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

Department of State
Office of Administrative Law

July 1, 1997 to July 31, 1998

Richard L. Fair
State Auditor
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 State, Office of Administrative Law for the period July 1, 1997 to July 31, 1998.

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

Richard L. Fair  
State Auditor  
August 11, 1998
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Department of State  
Office of Administrative Law

**Scope**

We have completed an audit of Department of State, Office of Administrative Law (OAL) for the period July 1, 1997 to July 31, 1998. The OAL was considered in but not of the Department of State until June 30, 1998. Effective July 1, 1998 the OAL is considered in but not of the Department of the Treasury. Our audit included financial activities accounted for in the state’s General Fund.

Total annual expenditures of the agency approximate $8 million. The prime responsibility of the OAL is to develop and apply a fair, comprehensive and uniform system of administrative practice and procedures in the Executive Branch governing the adjudication of contested matters and the promulgation of rules and regulations. Annual revenues of the agency approximate $5 million and the major components of revenue are billings and assessments for administrative hearings.

**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 system.

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 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 transactions were judgmentally selected.

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.