

**New York State Unified Court System
Internal Control Memo
For the Period April 1, 2010 through March 31, 2011**

Date: March 31, 2012

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We conducted an examination of the New York State Unified Court System's (UCS) internal controls maintained during the period April 1, 2010 through March 31, 2011 to determine if UCS was in compliance with the "New York State Governmental Accountability, Audit and Internal Control Act." Our work included site visits to District 1 in Manhattan, New York and District 7 in Rochester, New York. We also examined internal audit reports that were completed for court systems within several other Districts. Based on our examination, we identified the following areas where UCS would benefit from stronger internal controls.

District 1 Findings: Civil and Criminal Court - Manhattan, New York

1. General Computer Controls

The following items were noted during our review of general computer controls within the civil and criminal court systems in Manhattan:

- **Data Security** - The data backup tape is only taken offsite once per week which puts up to six days of data at risk.
- **Data Center Environmental Controls** - The civil and criminal court data centers that we visited at 111 Centre Street, New York, New York and 346 Broadway, New York, New York had a sprinkler system and no server friendly fire suppression system.
- **Data Center Security** - The criminal court data center at 346 Broadway, New York, New York is secured with a door lock but there is no key fob to track entry.

Recommendations

- **Data Security** - The data backup tapes should be rotated offsite every day or there should be a daily redundant backup of all data to an offsite location.
- **Data Center Environmental Controls** - In order to reduce the risk of water damage to equipment management should consider replacing the data center sprinkler system with a server friendly fire suppression system.
- **Data Center Security** - Management should consider installing a key fob entry system to the data center at 346 Broadway so that the individuals entering the facility and the time of entry can be identified.

Management's Response

Management concurs with the above findings.

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District 7 Findings: Supreme Court – Rochester, New York

2. General Computer Controls - Network Access

All new network users are placed on the network after receiving the “Information Sheet for Network Users” from the Chief Clerk or Manager. Once completed this serves as authorization for the Automation Department to proceed. However, it is not signed off to denote authorization by the Chief Clerk or Manager. We also noted that in some cases the names of the Chief Clerk or the manager were not indicated on the form.

Recommendation

Management should take the necessary steps to ensure that network user access is properly authorized by the Chief Clerk or Manager.

Management’s Response

In a small district such as the Seventh Judicial District, there is close coordination between Human Resources, Automation and the Court Manager which ensures only new “employees” are being added to the system. We have directed that the Information Sheet for Network Users be modified to include an area for the Court Manager’s signature and date.

3. Vendor Setup and Revisions

The Senior Court Analyst (Silvia Kockler) sets up all new vendors on the ADBM software system after obtaining a U.S. Form W-9. There is no established procedure for vendor modifications and additions to be reviewed by an individual who is segregated from this process.

Recommendation

Management should establish a procedure for an individual segregated from the new vendor setup process to review and approve vendor modifications and additions on a periodic basis.

Management’s Response

This issue resulted from the staffing shortage in the Finance Unit (down two staff members), which made such segregation not possible. All UCS Courts are migrating to the State Financial System (SFS) which structurally requires segregation for this task. Additionally, one replacement employee was secured for the Finance Unit.

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Internal Control Memo
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4. Inventory Controls

Each piece of “inventory,” or equipment, receives a barcode when it is placed into service. However, it was noted that there is no method to determine what equipment was in service at a specific date. Also, when equipment is transferred in/out of the District or disposed of, the District office does not update the system in a timely manner.

Recommendation

Management should adopt a process that allows for an accurate representation of inventory/equipment on hand. The District office should also focus on updating the location of inventory when it receives the appropriate form relating to the transfer or disposal of a piece of equipment.

Management’s Response

There are currently two systems being used with respect to inventory control. The first system is a very dated ADBM based inventory control system which is used for furniture and other equipment (excluding computers). The second system is the Uniform Computer Inventory Control System which tracks only automation equipment. Both systems have a live and disposed file, so theoretically, you could run an inventory report on a given date that would show what is the current inventory as of the date you run the report. That being said, it may show equipment actually disposed of but not yet moved into the disposed file. Additionally, the ADBM file is dated and has limitations that make using the bar code feature not viable at this time. Additionally, there are not adequate personnel resources to have a “real time” inventory system nor to conduct inventories on a routine basis, nor ensure items are updated immediately when disposed. Upon my becoming District Executive, I tasked our automation unit to develop a working bar code system which they have begun working on this project. I am hoping that from the technological perspective, a working bar code reader for inventory will assist in more regular and timely inventory control. Due to budget constraints I cannot project the completion of this project.

Entity Wide Findings: New York State Unified Court System

5. Internal Auditing

The UCS is a very large organization that includes hundreds of courts throughout the State. The level of sophistication within each court varies widely. The smaller court systems may be susceptible to internal control issues that stem from lack of segregation of duties and limited staffing.

Recommendation

We encourage the Office of Court Administration to continue to perform internal audits. By monitoring the various court systems the efforts of the internal audit team will create a perception of detection and provide a platform to put into place corrective action.

Management’s Response

Management concurs with the above findings.

New York State Unified Court System
Internal Control Memo
For the Period April 1, 2010 through March 31, 2011

6. Fines and Fees Receivable

All fines and fees are tracked via the Summons Automation Management System (SAMS). The initial summons is entered into SAMS by various clerks throughout the UCS. The software is not capable of providing a report that identifies the amount of fines and fees uncollected. Therefore, the Counties and New York State do not know the accounts receivable balance or the age of the amounts outstanding.

Recommendation

SAMS should be examined to determine if the software can be modified or if it can interface with report writing software to produce the necessary accounts receivable reports.

Management's Response

SAMS contains the data to produce such a report if court leadership decides to expend the programming resources.

7. General Computer Controls - Acceptable Use/Information Security Policy

Employees are not prompted by an acceptable use/information security policy reminder or acknowledgement upon login to the network.

Recommendation

Management should take the necessary steps to provide an acceptable use and information security reminder when each network user logs onto the system.

Management's Response

The Department of Technology will review current practices and make a recommendation to the Chief of Operations concerning this security banner.

8. General Computer Controls - Password Changes

Employees are not required to change their password, nor are there any parameters for creating a password.

Recommendation

The UCS should require strong passwords and make the frequency of password changes consistent throughout the State.

Management's Response

The UCS has numerous systems with different password policies and capabilities. Strong passwords with a prescribed change schedule for network sign-on will be implemented in the third quarter of 2012.

New York State Unified Court System
Internal Control Memo
For the Period April 1, 2010 through March 31, 2011

9. General Computer Controls - Smart Devices

The UCS does not have a policy with regard to data security and the use of personal and State owned smart devices. The following deficiencies were noted:

- The UCS email is allowed on personal smart devices.
- Password protection is not required on smart devices so the data is at risk if the device is lost or stolen.
- The UCS does not require the installation of software that would allow the data to be wiped clean, remotely, if the device is lost or stolen.

Recommendation

The UCS should identify the risks associated with smart devices and develop policies and procedures to minimize exposure.

Management's Response

The UCS has practices in place but no official policy in this area. The Department of Technology will prepare a draft policy for review by UCS policymakers.