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

Department of the Public Advocate

July 1, 2006 to June 30, 2008
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 the Public Advocate for the period of July 1, 2006 to June 30, 2008. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells
Assistant State Auditor
September 29, 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>Conclusion</td>
<td>2</td>
</tr>
<tr>
<td>Findings and Recommendations</td>
<td></td>
</tr>
<tr>
<td>Internal Controls - Payroll</td>
<td>3</td>
</tr>
</tbody>
</table>
Department of the Public Advocate

Scope

We have completed an audit of the Department of the Public Advocate for the period July 1, 2006 to June 30, 2008. Our audit included financial activities accounted for in the state’s General Fund. We excluded the Division of Rate Council from our scope due to a recent audit performed by our office. The department’s primary mission is to protect the interests of the public, with a special focus on the elderly, people with mental illness and developmental disabilities, consumers, and children. Average annual expenditures included in our scope totaled $12.1 million.

Objectives

The objectives of our audit were to determine whether financial transactions were related to department 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 I, 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 department. 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 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. Sample populations were sorted and transactions were judgmentally selected for testing.

**Conclusion**

We found the financial transactions included in our testing were related to department operations, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted an internal control weakness relating to payroll meriting management’s attention.
Internal Controls - Payroll

Management is responsible for establishing and maintaining internal controls that will safeguard assets. The Department of the Public Advocate has 170 employees. Timekeeping is decentralized at the division level with 13 timekeepers who input leave time into the Time and Leave Reporting System (TALRS). Our review of this process found ten timekeepers inputting their own time into TALRS. Furthermore, all timekeepers have the ability to edit their own time records retroactively. Timekeepers posting their own time to the TALRS could lead to undetected discrepancies. Since our audit commenced, the department has taken action to eliminate the ability of a timekeeper inputting their own time.

We recommend that the division continue to assign timekeepers records to another reporting unit and ensure they do not have the ability to access and change their own time records.