Department of Transportation
Transportation Systems Improvements

July 1, 2001 to September 30, 2002

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

The Honorable John O. Bennett  
President of the Senate

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 Transportation, Transportation Systems Improvements for the period July 1, 2001 to September 30, 2002. If you would like a personal briefing, please call me at (609) 292-3700.

November 19, 2002
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Department of Transportation
Transportation System Improvements

Scope

We have completed an audit of the Department of Transportation, Transportation Systems Improvements program for the period July 1, 2001 to September 30, 2002. Our audit included financial activities accounted for in the state's General Fund, the Public Purpose Buildings Construction Fund, the Dredging and Containment Facility Fund, and the 1999 Statewide Transportation and Local Bridge Fund.

Total expenditures of the program during the audit period were $1.0 billion including $700 million for the New Jersey Transportation Trust Fund Authority (NJTTFA). The Transportation Systems Improvements program encompasses the planning, design and monitoring of bridge and road construction projects and state funding for the NJTTFA. Revenues amounted to $38 million with the major component of revenues being federal government reimbursements.

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.

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, 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.