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

Department Environmental Protection
Hazardous Discharge Funds

July 1, 2000 to April 30, 2002

Richard L. Fair
State Auditor
The Honorable James E. McGreevey  
Governor of New Jersey

The Honorable John O. Bennett  
President of the Senate

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department Environmental Protection, Hazardous Discharge Funds for the period July 1, 2000 to April 30, 2002. If you would like a personal briefing, please call me at (609) 292-3700.

July 23, 2002
Table of Contents

Scope ........................................... 1
Objectives ...................................... 1
Methodology ..................................... 1
Conclusions .................................... 2
Department Environmental Protection
Hazardous Discharge Funds

Scope

We have completed an audit of the Hazardous Discharge Fund, Hazardous Discharge Fund of 1986, and the Hazardous Discharge Site Cleanup Fund for the period July 1, 2000 to April 30, 2002. These funds are administered by the Department of Environmental Protection. These funds had combined expenditures of $41 million during our 22 month audit period. Revenues totaled $32 million with the major component of that being cost recoveries of program oversight costs.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the programs, were reasonable, and were recorded properly in the accounting systems, and to test compliance with the terms of the funds’ enabling statutes. 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.
A 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. Transactions were judgmentally selected.

To ascertain the status of findings included in our prior report, we identified corrective actions, if any, taken by the department 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 programs, were reasonable, and were recorded properly in the accounting systems. The department has complied with the terms of the funds’ enabling statutes and taken corrective actions on findings of our prior report.