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

Department of Environmental Protection Administration

July 1, 2006 to March 31, 2008

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 Environmental Protection, Administration for the period of July 1, 2006 to March 31, 2008. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells  
Assistant State Auditor  
June 27, 2008
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Methodology</td>
<td>1</td>
</tr>
<tr>
<td>Conclusions</td>
<td>2</td>
</tr>
</tbody>
</table>
Department of Environmental Protection
Administration

Scope
We have completed an audit of the Department of Environmental Protection (DEP), Administration for the period July 1, 2006 to March 31, 2008. Our audit included expenditures accounted for in the state’s General Fund. We excluded the Hunters’ and Anglers’ License Fund expenditures which were recently audited by the federal government and capital construction expenditures for shore protection and site remediation that were within the scope of the special revenue fund audits recently performed by our office.

The department’s primary mission is to protect and improve New Jersey’s air, land, water, and natural resources; to ensure public health; to sustain economic growth; and to preserve and enhance the quality of life for all New Jersey citizens and for future generations. Average annual expenditures included in our scope were $420 million.

Objectives
The objectives of this audit were to determine if expenditure transactions were related to DEP operations, were reasonable, and were recorded properly in the accounting systems.

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 Department of the Treasury, 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
transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the operations and the internal controls.

A nonstatistical sampling approach was used. Our samples of expenditure transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample populations were sorted and transactions were judgmentally selected for testing.

Conclusions

We found the expenditure transactions included in our testing were related to DEP operations, were reasonable, and were recorded properly in the accounting systems.
Mr. Stephen M. Eells  
Assistant State Auditor  
Office of the State Auditor  
Office of Legislative Services  
125 South Warren Street  
P.O. Box 067  
Trenton, New Jersey 08625-0067  

Dear Mr. Eells:

Thank you for the opportunity to review and respond to the draft audit report regarding the Department of Environmental Protection, Administration, for the period July 1, 2006 to March 31, 2008.

We are pleased that the audit concluded that the expenditure transactions included in your testing were related to DEP Administrative Operations, were judged to be reasonable and were accurately and properly recorded in the State’s accounting systems.

In closing, I would like to commend both the field audit staff for their professionalism and thoroughness exhibited during the course of the audit, as well as, the management and technical review staff for excellent oversight and guidance during this engagement.

Sincerely,

Peter F. Daly  
Controller  
Management and Budget  

C: Lisa P. Jackson, Commissioner  
   Ved P. Chaudhary, Assistant Commissioner