



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

**Casino Control Commission and the
Department of Law and Public Safety
Division of Gaming Enforcement**

July 1, 1999 to March 1, 2001

**Richard L. Fair
State Auditor**

LEGISLATIVE
SERVICES COMMISSION

ASSEMBLYMAN
JACK COLLINS
Chairman

SENATOR
DONALD T. DiFRANCESCO
Vice-Chairman

SENATE

BYRON M. BAER
JOHN O. BENNETT
GERALD CARDINALE
RICHARD J. CODEY
BERNARD F. KENNY, JR.
ROBERT E. LITTELL
JOHN A. LYNCH

GENERAL ASSEMBLY

PETER J. BIONDI
JOSEPH CHARLES, JR.
PAUL DIGAETANO
JOSEPH V. DORIA, JR.
NICHOLAS R. FELICE
NIA H. GILL
LORETTA WEINBERG



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR

125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

RICHARD L. FAIR
State Auditor
(609) 292-3700
FAX (609) 633-0834

ALBERT PORRONI
Executive Director
(609) 292-4625

The Honorable Donald T. DiFrancesco
Acting Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

The Honorable Jack Collins
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Casino Control Commission and the Department of Law and Public Safety, Division of Gaming Enforcement for the period July 1, 1999 to March 1, 2001.

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

A handwritten signature in black ink, appearing to read 'Richard L. Fair', written over a light pink rectangular background.

Richard L. Fair
State Auditor
May 7, 2001

Table of Contents

	Page
Scope	1
Objectives	1
Methodology	1
Conclusions	2

Casino Control Commission and the Department of Law and Public Safety Division of Gaming Enforcement

Scope

We have completed an audit of the Casino Control Commission and the Department of Law and Public Safety, Division of Gaming Enforcement for the period July 1, 1999 to March 1, 2001. Our audit included financial activities accounted for in the state's General Fund.

Annual expenditures of the agency during the 21 month audit period were \$57.9 million. The prime responsibility of Casino Control Commission and the Division of Gaming Enforcement is to monitor casino operations and ensure proper reporting of revenue. Annual receipts for the audit period were \$55.8 million and the major component of receipts were assessments to the casinos to fund operations of the commission and the division.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the agency's programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of significant conditions noted in our prior report.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through

our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

Both a statistical and nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. For our statistical sample, the transaction population was stratified and 100% large dollar transactions were tested. The remaining transactions were sampled using dollar unit sampling. For fiscal year 2001 transactions, samples were judgmentally selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the agency and walked through the system to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the agency's programs, were reasonable, and were recorded properly in the accounting systems. We also found that the agency has resolved the significant issues noted in our prior report.