The Honorable Donald T. DiFrancesco  
Acting 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 the Treasury, Division of the Ratepayer Advocate for the period July 1, 1999 to April 30, 2001.

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

July 25, 2001
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Department of the Treasury  
Division of the Ratepayer Advocate

**Scope**

We have completed an audit of the Department of the Treasury, Division of the Ratepayer Advocate for the period July 1, 1999 to April 30, 2001. Our audit included the financial activities accounted for in the state’s General Fund.

The prime responsibility of the Division of the Ratepayer Advocate is to ensure that essential services including electric, natural gas, water, wastewater, and telecommunications are available to all New Jersey residents, businesses, public institutions and industries at affordable rates. Total annual appropriations for the division are approximately $4.2 million.

Budgeted revenues of the division total $5 million annually and are provided through assessments of the regulated utilities and cable television companies.

**Objectives**

The objectives of our audit were to determine whether financial transactions were related to the division’s programs, were reasonable, and were recorded properly in their accounting system. We also tested for resolution of significant issues noted in our prior audit 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, and policies of the division. 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 personnel to obtain an understanding of the division’s programs and 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. Transactions were judgmentally selected.

**Conclusions**

We found that the financial transactions included in our testing were related to the division’s programs, were reasonable, and were properly recorded in the accounting system. We also noted that the division had resolved the significant issues noted in our prior report.