Department of Transportation
Bridge and Road Construction Management

July 1, 1996 to June 15, 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 Porrini  
Executive Director  
Office of Legislative Services  

Enclosed is our report on the audit of the Department of Transportation, Bridge and Road Construction Management for the period July 1, 1996 to June 15, 1998.  

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

Peter M. Guilfoyle  
Assistant State Auditor  
June 30, 1998
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Department of Transportation
Bridge and Road Construction Management

Scope

We have completed an audit of the Department of Transportation, Bridge and Road Construction Management for the period July 1, 1996 to June 15, 1998. Our audit evaluated the controls over the procurement and payment functions for construction and consultant contracts. We also reviewed the controls over the use of contract change orders.

Bridge and Road Construction Management is responsible for the planning, design and monitoring of bridge and road construction projects. Annual construction and consultant contract expenditures totaled $800 million. The financial transactions are accounted for within the following Department of Transportation appropriation organizations:

- Physical Plant and Support
- Transportation Systems Improvement
- Bureau of Local Aid
- Construction of State Highway Facilities
- State Aid Highway Projects

Objectives

The objectives of our audit were to determine whether the internal controls for procurement, payment and contract change orders areas were adequate and functioning.

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 Governmental 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 tests of
internal controls. 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 construction and consultant contract awards, payments to contract vendors and agency contract monitoring reports were designed to provide conclusions about the adequacy of internal controls. Sample items were judgmentally selected.

**Conclusions**

We found that the internal controls for the procurement, payment and contract change orders were adequate and functioning.