Sullivan. The Honorable Robert C. Leuba served as Chief Court Administrator until November 27, 2000 when he was replaced by the Honorable Joseph H. Pellegrino.

The Superior Court is the sole court of original jurisdiction for all cases of action except for (1) such actions over which the courts of probate have original jurisdiction, as provided by statute, and (2) the very limited number of actions over which the Supreme Court has original jurisdiction, as provided by the Constitution. During the period under review, the State was divided into 12 Judicial Districts and 22 Geographical Areas for purposes of applying venue in civil and criminal matters. There were also 13 Districts for the application of venue laws in juvenile matters and there were six separate courts established within various Judicial Districts solely for hearing housing matters. There also continued to be a tax session court located in Hartford. In addition, there was a Statewide Centralized Infractions Bureau for processing infractions, certain motor vehicle violations and certain minor criminal matters.

All aspects of the Judicial Department's financial operations are covered in this report with the following exceptions. The Office of the Probate Court Administrator is an agency within the Judicial Department and is reported on separately by us. However, the individual local Courts of Probate are subject to audit by the Probate Court Administrator and are not audited by us. Similarly, the Public Defender Services Commission is an autonomous body within the Judicial Department and is reported on separately.

### **Judicial Marshals:**

A constitutional amendment approved on the November 7, 2000 general election ballot eliminated the County Sheriffs, thereby enacting the provisions of Public Act 00-99, an Act Reforming the Sheriff System. The Act became effective December 1, 2000 and was codified under Title 6, Chapter 78 of the General Statutes. The Act replaced references to sheriff and deputy sheriff with judicial marshal and split the responsibilities formerly performed by the County Sheriffs. The Judicial Department became responsible for transporting prisoners and providing courthouse security. A State Marshals Commission was created with responsibility for serving legal papers. Initially, the Commission was an autonomous body under the Judicial Department for fiscal and budgetary purposes only. This was changed through Public Act 01-9 of the June 2001 Special Session, effective July 1, 2001, which transferred the Commission to be within the Department of Administrative Services for administrative purposes only.

**Recent Legislation:**

In addition to the creation of Judicial Marshals, the following notable legislation took effect during the audited period:

Public Acts 00-170 and 00-191–Section 34, effective July 1, 2000 and Section 1, effective May 26, 2000, respectively from both acts identically amended Section 51-81d, subsection (b) of the General Statutes. The amendments required the State Treasurer to credit any interest earned from the Client Security Fund to the fund. In addition, any interest earned from the fund during the period from its inception to May 26, 2000, shall be retroactively credited to the fund.

Public Act 00-170- Section 33 of this act, effective July 1, 2000, amended Section 46b-121, subsection (b) of the General Statutes thereby eliminating a \$200 fee assessed against parents, guardians or custodians of any child or youth whenever the services of the probation staff for juvenile matters is required.

Public Act 01-186- Section 8 of this act amended Section 54-36a(i) of the General Statutes concerning law enforcement agencies filing a return of compliance for court orders on seized property. The act specifies that failure to comply with the court order within 90 days of receipt of such order shall constitute criminal contempt. The act also specifies that each failure to comply and each failure to file a return of compliance within the required period will constitute a separate criminal contempt.

**RÉSUMÉ OF OPERATIONS:**

**Revenues and Receipts:**

Revenues and receipts of the Department consisted primarily of the fines and fees collected at the various locations of the Superior Court and by its Centralized Infractions Bureau. All such receipts are credited initially to the Fines Awaiting Distributions Fund (7002), which totaled \$76,853,997 and \$81,595,830 for the 2000-01 and 2001-02 fiscal years, respectively. Disbursements for the Fines Awaiting Distribution Fund consist of transfers to the following funds according to the provisions of the various statutes under which the fines and fees are levied.

	<b><u>Fiscal Year Ended June 30,</u></b>	
	<b><u>2001</u></b>	<b><u>2002</u></b>
Transfer to Criminal Injury Compensation Fund	\$1,395,009	\$1,583,953
Transfer to General Fund	46,346,092	52,852,069
Transfer to Special Transportation Fund	28,656,927	34,322,512
Fines distributed to towns	<u>163,639</u>	<u>172,749</u>
<b>Total 7002 Fund Disbursements</b>	<b><u>\$76,561,667</u></b>	<b><u>\$88,931,283</u></b>

Parking fines are paid out to the towns in which the infractions occurred.

General Fund receipts, in addition to the transfers from the Fines Awaiting Distribution Fund, totaled \$20,820,052 and \$18,604,890 for the 2000-01 and 2001-02 fiscal years, respectively. The

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major components of this revenue were Federal grant receipts that were \$10,376,538 and \$10,731,129 for the 2000-01 and 2001-02 fiscal years, respectively. Other significant revenues resulted from fees deposited to the Client Security Fund, investment income and sales of the Commission on Official Legal Publications (COLP).

The Client Security Fund operates under Section 51-81d of the General Statutes as a General Fund restricted account. The Fund is used for reimbursing claims for losses caused by the dishonest conduct of attorneys and is financed by an annual \$75 assessment paid by any person admitted as an attorney by the Superior Court. Such fees totaled approximately \$2,016,000 and \$2,020,053 for the 2000-01 and 2001-02 fiscal years, respectively. Client Fund expenditures totaled \$566,467 and \$1,439,133, respectively, for the same period.

In accordance with Section 51-52, subsection (e), of the General Statutes, excess funds from the Department's Clerk's Trust Accounts are deposited in the State Treasurer's Short Term Investment Fund (STIF). Investment income from STIF was deposited in the General Fund and totaled \$2,025,214 and \$867,147 for the 2000-01 and 2001-02 fiscal years, respectively. The decrease in investment income for the 2001-02 fiscal year was due to a significant decrease in interest rates.

COLP sales of legal publications totaled \$692,130 and \$724,767 for the 2000-01 and 2001-02 fiscal years, respectively.

### **General Fund Expenditures:**

General Fund expenditures for the Judicial Department are summarized below:

	<b><u>Fiscal Year Ended June 30,</u></b>		
	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
Budgeted Accounts:			
Personal services	\$172,277,081	\$183,939,785	\$197,510,655
Other expenses	50,179,843	51,221,083	55,594,310
Equipment	3,879,405	2,137,787	2,580,915
Alternative Incarceration Program	28,294,716	30,673,789	34,151,135
Juvenile Alternative Incarceration	18,940,973	20,834,218	21,601,578
Juvenile Justice Centers	2,738,385	2,742,079	2,840,272
Sheriffs Transition Account		15,025,906	28,348,063
Year 2000 Conversion	2,603,860		
All other budgeted expenditures	<u>1,075,024</u>	<u>1,089,517</u>	<u>1,139,631</u>
Total Budgeted Accounts	279,989,287	307,664,164	343,766,559
Restricted Accounts:			
Other than Federal accounts	3,483,979	5,638,423	6,299,843
Federal Accounts	<u>9,179,621</u>	<u>11,272,285</u>	<u>10,005,384</u>
Total Restricted Accounts	<u>12,663,600</u>	<u>16,910,708</u>	<u>16,305,384</u>
<b>Total Expenditures</b>	<b><u>\$292,652,887</u></b>	<b><u>\$324,574,872</u></b>	<b><u>\$360,071,786</u></b>

Department expenditures increased by \$67,418,899 or approximately 23 percent over the two-year audit period. The increase can be mainly attributed to two categories, personal services and the Sheriffs transition account.

Personal services increased by \$25,233,574 or approximately 12 percent during the two-year audit period. The increase can be attributed to annual increments and cost of living increases from collective bargaining agreements, wage increases for judges, an increase in part time positions as direct support for judges to assist in the timely disposition of court cases, and the increase in the number of filled positions. The number of filled positions increased from 2,803 as of June 2000 to 2,935 as of June 2002.

The Sheriffs transition account includes salary payments to the Judicial marshals and operating costs for courthouse security and prisoner transportation. The total for the 2000-01 fiscal year represents about half of one year's expenditures since the elimination of the County Sheriffs and transfer of duties occurred in December 2000.

Other areas of increases in expenditures were for other expenses and the Alternative Incarceration and Juvenile Alternative Incarceration Programs. Two significant factors causing other expenses to increase for the 2001-02 fiscal year were the expansion of property management fees and increased software maintenance costs reflecting increased use of automated systems.

The Department continued to receive increased funding for its Alternative Incarceration Programs, both adult and juvenile. Expenditures increased by \$8,517,024, or approximately 18 percent, from \$47,235,689 to \$55,752,713 during the audited period to provide more services to program participants.

The Department additionally purchased equipment through the Capital Equipment Purchases (1872) Fund totaling \$1,210,944 and \$581,239 for the 2000-01 and 2001-02 fiscal years, respectively.

**Superior Court Condemnation Award Fund (7043):**

Under Section 48-11, of the General Statutes, compensation offered by the State Transportation Commissioner as part of condemnation proceedings that are being disputed by property owners is deposited in this Fund. The money on deposit is paid to the proper persons through the State Treasurer on application of the owner or owners and on order of the Court. Deposits by the State Transportation Commissioner were \$36,245,396 and \$13,910,231 for the 2000-01 and 2001-02 fiscal years, respectively. For the same period, disbursements paid to owners of property or returned to the State Department of Transportation were \$35,005,899 and \$8,680,400, respectively. The significant rise in the Fund's activity during the 2000-01 fiscal year was the result of condemnations from the Adrian's Landing project in Hartford.

**State Bar Examining Committee:**

The State Bar Examining Committee operates under the authority of State law (Section 51-81 of the General Statutes) and the rules of the Superior Court (Connecticut Practice Book, Chapter 2). It assists the Court in overseeing the admittance of persons to the practice of law in Connecticut.

The Committee funds its operations through the fees it collects from applicants. The funds so derived are retained by the Committee and are not accounted for within any authorized State Fund. Based on the Committee's financial statements, cash and cash equivalents as of June 30, 2000, totaled \$367,968. Cash receipts consisted mostly of fee collections and totaled \$448,953 and \$480,809, respectively, for the 1998-99 and 1999-00 fiscal years. For the same period, the Committee's cash disbursements totaled \$510,396 and \$543,626, respectively, and were for salaries and other administrative expenses. (See "Condition of Records" section.)

**Program Evaluation:**

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to perform program evaluations. In a follow up from our prior review, our current review considered the Department's implementation of Section 51-52, subsection (e), of the General Statutes. This section requires that the excess of Judicial Department Clerk's Trust accounts' working balances be deposited with the State Treasurer. Any such interest earned on the trust accounts, which is deposited in the STIF, goes to the State's General Fund.

In response to our recommendation, monthly financial reports filed by the Courts were analyzed by the Agency for an 18-month period from December 1999 through May 2001. The analysis found that, on average, approximately \$33,700,000 or 94 percent of the funds available in the Clerk's Trust accounts were invested in STIF. A subsequent analysis for a seven-month period from July 2001 through January 2002 showed that on average, approximately \$30,900,000 or over 94 percent of the available funds were invested in STIF.

We note that STIF rates have dropped significantly during the audited period. The total rate of return dropped from 6.11 percent to 2.61 percent for the 2000-01 and 2001-02 fiscal years respectively. For the first half of the 2002-03 fiscal year, the STIF has been less than 2 percent and had an effective yield of 1.52 percent for January 2003. In addition, funds on deposit in State accounts result in credits against the bank handling fees. Therefore, the net gain to the State for investing in STIF, as opposed to keeping funds in a State account, would be less than the STIF rate.

Our prior report contained a recommendation that the Department should improve the cash management of its Clerk's Trust Account. It appears from the above that the Department has complied with the recommendation in that significant portions of its funds are invested in STIF. Considering the current rates of interest, any further efforts to increase the amount invested would not appear to be cost effective.

## CONDITION OF RECORDS

Our audit of the Judicial Department's records revealed several areas requiring improvement or further comment as discussed below:

### **Attendance Matters:**

*Criteria:* The Agency Administrative Policies and Procedures Manual requires: (1) timesheets to be signed by the employee and supervisor, (2) compensatory time to be granted only when an employee is required to work overtime by a judge, Division Director or supervisor, and (3) a medical certificate for employees on pregnancy leave that indicates actual date of birth.

Proper internal control includes removing terminated employees from the Agency's payroll on a timely basis.

*Condition:* 1. Time sheets- Our test consisted of a sample of 25 time sheets maintained by the Agency divisions for each of the 2000-01 and 2001-02 fiscal years. The time sheets are posted to the Agency's official attendance records by the Agency's divisions. Our test noted several instances where the necessary signature, either the employee and/or the supervisor, were missing from the timesheet. Our review continued to find supervisors approving their own timesheets as noted in the previous audit.

Our sample for the 2001-02 fiscal year also found timesheets were missing for two employees. An additional sample of payments to 25 Judicial Marshals during the 2002-03 fiscal year revealed missing time sheets for three employees.

2. Compensatory time- An Agency Division Director was improperly earning and using compensatory time. For the period from January 2000 through December 2002, the employee used nearly 57 days of compensatory time that was incorrectly accrued. The Agency decided that no retroactive adjustments would be made to the employee's leave balance due to the Branch's overall lack of clarity and consistent enforcement of existing policies and procedures over compensatory time.

3. Medical certificates- Our sample of employees on maternity leave showed 11 out of 12 did not provide a medical certificate documenting date of birth.

4. Payroll terminations- Our prior review found that terminated employees were not being removed from active payroll status on a timely basis. Our current review found this condition continued to exist. A

sample of employees appearing on a February 2003 payroll showed six employees who had resigned remained on the payroll for an average of 21 months after terminating from the State.

- Effect:*
1. The lack of timesheets documentation and supervisory approval of attendance records lessens the assurance that their services were received.
  2. The use of compensatory time by a managerial employee violates Agency procedures. It also results in a cost to the State by allowing an employee to substitute compensatory time for vacation time.
  3. The lack of a medical certificate violates Agency procedures.
  4. The risk for improper or erroneous payments is increased when an inactive employee remains on the payroll.

*Cause:* The causes for the above conditions can be generally attributed to a lack of oversight over payroll transactions and attendance record keeping.

*Recommendation:* The Department should improve its oversight and documentation over attendance matters. (See Recommendation 1.)

*Agency Response:* “Oversight has been extensively revised with respect to non-judge personnel. For example, attendance recording now requires the use of pre-approved work schedules and centralized exception reporting. Supervisors’ approval of their own timesheets, when that supervisor is the highest ranking employee in the unit, is a policy that has been reviewed and approved by Judicial Branch management, is included in the revised Judicial Branch Administrative Policies and Procedures Manual currently being distributed.

Branch policies with respect to the remaining areas identified have been restated and clarified. Greater care in the monitoring of Branch practices in these areas includes the planning of random, independent test checks.”

*Auditors Concluding Comment:*

We note that the revised Agency policy regarding supervisors approving their own timesheets was not in effect during the audited period.

**Property Control:**

*Criteria:* Section 4-36 of the General Statutes requires each State agency to establish and keep an inventory account in a form prescribed by the State Comptroller. The State’s Property Control Manual requires a detailed subsidiary record supporting each inventory category amount reported on the annual inventory report to the State Comptroller. Also, inventory

records should be properly maintained with new acquisitions and any changes in location promptly recorded.

*Condition:* The Department reported additions totaling \$4,819,110 in the Furnishings and Equipment (Capitalized) category on the annual inventory report to the State Comptroller for June 30, 2002. This differed by \$1,160,394 from the Department's subsidiary listing amount of \$5,920,247 due to various past reconciling items. The balance reported for Furnishings and Equipment as of June 20, 2002 was \$23,801,484.

Our test check of property control records showed numerous discrepancies. A sample of 25 equipment items on the Agency's property control records showed eight (or 32 percent) could not be located. A sample of 25 equipment items physically inspected showed four (or 16 percent) could not be traced to the Agency's property control record.

*Effect:* The lack of accurate property control records could result in undetected losses.

*Cause:* The differences in reporting Furnishings and Equipment was due to carrying forward amounts from prior years without supporting documentation and programming problems with the property control system over the past few years. The cause for discrepancies in the Agency's property control records was not determined.

*Recommendation:* The Department should improve its property control records. (See Recommendation 2.)

*Agency Response:* "As indicated, differences between the annual inventory report and subsidiary records have been due to software programming. These areas have been identified and a resolution implemented.

Property control records are maintained for over 70 facilities in more than 50 locations around the state. This diversity, in conjunction with the need for major operating units to move equipment in response to operational needs, increases the complexity and difficulty of maintaining records with complete accuracy. Nevertheless, we will continue to research ways that will improve the accuracy and currentness of supporting records without compromising operational requirements. The utilization of external sources, for example, to perform physical inventory counts that would supplement those currently undertaken, is being considered."

**Bar Examining Committee:**

*Criteria:* To increase operating efficiency and reduce inherent risk, business operations should be consolidated and any unneeded bank accounts eliminated.

*Condition:* As noted in the Resume of Operations section, the Bar Examining Committee funds its operations through the fees it collects from applicants. The Committee's funds are not accounted for within any authorized State Fund, the Committee maintains a checking account for its everyday activities. Excess funds are transferred to the Committee's STIF account.

The above checking account appears unnecessary since Committee's receipts and disbursements could be handled through the establishment of a restricted account in the General Fund. Receipts and disbursements would be processed by the Agency's business office that has established internal controls over the receipts and disbursements.

*Effect:* The Committee's checking account and time spent by its staff in its maintenance appears to be an unnecessary duplication of effort and increases inherent risk.

*Cause:* The cause for the establishment of a checking account for the Committee was not determined.

*Recommendation:* The Bar Examining Committee checking account should be closed with its activities accounted for in a restricted General Fund account. (See Recommendation 3.)

*Agency Response:* "The Branch will review the feasibility of utilizing a restricted General Fund account, to include such legal, operational and other considerations as appropriate."

**Juvenile Attorney Billings:**

*Background:* The Judicial Department contracts with attorneys to provide legal representation for juveniles when the parent(s) or guardian(s) are indigent or incompetent. Department expenditures for attorney fees for juveniles totaled nearly \$8,600,000 and \$8,900,000 for the 2001 and 2002 fiscal years, respectively.

*Criteria:* Judicial Department procedures require juvenile attorneys on contract to provide documentation of billings to the appropriate Court Clerk for review and approval. The Court Clerk would sign off on a State (CO17)

invoice, approving the propriety of the billing. The approved CO17 invoice and supporting documentation would be returned to the attorney who was responsible for forwarding the billing documentation to the Juvenile Billing Unit (JBU). The JBU reviews the billings for mathematical accuracy and completeness. If correct, the documentation would be forwarded to the Department's Accounts Payable Unit for processing and submission to the State Comptroller for payment.

*Condition:* The Department conducted an internal review of juvenile attorney billings during January 2003 to determine whether any cost savings were possible. An analysis of costs statewide revealed attorney fees for one particular juvenile matters court appeared excessive as compared to the other courts. Further review of the court expenditures revealed a particular attorney's billings were the reason for the variance. The attorney was found to have billed and received compensation for approximately \$479,000 worth of hours from July 2000 through December 2002. The Department considers all of the above attorney's billings to be excessive and questionable. The matter was turned over to the police and the attorney was arrested for larceny and forgery during March 2003. Attempts to collect the balance owed are ongoing.

A review of other attorneys revealed additional incorrect payments. One attorney was overpaid \$17,904 representing billings for non-reimbursable time that was repaid during May 2003. In addition, two attorneys were found to have been overpaid \$108,804 and \$75,140, respectively and collection attempts were initiated during April 2003. Further review as of May 2003 of other attorneys was ongoing.

*Effect:* The Department has a lack of internal control over payments to juvenile attorneys that has resulted in significant undetected losses.

*Cause:* Agency procedures allowed payment documentation to be directly sent to the JBU from the contracted attorneys, bypassing the court clerks that review and authorize the payment. There is no verification that the billing presented to the Court Clerk for approval was the same that was sent to JBU for payment. There was also a lack of monitoring costs statewide for juvenile attorneys to ensure they were reasonable. The Agency subsequently revised its procedures so that all billing documentation is received by the appropriate Court Clerk and then directly forwarded to the JBU for processing.

*Recommendation:* The Department needs to improve its monitoring of payments to contracted attorneys. (See Recommendation 4.)

*Agency Response:* "In addition to the rerouting of billing documentation as indicated, other controls have been implemented. For example, various attorney activities

that require the pre-approval of judges have been clarified allowing for improved monitoring and enforcement practices.

Further improvements are planned in all areas which include addressing juvenile clerks' office responsibilities, payment processing routines and Branch management activities. Our analysis of documentation maintained by individual attorneys in support of their invoices continues.

The Branch will also maintain the heightened internal audit focus on contract attorney billings.”

**Accountability Reports- Bar Examining Committee:**

*Criteria:* Proper internal control would include the preparation of accountability reports. These reports provide reconciliations that compare moneys that were actually recorded with amounts that should have been accounted for.

*Condition:* A Department Internal Audit Unit review found that available accountability reports prepared by the Bar Examining Committee for examination fees were not supported by proper documentation. Also, accountability reports were not performed in a timely manner. Their review during December 2002 found that reports for February and July 2002 bar examination fees were not prepared.

*Effect:* The lack of accountability over receipts can result in undetected losses.

*Cause:* The reasons for the lack of proper documentation and timely preparation of accountability reports were not determined.

*Recommendation:* The Department should ensure the preparation of accountability reports for receipts whenever feasible. (See Recommendation 5.)

*Agency Response:* “Branch policies currently require the preparation of such reports on a semi-annual basis. The Bar Examining Committee administrative office will work with Internal Audit and Superior Court Division personnel to improve reliability and timeliness in this area.”

**Agency Administrative Policies and Procedures Manual:**

*Criteria:* The Department has a Judicial Branch Administrative Policies and Procedures (JBAPP) Manual approved by the Office of Chief Court Administrator. It establishes the Department's policies and procedures for a range of matters including payroll and personnel, business office operations, information systems, materials management and property control.

*Condition:* Our prior audit report contained two recommendations concerning the review of outside complaints and the personal use of State equipment. The Department had no policies or procedures for the centralized review of all outside complaints to ensure consistency. Also, the Department had no written policies and procedures to address the personal use of State equipment and facilities by its employees. Both were originally presented in our audit report covering the 1996-97 and 1997-98 fiscal years.

During June 2003, the Agency began distributing its revised Manual which includes policies and procedures which address our two prior recommendations. The Manual is being distributed through the Agency's internet which, according to the Agency, will make it more readily available to make periodic updates and revisions as necessary.

*Effect:* The lack of timely approval of revisions to the Manual may result in antiquated Department policies and procedures remaining in place. It also restrained the Department from acting on matters not covered in the Manual such as those presented in the preceding two recommendations.

*Cause:* The Department had been waiting to officially approve its procedures as a whole rather than on a section-by-section basis.

*Conclusion:* In expectation that the revised, on-line availability of the Department's Manual will result in more timely updates, no recommendation is warranted at this time.

**Late Deposits:**

*Criteria:* Section 4-32 of the General Statutes requires receipts of \$500 or more to be deposited within 24 hours. Section 4-33a of the General Statutes requires State agencies to report any irregular or unsafe handling of State funds.

*Condition:* The Department's Internal Audit Unit periodically reports instances of untimely deposits in accordance with Section 4-33a of the General Statutes. The untimely deposits are discovered during the Unit's regularly scheduled audits of Court locations. Because of these reports, we reported the following instances of late deposits to the Governor and other State officials:

1. On September 26, 2001, we reported on 20 instances of late deposits ranging from \$5 to \$950. Most delays were between one and five days, with one deposit 26 days and another 112 days late. These late deposits were identified during Internal Audit reviews of various Juvenile Probation offices throughout the State from July through December 2000.

2. On January 8, 2002, we reported on ten instances of late deposits ranging from \$30 to \$370. The New Britain Housing Court had four late deposits, totaling \$255, ranging from one to six days late. The Hartford Judicial District had six deposits, totaling \$1,295, all a day late. These late deposits were identified during Internal Audit reviews completed from January through June 2001.

3. December 31, 2002, we reported two instances of late deposits of \$10 each at the Manchester GA 12 that were two days late. We also reported on a one-day late deposit of \$3,400 at the New Haven GA23. These late deposits were identified during Internal Audit reviews completed from January through June 2002.

*Effect:* The untimely deposits violated Section 4-32 of the General Statutes.

*Cause:* We were informed that the various causes for the late deposits have been reviewed and measures implemented as appropriate to minimize the risk of future late deposits.

*Conclusion:* The incident of late deposits reported does not appear significant in consideration of the large statewide volume of Department receipts. Therefore, no recommendation is presented.

**Avails Deposit Discrepancy:**

*Criteria:* Section 3-7, subsection (c) of the General Statutes provides for the compromise of disputed claims. Upon recommendation of the Attorney General, the Governor may authorize the compromise of any disputed claim by or against the State or any department or agency thereof.

*Condition:* The Department reported a loss concerning a deposit discrepancy at Geographical Area Court #14 at Hartford. On February 21, 2002, the Court's deposit of avails was \$9,896 while the bank indicated it received \$7,789, a shortage of \$2,107.

The reason for the shortage was not determined and a meeting between Agency staff and a bank official was held to resolve the matter. Agency documentation of the meeting indicated that the bank official offered to make up the entire loss, \$2,107, without admitting any responsibility. However, an Agency staff member offered to split the amount with the bank, which was accepted. A credit was issued by the bank for one-half of the loss, \$1,054, at the end of April 2002.

- Effect:* We note that Agency staff had no authorization to compromise the deposit loss.  
The unauthorized compromising of the deposit resulted in a loss of \$1,053 to the State.
- Cause:* It appears that the employee made the counter offer to split the loss to be fair since the fault for the discrepancy could not be determined.
- Conclusion:* The above unauthorized compromising of an amount due to the State appears to be an isolated instance that does not warrant a recommendation at this time.

**Judges' Attendance Records:**

Judges do not submit individual timesheets; their attendance is kept on a weekly report that documents attendance of judges assigned a specific court location for the week. The reports are maintained and approved by the Administrative Judge (or appropriate official) for the Judicial District. The reports are sent to the Office of Chief Court Administrator and posted to a yearly attendance record. We note that judges' salaries are set by statute and are paid on a bi-monthly basis. Payments are not dependent on attendance and leave records.

The Department refused us access to the judges' attendance records maintaining that the separation of powers doctrine inherent in the State Constitution allows the Branch to withhold the records. In order to accomplish our audit objectives, we provided a sample of 25 judges to the Internal Audit Unit of the Judicial Branch together with agreed upon procedures for testing. The procedures reviewed the accuracy of the posting to the yearly attendance records from the weekly attendance reports and whether any leave time was used in accordance with Department procedures. The Unit provided their findings and workpapers for our review. The Unit's review found that the attendance records were properly recorded and leave time correctly earned and used. There were a few minor procedural areas noted that could be improved. It appears from our review of the Unit's workpapers and findings that no further (Internal Audit Unit) testing of the attendance records was warranted at this time.

## RECOMMENDATIONS

Our prior report on the Judicial Department covered the fiscal years ended June 30, 1999 and 2000 and contained 12 recommendations. The following is a summary of those recommendations and the action taken by the Judicial Department.

*Status of Prior Audit Recommendations:*

- The Department should improve the cash management of its Clerk's Trust Accounts. This recommendation has been resolved.
- The Department should improve its policies and procedures for the claims management system of the Office of Victim Services. This recommendation has been resolved.
- The Department should ensure that all employee timesheets are approved by a supervisor. This recommendation has been restated to include additional matters regarding payroll records. (See Recommendation 1.)
- Regular employee evaluations should be performed in accordance with the Department's administrative policies and procedures. This recommendation has been resolved.
- The Department should ensure the preparation of accountability reports for receipts whenever feasible. Although the Department took action to comply with this recommendation regarding small claims and the Client Security Fund, a lack of sufficient accountability over Bar Examination Committee fees was noted by the Department's Internal Audit Unit. Therefore, this recommendation is repeated. (See Recommendation 5.)
- The Department should reconcile the Restitution Unit Account on a timely basis. This recommendation has been resolved.
- The Department should consider seeking legislation to clarify and strengthen the existing statutes regarding seized property. This recommendation was resolved through the passage of Public Act 01-186 that set a definite time frame for complying with court orders concerning the disposition of seized property.
- The Department should establish policies and procedures for receiving and reviewing outside complaints against its employees. This recommendation has been resolved.
- The Department should adopt written policies and procedures concerning the personal use of State equipment and facilities. This recommendation has been resolved.
- The Department should develop guidelines for hiring temporary court reporters and monitors and improve the documentation of the activities of court reporters and monitors. This recommendation has been resolved.

- The Department should improve its property control records. This recommendation is repeated. (See Recommendation 2.)
- The Department should remove terminated employees from its payroll on a timely basis and ensure the accuracy of payments made at termination. The part of the recommendation concerning payments made at termination has been resolved. The part concerning removing terminated employees from the payroll has been repeated and is included in our recommendation on attendance matters. (See Recommendation 1.)

*Current Audit Recommendations:*

**1. The Department should improve its oversight and documentation over attendance matters.**

Comment:

Our review found several instances of both missing timesheets and a lack of employee and/or supervisory approval of timesheets. We also found significant improper use of compensatory time by a managerial employee, the lack of medical certificates to document pregnancy leaves and the continued lack of timely removal of employees terminated from the Agency's payroll.

**2. The Department should improve its property control records.**

Comment:

Additions reported on the annual inventory report under the category of "Furnishings and Equipment" to the State Comptroller for June 30, 2002 were not supported by detailed subsidiary records. Our test of inventory records showed numerous items were not accurately recorded.

**3. The Bar Examining Committee checking account should be closed with its activities accounted for in a restricted General Fund account.**

Comment:

The Bar Committee's checking account is unnecessary since its financial activities could be accounted for in a General Fund restricted account by the Department's business office.

**4. The Department needs to improve its monitoring of payments to contracted attorneys.**

Comment:

A Judicial Department internal review revealed a lack of internal control over payments to juvenile attorneys that resulted in significant incorrect or improper payments that were not detected on a timely basis.

**5. The Department should ensure the preparation of accountability reports for receipts whenever feasible.**

Comment:

The Department's Internal Audit Unit review of the Bar Examining Committee found that accountability reports for bar examination fees were not supported by proper documentation and not performed in a timely manner.

## **INDEPENDENT AUDITORS' CERTIFICATION**

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Judicial Department for the fiscal years ended June 30, 2001 and 2002. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Judicial Department for the fiscal years ended June 30, 2001 and 2002, are included as part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial-related audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Judicial Department complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

### **Compliance:**

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Judicial Department is the responsibility of the Judicial Department management.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts, and grants, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations for the fiscal years ended June 30, 2001 and 2002, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under generally accepted government auditing standards.

We did, however, note certain immaterial or less than significant instances of noncompliance that we have disclosed in the "Condition of Records" and "Recommendations" sections of this report.

### **Internal Control over Financial Operations, Safeguarding of Assets and Compliance:**

The management of the Judicial Department is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of assets, and compliance with

the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over its financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations in order to determine our auditing procedures for the purpose of evaluating the Judicial Department's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grants. We believe the following findings represent reportable conditions:

- Lack of internal control and monitoring over payments to contracted attorneys
- Inadequate property control and reporting
- Lack of timely removal of terminated employees from the payroll
- Lack of monitoring of compensatory time

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, of the reportable conditions described above, we believe that the reportable condition regarding inadequate property control and reporting to be a material or significant weakness.

We also noted other matters involving internal control over the Agency's financial operations and over compliance which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

This report is intended for the information of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

**CONCLUSION**

In conclusion, we wish to express our appreciation for the assistance and courtesies extended to our representatives by the personnel of the Judicial Department during the course of this examination.

Donald R. Purchla  
Principal Auditor

Approved:

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

drp/90010