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United States General Accounting Office
Report to Chairman, Committee on the
Judiciary, U.S. Senate

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NATIONAL FINE
CENTER

Expectations High, but
Development Behind
Schedule

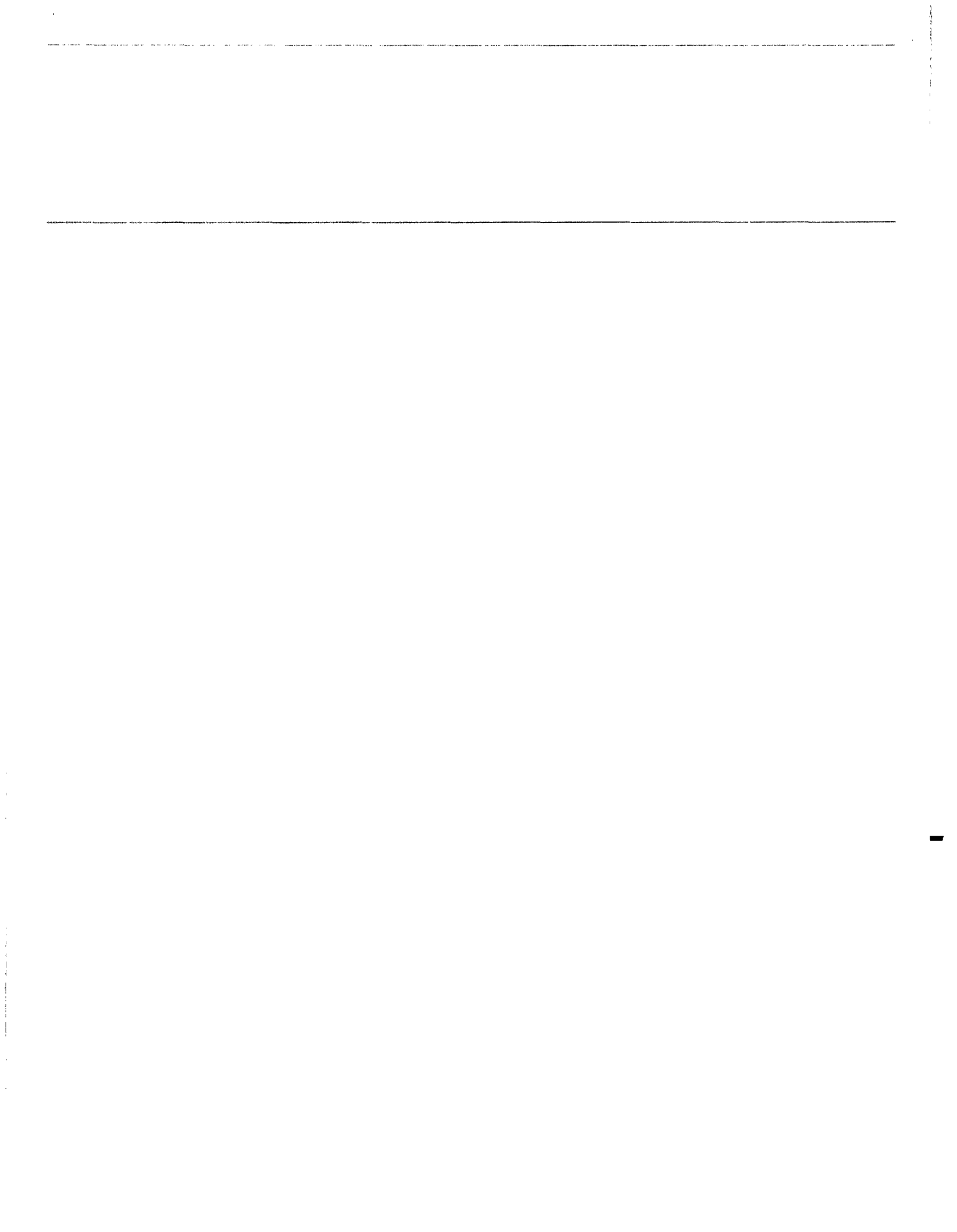


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General Government Division

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August 10, 1993

The Honorable Joseph R. Biden, Jr.
Chairman, Committee on the Judiciary
United States Senate

Dear Mr. Chairman:

Problems associated with federal criminal debt collection are long-standing. To address these problems, Congress has passed numerous laws pertaining to the imposition and collection of criminal fines and restitution. These laws not only provided for the imposition of monetary penalties in almost every case, they also dramatically increased the maximum level of criminal fines that may be imposed. As a result, federal courts have imposed fines and restitution in more criminal cases in greater amounts than ever before.

A recurrent problem has been the absence of a centralized collection and management tracking system that could provide national-level statistics on debt collection and aid in coordinating debt collection efforts. This was illustrated in February 1992, for example, when the Department of Justice was unable to provide information to Congress on the amount of fines and restitution that the federal government had collected in major bank and thrift fraud cases. Justice had recorded only collections received through the U.S. Attorneys Office, although offenders might have paid the fines or restitution somewhere else, such as to the court, Probation and Pretrial Services Division (probation office), or directly to the victim.¹

The U.S. Courts National Fine Center (NFC) is designed, in part, to address such problems. It is being developed as a project within the Administrative Office of the U.S. Courts (AOUSC). NFC is expected to centralize and streamline the government's processes for collecting, accounting, and reporting criminal debts. It is also to centralize payment of restitution to crime victims and to generate national statistics on the results of its debt collection efforts. Eventually, NFC is to link with the automated systems of federal agencies involved in the collection process, further improving coordination among government agencies.

As you requested, we examined the status of NFC's development and operations. In particular, you asked that we (1) describe how NFC is to operate; (2) determine the status of NFC's operations in its five pilot

¹See Hearings Before the Subcommittee on Consumer and Regulatory Affairs of the Senate Committee on Banking, Housing and Urban Affairs, 102d Cong., 2d Sess. (1992).

districts, noting any changes from the original plan, including any problems being encountered; and (3) assess whether NFC is likely to fully meet its original objectives, as set by AOUSC.

Results in Brief

Although NFC is scheduled to be fully operational in all 94 judicial districts by late 1995, full implementation will probably be delayed. NFC originally scheduled five pilot districts to be integrated by December 1992; however, as of May 1993, only the first pilot district—the Eastern District of North Carolina—had been integrated with NFC.

NFC has finished training district staff to use the new system and installed the system in all four remaining pilot districts. Two pilot districts have begun the reconciliation process whereby district agencies agree on debtor account balances. The other two pilot districts have not started to reconcile their accounts. Unexpected difficulties in reconciling debtor accounts, training staff, and implementing the system have slowed NFC's progress and caused the project to miss target dates. Consequently, we expect that NFC will not be fully operational by the 1995 target date.

NFC is working on developing its automated systems. Development and testing of NFC's automated systems were to be completed by December 1992. NFC's disbursement system is not operational, and NFC continues to test the system. Consequently, the Clerk of Court in the Eastern District of North Carolina, rather than NFC, continues to be the office responsible for receiving the district's debtor payments and making disbursements. Additionally, NFC has not completed the design of the software that will link it with automated systems in several other federal agencies.

We cannot determine whether NFC will meet all objectives set by AOUSC because NFC is still in its developmental stage. However, we did find that NFC is not meeting the objective that requires controlling unauthorized access to the database. NFC's computer security plan is not in compliance with certain aspects of the Computer Security Act of 1987,² which establishes minimum acceptable computer security practices for federal computer systems that contain sensitive information. Although limited to one district's account information, the NFC database is operational, and debtor account information is vulnerable to fraud and misuse. For example, we believe that NFC's current computer security plan is insufficient to guard against unauthorized access.

²P.L. 100-235, 101 Stat. 1724.

Our concern is tempered only by the fact that the NFC database is not yet the official system of record. That is, it continues to run in its test phase parallel to the official system, which is still manually kept by the Clerk of Court in the Eastern District of North Carolina.

In written comments on this report (see app. III), AOUSC officials generally agreed with the information presented and said they would use it in a reassessment of the project's direction and management. They recognized that NFC's development is behind schedule and said that AOUSC has now applied a more formalized management process to ensure successful completion of the project. AOUSC also reported having taken other steps to enhance the project's management and alleviate possible security threats.

Background

Approximately 45,000 criminal offenders are convicted in federal courts each year. Although a fine may not be imposed in every case, there is a potential financial obligation since the courts are required to impose a special assessment on each offender convicted of a crime. According to AOUSC, following enactment of numerous laws relating to the imposition and collection of monetary penalties during the 1980s, federal courts have imposed fines³ and restitution⁴ in more criminal cases in greater amounts than ever before. Justice has reported, for example, that federal courts ordered \$22.5 million in fines and \$981.7 million in restitution just in major bank and thrift criminal fraud cases between fiscal years 1989 and 1992. As of early 1992, Justice estimated that the total amount of unpaid criminal debt exceeded \$1.6 billion. That balance continues to grow.

At present, criminal debtors make payments directly to victims or to the local offices of one of three different agencies: the U.S. Attorneys Office, probation office, or the Clerk of Court. According to Justice, this situation arises from court sentencing practices (e.g., courts may order defendants to pay restitution directly to victims or through one of those sources) and

³Criminal fines are punitive and may be ordered whether or not there is an identifiable victim. Fine amounts are determined in part by reference to the statute defining the offense for which the defendant is convicted. Most criminal fines are deposited to the Crime Victims Fund.

⁴The Victim and Witness Protection Act of 1982 (P.L. 97-291, 96 Stat. 1248) provides for restitution when a defendant is convicted of an offense under Title 18 or certain air piracy statutes. The victim may be a federal agency, private corporation, bank, or an individual. Through this act, Congress sought to ensure that the government would do everything possible, within limits, to assist victims. In the case of a misdemeanor, restitution may be ordered in addition to or in lieu of any other penalty authorized by law. With a felony, restitution must be in addition to some other penalty.

changes in the law.⁵ Justice concluded that these changes “resulted in confusion both in the monitoring of restitution orders and in the receipting and recording of payments made.”

We have long reported that the multiplicity of agencies involved in criminal debt collection has led to a number of problems. For example, we reported in 1985 that some of the problems were a lack of standardized procedures, discrepancies among agency collection records, and duplication of effort. We concluded that because of the fragmentation of collection responsibility, the federal government could not ensure that debtors who did not pay were quickly identified and pursued. Thus, criminals partly escaped punishment, and the outstanding debt balance grew.⁶

More recently, after having noted that several governmental agencies have responsibility for collecting fines and restitution, Justice reported problems in trying to generate accurate figures on the amount of fines and restitution collected in criminal bank and thrift fraud cases. Justice also wrote that the confusion over monitoring and receipting payments has impeded the government’s ability to collect restitution and criminal fines imposed by the courts. Until NFC becomes operational, Justice noted, there is no automated, centralized data collection system.⁷ Justice referred to NFC as a “giant leap forward both in standardization of collection methods and in generating data.”

NFC Is to Address Long-Standing Problems

The Criminal Fine Improvements Act of 1987⁸ addressed the need for a centralized collection system. The act centralized criminal debt collection responsibility within AOUSC. Congress contemplated that the director of the AOUSC would establish a single national center within the judicial branch

⁵For example, prior to 1985, the Clerks of Courts were responsible for receipting payments made by defendants on criminal fines and restitution. However, the Criminal Fine Enforcement Act of 1984 (P.L. 98-596, 98 Stat. 3134) made the Attorney General responsible for receiving payments on criminal fines imposed on or after January 1, 1985. The act also provided that for restitution ordered on or after January 1, 1985, offenders could pay restitution directly to victims or to victims through the Attorney General. Later, the Criminal Fine Improvements Act of 1987 (P.L. 100-185, 101 Stat. 1279), transferred responsibility for receiving criminal fine and assessment payments from Justice back to the courts.

⁶After the Criminal Fine Enforcement Act of 1984—Some Issues Still Need to be Resolved (GAO/GGD-86-02, Oct. 10, 1985).

⁷Justice’s Report on Monetary Enforcement Efforts in Financial Institution Fraud Cases, March 1992.

⁸P.L. 100-185, 101 Stat. 1279.

for processing fines, restitution, and special assessments.⁹ NFC is the result of this directive.

NFC is designed to streamline and centralize the criminal debt collection process, providing continuity of federal debt collection data and less duplication of effort. NFC is to track and collect criminal debts for all 94 judicial districts. Local probation offices, Clerk of Courts, and U.S. Attorneys' offices will no longer be responsible for receiving any debt payment or maintaining any local record of payment or balance. NFC is to create one criminal debt database, which should improve the completeness and accuracy of federal debt collection data. If successful, the database will enable NFC to provide current information on the payment of all fines, restitution, forfeitures of bail bonds or collateral,¹⁰ and special assessments imposed by federal courts in all felony and some misdemeanor cases. NFC will also be able to generate reports and national statistics on debt collection efforts.

At the heart of NFC is the automated Judgment and Commitment Order (J&C)—the court's official sentencing record. Automation will help standardize the language of sentences so that court-ordered money penalties will be easier to collect and enforce. Appendix I is an example of the new J&C.

Since the J&C is the official record of sentence, many offices within the court and other government agencies require this information for their records and execution of sentence. Among other agencies, the U.S. Attorneys' offices, Bureau of Prisons, probation office, and clerk's office within the court use information from the J&C to either open or close cases on their respective automated systems. NFC will provide dial-in electronic access to information captured by the automated J&C for staff in those agencies.

NFC officials project that NFC will be fully operational nationwide by late 1995. The project plan described a pilot development and testing phase, beginning January 1991, to be followed by a 4-year expansion to all 94 judicial districts.

⁹Federal courts must order an assessment for each count of a conviction. The penalty for individual defendants is up to \$25 for a misdemeanor conviction and \$50 for a felony conviction. The penalties for defendants other than individuals (such as a corporation) are up to \$125 and \$200, respectively. Assessments are imposed to offset the cost of programs authorized under the Victims of Crime Act of 1984 (P.L. 98-473, 98 Stat. 2170).

¹⁰Failure to appear in court as directed may result in forfeiture of collateral or an appearance bond.

NFC is a unit of the clerk's office in the Eastern District of North Carolina. NFC was originally assigned to an individual court for development because of a lack of resources and funding mechanism within AOUSC. AOUSC has recently drafted a plan for separating NFC from the Eastern District to operate as a regional office under the management and control of AOUSC.

Scope and Methodology

To obtain information on the status of NFC's development and operations, we reviewed NFC's legislative history, AOUSC status reports, and other planning documents and correspondence. We also interviewed cognizant officials in Washington and in the five federal judicial districts in which NFC is operating or planning pilot projects.

In Washington, we discussed NFC operations with the project manager at AOUSC and with officials from the Executive Office for U.S. Attorneys, the probation office, and the Bureau of Prisons. In the first pilot district, the Eastern District of North Carolina, we interviewed NFC officials in their Raleigh, North Carolina, location. We also discussed NFC operations with officials in the Clerk of the Court's Office, the probation office, and the U.S. Attorney's Office in that district.

NFC has started pilot programs in four other judicial districts. Those are the Western District of Missouri, Eastern District of Pennsylvania, Southern District of Texas, and Western District of Texas. In each of those districts, we contacted officials with the U.S. Attorney's Office, probation office, and Clerk of Court's Office to determine their progress towards integration with NFC.

Finally, we met with officials of a commercial bank that operates the "lockbox"¹¹ system that is designed to process payments for NFC. We did our review from July 1992 to February 1993 in accordance with generally accepted government auditing standards.

How NFC Is Designed to Work

NFC operations are designed to activate at the time of sentencing. When a court sentences a convicted defendant and imposes a fine, special assessment, or restitution, NFC systems will set up a debtor's account and start tracking the payment record. How this process is intended to work is described below.

¹¹Several commercial banks contract with Treasury to provide services for agencies which process large collection payments. The banks maintain accounts through the use of post office boxes (or "lockboxes") for the purpose of collecting and depositing funds. Services are tailored to meet individual agency needs.

Each district court is to establish debtor accounts at NFC electronically using the automated Judgment and Commitment Order System (JCS). For convicted offenders ordered to pay monetary penalties immediately, NFC is to send them pre-addressed envelopes and coupons for them to remit their payments. NFC is to send monthly account statements with payment coupons to debtors whom the court permits to make installment payments.

NFC statements will include the debtor's name, address, Social Security number, and the court docket number for easy identification. Statements will also include the total amount owed, amounts paid, any interest due or penalties, balance owed, payment schedule, due date, and amount of the next payment. Appendix II is an example of the Monthly Statement of Account and Payment Coupon.

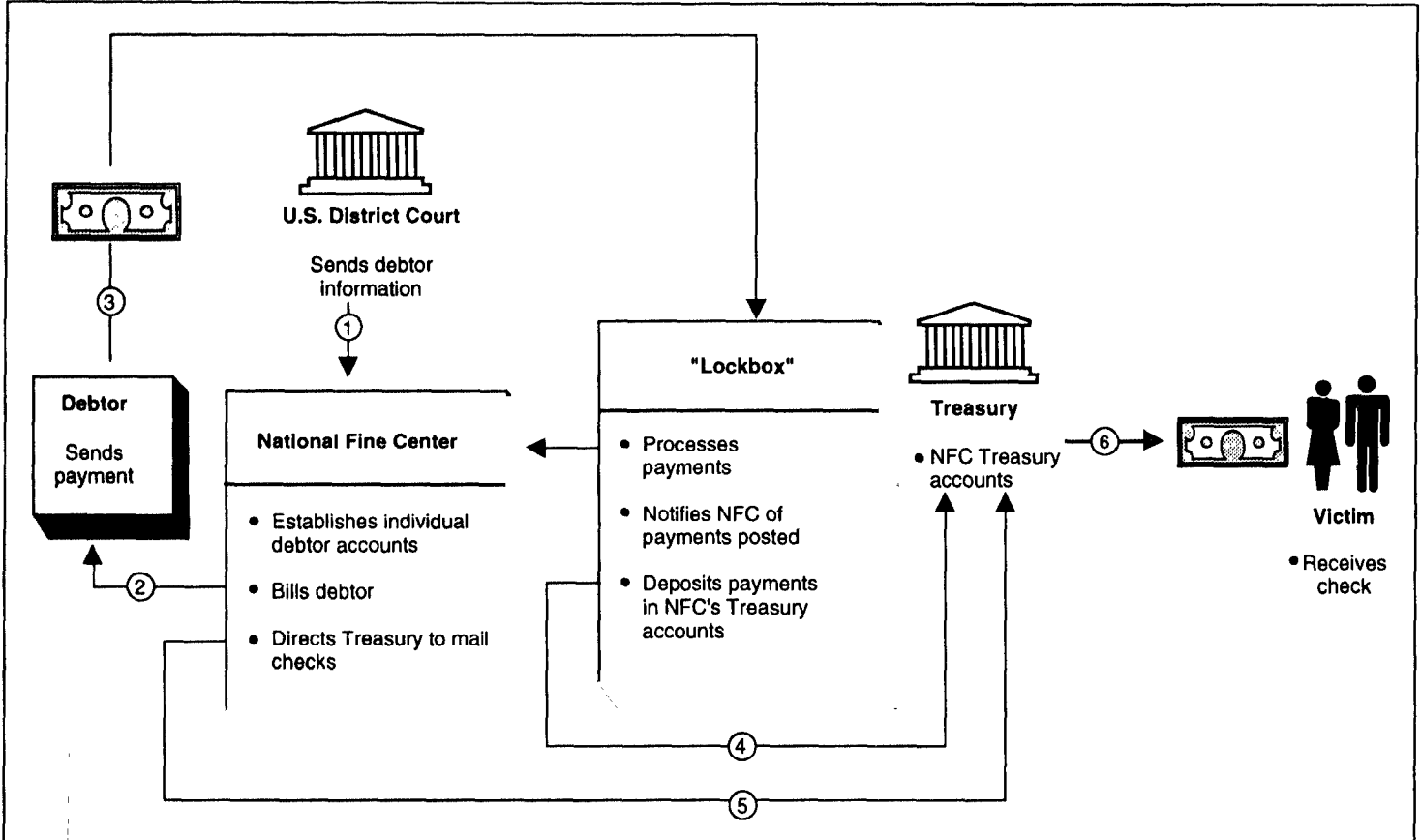
Debtors are to mail their payments with accompanying statements directly to NFC's lockbox account at a commercial bank. The lockbox bank is to process all payments and electronically transmit a daily posting of payments received to NFC.

The bank is to deposit payments into one of two NFC Treasury accounts and electronically notify NFC of each transaction. Fines, bond forfeitures, and special assessments are to be deposited to the Crime Victims Fund;¹² restitution payments will be deposited to a separate account for victims. NFC is to maintain payment records and instruct Treasury to disburse payments directly from the restitution account to appropriate victims (e.g., federal agencies, private corporations, banks, or individuals).¹³ Figure 1 illustrates these aspects of NFC's operations.

¹²The Crime Victims Fund was established by the Victims of Crime Act (P.L. 98-473, 98 Stat. 2170). Virtually all criminal fines, special assessments, and bail bond forfeitures are deposited into this fund. The fund is administered by the Office for Victims of Crime in the Department of Justice. Ninety percent of the fund is distributed to states in the form of compensation or grants. Crime victims compensation programs administered by the states (e.g., rape crisis centers and child abuse centers) provide financial assistance to victims and survivors of victims of criminal violence.

¹³J&Cs must specify how much and to whom an offender is to pay restitution. The automated J&C will establish an account at NFC and debtors will be instructed to send all payments to NFC. NFC officials have expressed concern that some judges may resist using a standardized J&C and continue to order restitution to be paid directly to victims. In those cases, payments would circumvent NFC, hampering its efforts to track all payments. While recognizing that judges have a certain degree of autonomy in their courtrooms, NFC officials are taking steps to educate judges on the importance of NFC's role as a central collection point.

Figure 1: Summary of NFC Operations



NFC is to generate reports that identify debtors whose payments are delinquent or in default. Monthly, NFC is to send notices to debtors who are 30, 60, 90, or 120 days late making payments. It is to send these reports to the appropriate probation office and U.S. Attorney's Office that is responsible for taking legal action against debtors who do not make the payments required by their sentences. The U.S. Attorney's Office can use enforcement techniques such as garnishment to collect payments due from debtors. All payments collected by a U.S. Attorney's Office as a result of enforcement action are also to be recorded at NFC.

NFC is to maintain the official records of all payments so it can provide complete and accurate information on criminal debts imposed, paid, and outstanding. NFC is to generate national statistics as well as specific reports as needed.

In addition, NFC is to link directly with automated systems in several federal agencies responsible for tracking criminal offenders through the judicial system and monitoring the payment of fines and restitution. These include the Clerk of Court's Office, U.S. Attorneys' offices, the Bureau of Prisons, and the probation office.

The agencies are to be able to access NFC's database through their own automated systems to obtain current payment records and modify or update accounts in the NFC database. For example, the link with the new Probation and Pretrial Services Automated Case Tracking System (PACTS)¹⁴ should allow probation officers to access payment information from the NFC database. This should help them monitor offenders' compliance with conditions of probation and supervised release. PACTS is to electronically update the NFC database when probation officers learn of new information on offenders, such as changes in their addresses or approved payment schedules. NFC should also allow U.S. Attorneys' offices and other users to have direct access to meet their own needs for current, accurate information.

NFC's Development Is Behind Schedule

Development of NFC is progressing, but much remains to be done before it is operating in all 94 judicial districts. The project plan called for five pilot districts to be using NFC by December 1992 and all judicial districts to be integrated into NFC operations by late 1995. However, only one of five pilot districts had been integrated with NFC as of December 1992. Reconciling debtor accounts has delayed the integration process and JCS training and implementation has not been completed in the four remaining pilot districts. Since the pilot districts have not completed integration with NFC, the remaining 89 districts have yet to begin. In addition, NFC has not completed the design and development of automated systems integral to its operations, which it originally projected would be done by December 1992. NFC continues to design and test those systems, including its disbursement system.

Original Plan Called for Completion in 1995

NFC was originally scheduled to be operational nationwide by early 1995. The project plan provided for a pilot development and testing phase beginning January 1991, to be followed by a 4-year expansion to all districts. Five district courts were selected to help with the pilot—the Eastern District of North Carolina, the Western District of Missouri, the Eastern District of Pennsylvania, and the Southern and Western Districts

¹⁴Like NFC, PACTS is still under development. Its installation is being expanded to all districts.

of Texas. After these pilot districts were integrated with NFC, plans were to expand operations to approximately 20 to 30 district courts per year until all 94 districts were integrated. NFC officials later revised the target for nationwide operations to late 1995. AOUSC now attaches no specific time frame to NFC's becoming fully operational.

Three steps are required before district court operations can be completely integrated with NFC. First, because NFC can accept only one outstanding balance for each debtor, district agencies must "reconcile" old debtor accounts (i.e., arrive at agreed-upon balances) before electronically transferring accounts into the NFC database. Second, NFC must provide training for employees who will use JCS. And third, the district must install and implement JCS into district court operations.

Only the first pilot district—the Eastern District of North Carolina—had been integrated with NFC by the target date of December 1992. This was the original target date for integration of all five pilot districts with NFC. As of May 1993, the four remaining pilots were still not integrated with NFC and NFC officials do not know when they will be.

NFC has also identified the 10 districts next scheduled for integration with NFC, but those districts have yet to begin any steps towards integration.¹⁵

In comments to this report, AOUSC stated it has contracted for three studies that should assist it with developing a plan for computer hardware, space and facilities, and staffing and organizational management. These studies are designed to provide NFC with a strategy for nationwide expansion.

Difficulty in Reconciling Debtor Accounts Has Slowed NFC Progress

Since NFC can accept only one balance due for each debtor, the reconciliation process is crucial to building the database. Time-consuming and cumbersome, the process cannot be completed until all agencies certify account balances for transfer to the NFC database. In the Eastern District of North Carolina, reconciliation took longer than expected because agencies could not agree on account balances, and crucial information (such as addresses and Social Security numbers) was missing for many debtor accounts.

Reconciling individual debtor accounts is necessary because account balances have tended to differ. One reason may be because the three offices in each district usually responsible for criminal debt receipting

¹⁵NFC plans to integrate new districts following PACTS expansion to ensure that NFC operations are compatible with other automated court systems.

functions (i.e., receiving payments and maintaining accounting records) do not balance or update their accounts at the same time. Another reason that accounts may not balance is that the U.S. Attorney's Office is generally the only office that calculates and applies interest and penalties on accounts.

To balance or reconcile accounts, each district will form a team with representatives from each of the three agencies—the U.S. Attorney's Office, the Clerk's Office, and the probation office. Among other things, the team will decide which agency's records it will use to balance accounts, how accounts will be balanced, and how to arrive at allowable differences. After all accounts are reconciled, each agency is to sign off on a report listing each case and the balance established for each account.

NFC has proposed that the U.S. Attorney's Office in each district perform the receipting function during the reconciliation process until the accounts are merged with NFC. This would centralize the receipting function and keep accounts in balance until they can be loaded into the NFC database.

To help with reconciliation and, afterwards, with the receipting process, NFC has offered to fund temporary administrative support positions in each district's U.S. Attorney's Office. Additional help was not needed in the Eastern District of North Carolina because NFC staff, located in the same building with the U.S. Attorney's Office, reconciled the district's debtor accounts. NFC officials are not certain how many districts will ask for temporary help. As of January 1993, only the reconciliation team for the Eastern District of Pennsylvania had requested temporary staff.

The Eastern District of North Carolina is the only district that has reconciled old debtor accounts. With approximately 2,500 accounts to reconcile, the district's reconciliation team started the process in the summer of 1991 and completed most reconciliation by late 1992. The team agreed that account balances differing by \$500 or less would be considered reconciled because further reconciliation would not be cost-effective. They also agreed that differences remaining would be decided in favor of the debtor.¹⁶ That is, the agreed-upon balance would be that showing the debtor with the least amount outstanding.

A separate but related problem involves the difficulty that district agencies face in resolving other conflicts in debtor account information. For example, in the Eastern District of North Carolina, an NFC official said the

¹⁶An NFC official and an Assistant U.S. Attorney said that this decision was also based on cost-benefit considerations and agreements among district officials.

reconciliation team eventually reconciled all account balances but found that many accounts lacked current addresses. Others did not have Social Security numbers and dates of birth. Such information is critical since NFC cannot bill debtors without correct addresses.

Through February 1993, NFC had been unable to obtain current addresses for and bill about 900 of the Eastern District's 2,500 debtors—approximately 36 percent of the district's accounts. According to an NFC official, those 900 accounts represent about \$3 million of the district's approximately \$35 million in outstanding criminal debt. NFC is working with district agencies and has contracted with a commercial locator service to help obtain those addresses. An NFC official said that a lot of time has been spent on these accounts, many of which involve old cases, and the cases may soon be turned over to the U.S. Attorney's Office to determine what additional efforts will be made to locate these debtors.¹⁷

Two additional pilot districts—the Eastern District of Pennsylvania and the Western District of Missouri—had started the reconciliation process by January 1993, but an NFC official said he was uncertain how long the process will take. NFC planned to provide orientation for the last two pilot districts—the Southern District of Texas and the Western District of Texas—in February 1993. As of May 1993, neither district had started to reconcile debtor accounts.

AOUSC has not set milestones for completing the reconciliation process because of the difficulties encountered in coordinating with the various participating agencies. Nevertheless, AOUSC has been working through the problems associated with the reconciliation process. A blueprint for the reconciliation of debtor accounts has been developed based on the experience gained in the pilot districts. AOUSC and the Executive Office for U.S. Attorneys have developed guidelines and a recommended approach for conducting each reconciliation. AOUSC notes that the length of time to complete the reconciliation process will vary depending on the number of cases to be reconciled.

¹⁷According to the U.S. Attorneys' Manual, criminal fines, assessments, interests, penalties, and court costs imposed for felony offenses may be placed "in suspense" if a current address is not available for the defendant and the defendant cannot be located after reasonable diligence. This policy allows the U.S. Attorney's Office to segregate uncollectible criminal fines and devote greater attention to active cases and those with a likelihood of collection. In general, the segregation policy does not apply to restitution, fines over 20 years old (which may be closed), fines imposed for offenses committed on or after November 1, 1987, or fines where the defendant is incarcerated and eligible to participate in the Bureau of Prisons Inmate Financial Responsibility Program.

AOUSC officials expect reconciliation time to decrease as more districts are integrated using the blueprint plan. However, this process will still cause considerable delays in integrating all the districts. Consequently, AOUSC may reassess the decision to enter information about fines and restitution currently owed into the NFC database. One alternative would be to start with only two classes of cases in the database: new cases sentenced as of a particular date; and older cases in which all agencies' records agree on the balances owed and the debtor is under active supervision of the probation office, or one of the agencies has a current address. The decision to adopt this alternative would require the approval of agency heads involved in the reconciliation process as well as the Judicial Conference of the United States.

JCS Training and
Implementation Limited to
Four Pilot Districts

The automated JCS will establish debtor accounts at NFC at the time of sentencing. NFC is training district employees to use JCS and installing the system in the pilot districts as employees are trained.

As of January 1993, employees from four of the five pilot districts had received some training on how to use JCS. Staff in the Eastern District of North Carolina and the Western District of Missouri had completed the training. As of May 1993, district employees from all five pilot districts had completed the training—both initial and the follow-up training—provided by NFC.

Although NFC has installed JCS in all five pilot districts, only the first pilot—the Eastern District of North Carolina—has integrated JCS into court operations. This means that district staff are using JCS to establish new accounts with NFC. As district staff complete JCS training, JCS will be integrated into court operations in additional districts.¹⁸

¹⁸The extent to which JCS is actually incorporated into courtroom operations may vary. AOUSC officials said that using the system "live" in courtrooms would be most efficient. Live use allows clerks to enter sentencing information directly into JCS and print copies of the J&C for the attorneys to review at the time of sentencing. Any mistakes can be corrected at that time, obviating the need to schedule another hearing.

However, AOUSC officials expect that few judges will use JCS in this manner. So far, only one judge in the Eastern District of North Carolina is using the JCS live; the others have the deputy clerks enter the data into JCS outside of the courtroom, in the clerk's office.

AOUSC officials noted that some judges have expressed reservations about whether using JCS live would interfere with sentencing or even be workable with complex sentencing. Other judges may not accept the system at all. In those instances, NFC officials would later try to capture the sentencing data from a copy of the typewritten J&C. AOUSC officials warned, however, that NFC simply may not capture some judges' sentencing data.

NFC Is Still Developing Its Automated Systems

AOUSC documents earlier suggested that NFC's automated systems would be designed and tested by the end of 1992, but systems development has not been completed. NFC continues to develop and test systems integral to its operations. For example, the disbursement function for paying restitution to victims from Treasury accounts is not yet operational. In addition, NFC is still designing and developing software that will link NFC with automated systems from other agencies that use criminal debt information.

According to the original plans, NFC was to have completed the design, programming, and testing for user systems by December 1992. All development and testing is being done by AOUSC staff.

As of May 1993, NFC's disbursement function for paying restitution to victims was not yet operational. NFC mailed the first batch of payment coupons to debtors in the Eastern District of North Carolina in August 1992. Although debtors are sending payments to the lockbox, NFC is depositing payments from debtors to the Clerk of Court's account in the Eastern District of North Carolina. In turn, NFC has also mailed restitution checks to victims from this account. AOUSC officials said they expected the disbursement function to be operational in March 1993.

According to one NFC official, plans to link NFC with automated systems operated by the probation office, U.S. Attorneys' offices, Clerk of Courts, and Bureau of Prisons have not progressed far beyond the initial planning stages. Original plans called for the design of such "user systems" to be completed by October 1992. The exact nature of these computer programs and design of the software will be developed further within the next year as NFC expands beyond the pilot districts. Until automated systems are operating, NFC plans to provide hard copy reports to agencies that request the information.

In comments on this report, AOUSC informed us it is taking a new approach to the development of automated systems that is designed to ensure user satisfaction and provide more oversight at the highest levels of AOUSC and the judiciary.

Full Implementation Will Probably Be Delayed

NFC has already missed many of its milestones for integrating districts, and because the five pilot districts are behind schedule, the timetable to integrate the remaining 89 districts could also be delayed.

NFC has missed milestones in several areas. For example:

- NFC had integrated only the Eastern District of North Carolina into its operations as of December 1992. This was the original target date for integration of all five pilot districts.
- The remaining 89 districts were scheduled to have begun reconciling their accounts in September 1992. As of December 1992, none of these districts had begun the reconciliation process.
- A review of NFC's fiscal procedures projected to take place in early 1992 did not begin until October 1992.

Consequently, we expect that NFC will not be fully operational by the 1995 target date. How long full implementation will take is difficult to estimate. Cohesive, effective operations will depend not just on the ability of 1 organization's staff to develop and maintain a complex computer system serving varied needs, but also on the ability of multiple agencies in 94 judicial districts to complete development of their own systems and reconcile accounts. A more accurate estimate of when NFC will be fully implemented can be made after NFC has gained additional experience with integrating more districts.

Too Early to Judge Whether NFC Will Meet All Objectives, but Database Security Already a Concern

Because NFC is not fully operational, we cannot determine the extent to which it will meet all five objectives set by AOUSC in the project plan. We are concerned, however, that NFC is not meeting one crucial objective, which relates to controlling access to the database. As a result, we believe that the database is vulnerable to fraud and misuse.

The first objective calls for the Director of AOUSC to establish procedures and mechanisms for processing criminal monetary penalties. NFC has established procedures and mechanisms, but some are still being developed and tested (e.g., the disbursement function).

A second objective calls for NFC to establish a central database of information on assessment, fine, and restitution payments. NFC is building a central database that will not be complete until all 94 districts are integrated.

A third objective requires NFC to reduce the time and labor requirements of maintaining district agency accounts. NFC will not be able to do this until all districts are integrated into NFC operations. However, once operating in a district, NFC will assume the receipting functions from district agencies now performing them. District agencies devoting staff to receipting activities will be able to redirect them to other duties. Informal staff

surveys in the Eastern District of North Carolina indicated that NFC will save that district almost 1,000 staff hours (approximately 125 staff days) a year. An NFC official said that he anticipates comparable savings in additional districts as they are integrated with the system.

That NFC will save the government time and labor collecting and processing criminal debts makes intuitive sense. But exactly how much time and labor NFC will save cannot be predicted with confidence until NFC is operational in more districts and a more rigorous assessment is made of staff years saved.

To meet the fourth objective, NFC is to maintain its payments records in accordance with specific judicial accounting policies found in the Guide to Judicial Policies and Procedures, Chapter VII: Financial Management. To ensure this requirement will be met, AOUSC contracted with a private audit firm to survey and test the effectiveness of NFC's automated system's accounting procedures, audit trails, and internal controls.

The audit firm completed its initial survey of NFC's system design in November 1992. The survey objectives were to evaluate the internal controls and auditability of NFC's accounting procedures. The survey report identified weaknesses in NFC's proposed accounting procedures including inadequate documentation to support clear audit trails. The report also addressed concerns about the lack of controls over sensitive information and the lack of controls in place to protect the NFC database from unauthorized access and manipulation. The next phase will test the effectiveness of system operations and determine whether internal controls and operating systems are operating as designed. In comments on this report, AOUSC stated that it is making changes to enhance security, access controls, and audit trails as a result of this November 1992 study.

The fifth and final objective calls for NFC to provide district offices and certain federal agencies with access to information in the database. As with two other objectives, NFC cannot meet this objective until all of the districts' operations are integrated with NFC. District offices will not be able to access debtor payment information in the database until all data have been downloaded from district systems to NFC.

This objective also requires NFC to control access to the database through the use of specific security features. We reviewed NFC's computer security plans and found they did not comply with certain aspects of the Computer Security Act of 1987 and are inadequate to guard NFC's database against

unauthorized access. Because the database is operational and will soon become the only system of record for the first pilot district,¹⁹ we have serious concerns the system will be vulnerable to fraud and misuse.

The Computer Security Act of 1987 establishes minimum requirements for security and for protecting the privacy of sensitive information²⁰ in federal computer systems. The act requires all federal agencies to identify computer systems, whether operational or under development, that contain sensitive data and develop security plans for protecting these computer systems. It also requires that they establish training programs to increase security awareness and knowledge of accepted security practices. The act requires each agency to establish a plan for security and privacy that is commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of the information contained in such a system. To carry out these requirements effectively, agencies need to perform risk analyses and develop contingency plans for protecting access to, and ensuring the continuity of operations of, their sensitive computer systems.

The Federal Information Resources Management Regulation (41 C.F.R. part 201-7) and Office of Management and Budget policies²¹ further require agencies to protect access to and operation of computer systems by (1) conducting risk analyses, (2) preparing and testing contingency plans, and (3) conducting security certifications and audits.

NFC is not in compliance with certain aspects of the Computer Security Act of 1987. Specifically, AOUSC has not

- identified whether NFC's computer systems are sensitive systems;
- established security awareness training programs or provided training on acceptable security practices;
- performed a risk analysis for NFC computer systems; or
- performed a risk analysis for the NFC facility in Raleigh, North Carolina.

¹⁹The Clerk of Court in the Eastern District of North Carolina is manually maintaining the official system of records while NFC system runs parallel in its test phase. The Clerk's office will eventually discontinue this practice, leaving the NFC system as the only system of record.

²⁰The definition of sensitive information as used in the act means information in which the loss, misuse, or unauthorized access or modification could adversely affect the national interest or conduct of a federal program or the privacy to which individuals are entitled under the Privacy Act.

²¹Office of Management and Budget Circular No. A-130, App. III, Management of Federal Information Resources, Dec. 12, 1985.

Additionally, AOUSC has not developed and tested contingency plans to protect the NFC systems and the facility.

Before the NFC system becomes the system of record in the first pilot district, and before it is expanded to additional districts, we believe it is essential that AOUSC develop and implement a computer security plan to protect its database from fraud and misuse.

In comments on this report, AOUSC noted that it has already taken steps to address our concerns regarding computer security. AOUSC is planning to conduct a risk analysis to assess potential threats and vulnerabilities to the system. On the basis of those findings, AOUSC plans to update security for the NFC systems and facility. AOUSC also stated that the Clerk's Office for the Eastern District of North Carolina will continue to maintain a parallel, manual system of records for NFC until all security problems are rectified.

Conclusions

Once completed, NFC will address many problems that have long hampered federal efforts to collect criminal debts. We believe, however, that NFC may not be fully operational by its 1995 target date, largely because the integration of districts has fallen behind schedule.

AOUSC is not complying with federal requirements to ensure that the NFC database is protected from unauthorized access. We have serious concerns that computer security weaknesses could pose significant risks to NFC's computer systems and the sensitive data they contain. We felt these disturbing weaknesses in NFC's computer security plan pose risks that could potentially threaten the entire NFC system. Our concern is tempered only by the fact that the NFC database is not yet the official system of record.

Recommendations

The Director of the Administrative Office of the United States Courts should establish and implement a computer security program for NFC that meets the requirements of the Computer Security Act of 1987. AOUSC should

- ensure that a computer security plan is developed and implemented to provide security and privacy for the NFC's computer security systems that are identified as sensitive systems;

- establish computer security training programs for NFC and district employees to make them aware of federal and agency computer security requirements; and
- ensure that risk analyses are conducted for both NFC's computer systems and the National Fine Center facility in Raleigh, North Carolina.

Agency Comments and Our Evaluation

AOUSC generally agreed with our conclusions and supported our recommendations for improving computer security for NFC (see app. III). AOUSC has also noted that it has taken steps to improve overall management of the NFC project. AOUSC noted the difficulties it has encountered when trying to coordinate the NFC project with a number of government offices and agencies that may have different interests. We recognize the magnitude of this undertaking and endorse AOUSC's efforts to date in leading this project.

As arranged with the Committee, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will provide copies of this report to AOUSC and NFC officials and to others upon request.

The major contributors to this report are listed in appendix IV. If you have any questions, please telephone me on (202) 566-0026.

Sincerely yours,



Henry R. Wray
Director, Administration
of Justice Issues

Example of an Automated Judgment and Commitment Order

AO 245 S (Rev. 7/92) Sheet 1 - Judgment in a Criminal Case

UNITED STATES DISTRICT COURT

UNITED STATES OF AMERICA
V.

JUDGMENT IN A CRIMINAL CASE
(For Offenses Committed On or After November 1, 1987)
Case Number: _____

(Name of Defendant) _____

Defendant's Attorney _____

THE DEFENDANT:

- pleaded guilty to count(s) _____
- pleaded nolo contendere to count(s) _____
which (was) (were) accepted by the court.
- was found guilty on count(s) _____
after a plea of not guilty.

<u>Title/Sect</u>	<u>Nature of Offense</u>	<u>Date Offense Concluded</u>	<u>Count Number(s)</u>

The defendant is sentenced as provided in pages 1 through ____ of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- The defendant has been found not guilty on count(s) _____ and is discharged as to such count(s).
- Count(s) _____ (is)(are) dismissed on the motion of the United States.

IT IS FURTHER ORDERED that the defendant shall notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid.

Defendant's Soc. Sec. No.: _____
Defendant's Date of Birth: _____

_____ **Date of Imposition of Judgment**

Defendant's Mailing Address: _____

_____ **Signature of Judicial Officer**

Defendant's Residence Address: _____

_____ **Name & Title of Judicial Officer**

_____ **Date**

Appendix I
Example of an Automated Judgment and
Commitment Order

AO 245-B (Rev. 7/92) Sheet 2 - Imprisonment

DEFENDANT:
CASE NUMBER:

Judgment--Page ____ of ____

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of

The court makes the following recommendations to the Bureau of Prisons:

The defendant is remanded to the custody of the United States Marshal.

The defendant shall surrender to the United States Marshal for this district.

at ____ am/pm on ____.

As notified by the United States Marshal.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons.

before 2:00 p.m. on ____.

As notified by the United States Marshal.

As notified by the probation office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____ at

_____, with a certified copy of this judgment.

UNITED STATES MARSHAL

By _____
Deputy Marshal

**Appendix I
Example of an Automated Judgment and
Commitment Order**

AO 245 S (Rev. 7/92) Sheet 3 - Supervised Release

DEFENDANT:

CASE NUMBER:

Judgment--Page ____ of ____

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of:

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons. While on supervised release, the defendant shall not commit another federal, state, or local crime and shall not illegally possess a controlled substance. The defendant shall not possess a firearm or destructive device. The defendant shall comply with the standard conditions that have been adopted by this court (set forth below). If this judgment imposes a fine or a restitution obligation, it shall be a condition of supervised release that the defendant pay any such fine or restitution that remains unpaid at the commencement of the term of supervised release in accordance with the schedule of payments set forth in the financial obligation portion of this Judgment. The defendant shall comply with the following additional conditions:

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer within 72 hours of any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

**Appendix I
Example of an Automated Judgment and
Commitment Order**

AO 245 B (Rev. 7/92) Sheet 4 - Probation

DEFENDANT:
CASE NUMBER:

Judgment--Page ____ of ____

PROBATION

The defendant is hereby placed on probation for a term of:

While on probation, the defendant shall not commit another Federal, state, or local crime, shall not illegally possess a controlled substance, and shall not possess a firearm or destructive device. The defendant also shall comply with the standard conditions that have been adopted by this court (set forth below). If this judgment imposes a fine or a restitution obligation, it shall be a condition of probation that the defendant pay any such fine or restitution in accordance with the schedule of payments set forth in the financial penalties portion of this judgment. The defendant shall comply with the following additional conditions:

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer within 72 hours of any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

**Appendix I
Example of an Automated Judgment and
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AO 245 § (Rev. 7/92) Sheet 5 - Financial Obligations

DEFENDANT:

CASE NUMBER:

Judgment--Page ____ of ____

FINANCIAL OBLIGATIONS

The defendant shall pay the following total financial penalties in accordance with the schedule of payments set out below:

<u>Count</u>	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
--------------	-------------------	-------------	--------------------

Totals:

FINE

The fine includes any costs of incarceration and/or supervision.

The court has determined that the defendant does not have the ability to pay interest in full.

It is ordered that:

The interest requirement is waived.

The interest requirement is modified as follows:

RESTITUTION

Each restitution payment shall be divided proportionately among the payees named unless specified in the priority payment column below. Restitution shall be paid to the following persons in the following amounts:

<u>Name of Payee</u>	<u>Amount of Restitution</u>	<u>Priority Order of Payment</u>
----------------------	------------------------------	----------------------------------

SCHEDULE OF PAYMENTS

Payments shall be applied in the following order: (1) assessment; (2) restitution; (3) fine principal; (4) fine costs; (5) interest; (6) penalties.

The total fine and other monetary penalties shall be paid as follows:

in full immediately.

in full not later than _____.

in installments which the probation officer shall establish and may periodically modify provided that the entire financial penalty is paid no later than 5 years after release from incarceration, if incarceration is imposed. If probation is imposed, not later than the expiration of probation.

in monthly installments of \$ _____ over a period of _____ months. The probation officer may periodically modify the payment schedule, provided the penalty is paid in full in accordance with the term specified above. The first payment is due 30 days after the date of this judgment. The second and subsequent payments are due monthly thereafter.

All financial penalty payments are to be made to Clerk of the Court, Eastern District of North Carolina except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program.

The defendant shall pay interest on any fine of more than \$2,500, unless the fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. §3612(f). All of the above payment options are subject to penalties for default and delinquency pursuant to 18 U.S.C. §3612(g).

Unless otherwise ordered by the court, any financial penalty imposed by this order shall be due and payable during the period of incarceration, with any unpaid balance to be a condition of supervised release. Any financial penalties collected while the defendant is incarcerated shall be reported by the Bureau of Prisons to the Clerk of the Court and the probation officer. The probation officer shall notify the United States District Court, the Clerk of the Court, and the United States Attorney's Office of the payment schedule and any modifications to that schedule.

**Appendix I
Example of an Automated Judgment and
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AO 245 S (Rev. 7/92) Sheet 6 - Statement of Reasons

DEFENDANT:

CASE NUMBER:

Judgment--Page ____ of ____

STATEMENT OF REASONS

The Court adopts the factual findings and guideline application in the presentence report.

OR

The Court adopts the factual findings and guideline application in the presentence report except (see attachment, if necessary).

Guideline Range Determined by the Court:

Total Offense Level: _____

Criminal History Category: _____

Imprisonment Range: _____ to _____ months

Supervised Release Range: _____ to _____ years

Fine Range: \$ _____ to \$ _____

Fine waived or imposed below the guideline range, because of inability to pay.

Restitution: \$ _____

Full restitution is not ordered for the following reason(s):

The sentence is within the guideline range, that range does not exceed 24 months, and the court finds no reason to depart from the sentence called for by application of the guidelines.

OR

The sentence is within the guideline range, that range exceeds 24 months, and the sentence is imposed for the following reasons(s):

OR

The sentence departs from the guideline range
 upon motion of the government, as a result of defendant's substantial assistance.
 for the following reason(s):

**Appendix I
Example of an Automated Judgment and
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AO 245 S (Rev. 7/97) Sheet 7 - Denial of Federal Benefits

DEFENDANT:

CASE NUMBER:

Judgment--Page ____ of ____

**DENIAL OF FEDERAL BENEFITS
(For Offenses Committed On or After November 18, 1988)**

FOR DRUG TRAFFICKERS PURSUANT TO 21 U.S.C. §862(a)(1)

IT IS ORDERED that the defendant shall be:

- ineligible for all federal benefits for a period of _____.
- ineligible for the following federal benefits for a period of _____.

OR

- Having determined that this is the defendant's third or subsequent conviction for distribution of controlled substances, IT IS ORDERED that the defendant shall be permanently ineligible for all federal benefits.

FOR DRUG POSSESSORS PURSUANT TO 21 U.S.C. §862(b)(1)

IT IS ORDERED that the defendant shall:

- be ineligible for all federal benefits for a period of _____.
- be ineligible for the following federal benefits for a period of _____.
- successfully complete a drug testing and treatment program.
- perform community service, as specified in the probation or supervised release portion of this judgment.
- Having determined that this is the defendant's second or subsequent conviction for possession of a controlled substance, IT IS FURTHER ORDERED that the defendant shall complete any drug treatment program and community service specified in this judgment as a requirement for the reinstatement of eligibility for federal benefits.

Pursuant to 21 U.S.C. §862(d)(1)(B), this denial of federal benefits does not include any retirement, welfare, Social Security, health, disability, veterans benefit, public housing, or other similar benefits, or any other benefit for which payments or services are required for eligibility.

Example of a Monthly Statement of Account and Payment Coupon

U.S. COURTS FINES CENTER
 P.O. BOX 198559
 ATLANTA, GA 30384
MONTHLY STATEMENT OF ACCOUNT

Acct Number:
 District:
 Bill Date:

	<u>Total</u> <u>Liability</u>	<u>Amount Paid</u> <u>To Date</u>	<u>Ending</u> <u>Balance</u>
Assessment	\$50.00	\$0.00	\$50.00
CJA Costs	\$0.00	\$0.00	\$0.00
Restitution	\$0.00	\$0.00	\$0.00
Restit-USA	\$0.00	\$0.00	\$0.00
Fine	\$0.00	\$0.00	\$0.00
Court Costs	\$0.00	\$0.00	\$0.00
Interest	\$0.00	\$0.00	\$0.00
Penalties	\$0.00	\$0.00	\$0.00
Returned Check	\$0.00	\$0.00	\$0.00
Overpayment	\$0.00	\$0.00	\$0.00
Totals	\$50.00	\$0.00	\$50.00

Date of Last Payment:
 Interest Assessed Since Last Billing: \$0.00
 Penalty Charged Since Last Billing: \$0.00
 Amount of Last Payment: \$0.00
 Amount Overdue: \$50.00
 Amount Due This Month: \$50.00
 Next Bill Date: January 20, 1993

Please detach and return the coupon below when mailing payment.

U.S. COURTS FINES CENTER PAYMENT COUPON
 P.O. BOX 198559, ATLANTA, GA 30384

ACCOUNT NUMBER DISTRICT
 TAX ID NUMBER / SSN

A penalty may apply if payment is not received by January 20, 1993

Make check payable to U.S.C.F.C.
 Original Balance \$50.00
 Balance Forward \$50.00
DUE THIS MONTH \$50.00

Please do not send cash.

Do not mark below this line.

Comments From AOUSC

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

L. RALPH MECHAM
DIRECTOR

JAMES E. MACKLIN, JR.
DEPUTY DIRECTOR

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

WASHINGTON, D.C. 20544

June 14, 1993

ROBERT M. CROWDER
OFFICE OF
PROGRAM ASSESSMENT

Mr. Henry R. Wray
Director, Administration
of Justice Issues
U.S. General Accounting Office
General Government Division
Washington, D.C. 20548

Dear Mr. Wray:

This is in response to your May 20, 1993, letter asking for comments to the GAO draft report entitled National Fine Center: High Expectations, But Development Behind Schedule. On behalf of the Director of the Administrative Office of the United States Courts (AOUSC), we wish to thank GAO for its comprehensive and objective review of the current status of the National Fine Center (NFC) project. I apologize for the delay in responding to your request for comments, but as you may know, the AOUSC has been reassessing at its highest levels the direction, management, and future plans of the NFC project over the past ten weeks. The review by GAO will aid immensely in that reassessment. That said, delineated below are our comments and suggested minor revisions to the GAO draft report.

As the report notes, there have been several delays from the original project milestones. Because the NFC is a new entity that will consolidate functions currently being performed in various offices and agencies throughout the Federal Government, coordination of systems development and project management has been extremely time-consuming. The AOUSC's internal assessment of the NFC project recognized that a more refined, formalized management process would be necessary to increase both the input and accountability of all interested parties, and to ensure the successful completion of the project. Accordingly, the AOUSC has applied its life cycle management paradigm for the development of automated systems to the NFC project.

The life cycle program divides the NFC project into eight distinct phases, each with its own process, milestones, and oversight. These steps follow a more traditional and cautious approach to system development and are designed to ensure user and stakeholder satisfaction. Moreover, it provides for oversight at the very highest levels of the AOUSC and the judiciary.

As part of the life cycle plan, the AOUSC has already begun to address GAO's main concern regarding the security of the information that will be contained in the NFC's computer systems. The AOUSC recognizes that a thorough risk management plan is needed before the

A TRADITION OF SERVICE TO THE FEDERAL JUDICIARY

See comment 1.

See comment 2.

Mr. Henry R. Wray
Page 2

NFC becomes operational. A computer security risk analysis of the Fine Center facility is currently in the planning stages and will be completed in early 1994. The purpose of this analysis is to identify potential threats and vulnerabilities to the systems and facilities, determine the impact or consequences of those threats, and recommend cost-effective safeguards to reduce the risk to an acceptable level. Based on the resultant findings, the existing security, emergency, and contingency plans for the NFC will be updated. A statement of work will be mailed to vendors by July. The analysis is expected to be completed by February 1994.

See comment 3.

Moreover, as a result of the independent study that was conducted in November 1992, modules to the FCS that enhance security, access controls, and audit trails, are being completed even now, and will be in place prior to going operational. Also, the clerk's office for the Eastern District of North Carolina will continue to run a parallel, manual system until such time as all security problems are rectified. Because of delays in systems development, the Eastern District of North Carolina will not go into production phase until early 1995.

See comment 4.

See comment 5.

In addition to last November's independent study, the AOUSC has contracted for three discrete studies that will assist in developing a plan for hardware, space and facilities, and staffing and organizational management. The first review, scheduled for completion in January 1994, is a methods improvements and work measurement study that will design efficiency standards and develop staffing algorithms for the NFC. The second study, to be completed by the end of 1993, will result in a space and facility plan based on work flow processes, procedures, staffing projections, and implementation schedule. Lastly, a computer hardware performance, alternatives, and capacity management study is scheduled for July 1993 through January 1994. This study will consider the current database design, user requirements, expected number of transactions, and the various interfaces. These three studies are designed to provide the NFC with a strategy for growing incrementally with the nationwide expansion.

See comment 6.

The AOUSC believes that the above management enhancements are positive steps that were undertaken as a result of the internal review to address earlier problems with NFC project development and should be so cited in the GAO report. However, we realize that these steps alone cannot ensure that the NFC project will become fully operational in any specific time-frame because the single biggest factor in projecting such a date is the process of reconciliation. Since the NFC can accept only one balance due for each debtor, the reconciliation process is crucial to building the database. As GAO notes throughout its report, this process is time-consuming and cumbersome and cannot be completed until all agencies certify account balances for transfer to the NFC database.

One aspect of this issue that should be noted in the report is that coordinating such an endeavor among various agencies in different branches of government that don't necessarily have the same interests can be exceedingly difficult. Nevertheless, we have been working through the problems associated with such an undertaking. A blueprint

Mr. Henry R. Wray
Page 3

for the reconciliation of debtor accounts has been developed based on the experience gained in the pilot districts. As this process will require a joint effort in each district, largely among the U.S. attorneys office, the clerk of court and the chief probation officer, the AOUSC and the Executive Office of the U.S. Attorneys have developed guidelines and a recommended approach for conducting each reconciliation. Of course, the length of time to complete the reconciliation will vary depending upon the number of cases to be reconciled.

As stated, the above agreement should decrease the amount of time consumed by the reconciliation process; however, this process will still cause considerable delay in bringing the NFC on-line in all districts. Consequently, consideration is being given to revisit the decision to enter information about fines and restitution currently owed. It is this decision that requires the reconciliation effort of the various agencies' data. One alternative would be to go on-line with only two classes of cases in the database: 1) new cases, sentenced beginning on a date certain; and 2) prior cases where the balances agree immediately among all agencies' records, and the debtor is under active supervision of the probation office, or one of the agencies has a current address. All other cases could be handled in accordance with the U.S. Attorneys' Manual as cited in footnote 17, page 21, of the GAO report. Enactment of such an alternative would, of course, require the approval of agency heads, as well as the Judicial Conference of the United States.

On a final housekeeping note, the GAO report makes repeated references to the "Probation Division" on pages 2, 6, 9, 14, and 24. These references should be corrected to reflect the "probation office."

Again, the purpose of our comments is not to criticize any aspect of the GAO study; on the contrary, we believe that the report will be a useful tool in bringing this project to fruition. However, we also believe that the report should credit the AOUSC for the steps it has taken to assist in the identification and correction of problems, and its proactive management in ensuring that the NFC will become the cornerstone of the criminal debt collection process.

Thank you for providing us with the opportunity to comment on your draft report. Should you have any questions concerning our response, or if you require any additional information, please call me at 273-1220.

Sincerely,



Robert M. Crowder
Program Assessment Officer

cc: L. Ralph Mecham
William R. Burchill, Jr.

See comment 7.

The following are GAO's comments on AOUSC's June 14, 1993, letter.

GAO Comments

1. We are encouraged that AOUSC has recognized the need to apply a more formalized management approach to the project. We supplemented the text to note this change.
2. The text was supplemented to include steps taken to improve computer security. According to an AOUSC official, AOUSC anticipates updating its staff training to incorporate computer security training for district and NFC employees based on the results of this computer security risk analysis.
3. According to an AOUSC official, these "modules to the FCS" refer to computer programming designed to enhance those aspects of the automated Fine Center system. We supplemented the text to note the actions AOUSC is taking based on the November 1992 study.
4. The text was amended to note that the Eastern District of North Carolina will continue to operate a manual record system until all security problems are rectified.
5. The text was supplemented to note the studies for developing plans for hardware, space and facilities, and staffing and organizational management.
6. We believe it is significant that AOUSC has now recognized that the project may not be completed within a given time period. We also believe that AOUSC is taking reasonable steps to meet the project's managerial challenges and have so noted in the text.
7. Changes were made as suggested.

Major Contributors to This Report

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