Department of State

Cultural and Intellectual Development Services

July 1, 1995 to July 15, 1997

Richard L. Fair
State Auditor
Enclosed is our report on the audit of the Department of State, Cultural and Intellectual Development Services for the period July 1, 1995 to July 15, 1997.

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

Richard L. Fair  
State Auditor  
August 5, 1997
# 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>
Scope

We have completed an audit of the Department of State, Cultural and Intellectual Development Services for the period July 1, 1995 to July 15, 1997. Our audit included financial activities accounted for in the state’s General Fund and the Cultural Centers and Historic Preservation Fund.

Total expenditures of the agency during the audit period were $37 million. The prime responsibility of the Department of State, Cultural and Intellectual Development Services is cultural and intellectual development provided through the State Museum, the New Jersey Historical Commission and the Council on the Arts. Revenues of the agency totaled $1 million during our audit period and the major component of revenue was federal funds.

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, Federal Circular Letters 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 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 system.