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

Department of State
Commission on Higher Education

July 1, 2002 to December 31, 2003

Richard L. Fair
State Auditor
The Honorable James E. McGreevey  
Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
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, Commission on Higher Education for the period July 1, 2002 to December 31, 2003. If you would like a personal briefing, please call me at (609) 292-3700.

March 3, 2004
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Department of State  
Commission on Higher Education

**Scope**

We have completed an audit of the Department of State, Commission on Higher Education for the period July 1, 2002 to December 31, 2003. Our audit included expenditure activities accounted for in the state’s General Fund.

Total expenditures of the commission during the audit period were $1 million for administration and $68 million for grant programs. The prime responsibility of the Commission on Higher Education is providing coordination, planning and advocacy for colleges and universities in New Jersey. Additionally, the commission provides financial assistance to students enrolled at institutions of higher education through various programs.

**Objectives**

The objectives of our audit were to determine whether expenditure transactions were related to the commission’s programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of significant conditions noted in our prior audit report dated February 25, 1998.

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 commission. Provisions that we considered significant were documented and compliance with those requirements was verified by interview,
observation, and through our samples of expenditure 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 expenditure transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample transactions were judgmentally selected for testing. We tested the financial assistance programs through on-site visits at four colleges and universities. We also selected a sample of audit reports in order to test compliance with the state’s single audit requirements.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the commission and walked through the system to determine if the corrective action was effective.

**Conclusion**

We found that the expenditure transactions included in our testing were related to the commission’s programs, were reasonable, and were recorded properly in the accounting systems. We also found that the commission has resolved the significant conditions noted in our prior report.