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

Department of Community Affairs
Selected Programs

July 1, 2005 to December 31, 2006

Richard L. Fair
State Auditor
The Honorable Jon S. Corzine
Governor of New Jersey

The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Community Affairs, Selected Programs for the period of July 1, 2005 to December 31, 2006. If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair
State Auditor
February 28, 2007
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Department of Community Affairs
Selected Programs

Scope

We have completed an audit of the Department of Community Affairs, Selected Programs for the period July 1, 2005 to December 31, 2006. The selected programs included those administered by the Division of Local Government Services, Office of Smart Growth, Division on Women, and Division of Administration. Our audit included financial activities accounted for in the state’s General Fund and Property Tax Relief Fund.

Total expenditures of the selected programs are $1 billion annually. The prime responsibility of the Department of Community Affairs relating to these selected programs is to respond to the needs of and advocate solutions to the problems of local governments and selected community groups. The programs provide technical, advisory, and financial assistance to communities and individuals. Services are provided through partnerships with public, private, and non-profit entities in an effort to improve the quality of life of New Jersey residents. Revenues of the selected programs are $2 million annually.

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 dated May 15, 2001.

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 department. 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 reviewed financial trends and interviewed department personnel to obtain an understanding of the programs and 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 for testing.

To ascertain the status of the significant findings included in our prior report, we identified corrective action 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 agency’s programs, were reasonable, and were recorded properly in the accounting systems. We also found that the department has resolved the significant conditions noted in our prior report.