Office of the State Auditor

Audit Report

Department of Labor - Selected Programs

July 1, 1993 to March 31, 1995
## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmittal letter</td>
<td>1</td>
</tr>
<tr>
<td>Scope</td>
<td>2</td>
</tr>
<tr>
<td>Objectives</td>
<td>2</td>
</tr>
<tr>
<td>Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Conclusions</td>
<td>3</td>
</tr>
<tr>
<td>Departmental Response</td>
<td>4</td>
</tr>
</tbody>
</table>
The Honorable Christine Todd Whitman  
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

We have completed an audit of the Department of Labor - Selected Programs for the period July 1, 1993 to March 31, 1995.

We found that the financial transactions included in our testing were related to the department's programs, 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 1.6 of the State Constitution and Title 52 of the New Jersey Statutes.

Richard L. Fair  
State Auditor
Scope

We have completed an audit of the Department of Labor - Selected Programs for the period July 1, 1993 to March 31, 1995. The programs included within the scope of our audit are the Divisions of Vocational Rehabilitation and Employment Services, the Public Employment Relations Commission, the Public Employment Relations Commission's Appeal Board and the State Board of Mediation. Our scope also included a review of the Indirect Cost Allocation Plan and Work Incentive Programs. Our audit included financial activities accounted for in the state's General Fund and Special Revenue Funds. Our audit did not include a review of payroll and centralized services for the above programs. These activities are administered by the Department of Labor's Division of Administration and will be addressed in another audit.

Total expenditures of the agency during the 21 month audit period were $352.7 million. The prime responsibilities of the selected programs in our review are to develop and maintain employment opportunities, rehabilitate the workforce for employment opportunities, minimize public employee-employer disputes and promote permanent stability in labor relations for the private sector. Revenues of the agency totaled $297.6 million during our audit period and the major component of revenue was federal funding sources.

Objectives

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

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1.6 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 and 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 control structure.

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. Sample populations were stratified and large dollar transactions were examined. Other transactions were randomly selected.

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 department’s programs, were reasonable, and were properly recorded in the accounting systems.

We also found that the agency has resolved the significant issues noted in our prior report.