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  

Enclosed is our report on the audit of the Department of Law and Public Safety, Division of Alcoholic Beverage Control for the period July 1, 1996 to January 31, 1998.  

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

Richard L. Fair  
State Auditor  
February 10, 1998
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Department of Law and Public Safety  
Division of Alcoholic Beverage Control  

**Scope**  
We have completed an audit of Department of Law and Public Safety, Division of Alcoholic Beverage Control for the period July 1, 1996 through January 31, 1998. Our audit included financial activities accounted for in the state’s General Fund and the agency’s off-line Special Trust Fund used to account for seized monies and bonds submitted in lieu of asset seizure.  
Total expenditures of the agency during the 19 month audit period were $7.2 million. The prime responsibility of Department of Law and Public Safety, Division of Alcoholic Beverage Control is to regulate and control the manufacture, possession, storage, sale, transportation, use and disposition of alcoholic beverages. Revenues of the agency totaled $10.3 million during our audit period and the major components of revenue were license fees, permits and fines.

**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 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 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. Sample transactions were judgmentally 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 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.