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Office of the State Auditor**

Department of Agriculture

July 1, 2003 to February 28, 2005

**Richard L. Fair
State Auditor**

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New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR

125 SOUTH WARREN STREET

PO BOX 067

TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

RICHARD L. FAIR
State Auditor
(609) 292-3700
FAX (609) 633-0834

The Honorable Richard J. Codey
Acting 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 Agriculture for the period July 1, 2003 to February 28, 2005. If you would like a personal briefing, please call me at (609) 292-3700.

A handwritten signature in cursive script, appearing to read "Richard L. Fair".

Richard L. Fair
State Auditor
April 14, 2005

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Department of Agriculture

Scope

We have completed an audit of the Department of Agriculture for the period July 1, 2003 to February 28, 2005. Our audit included financial activities accounted for in the state's General Fund, the Farmland Preservation Funds, the Garden State Farmland Preservation Trust Fund, New Jersey Federal/State Rural Rehabilitation Fund, the 1989 Development Potential Bank Transfer Fund and the department's off system accounts. Our review excluded the activities of the Child Nutrition Program.

The mission of the department is to promote and provide high-quality, nutritious, abundant, safe and affordable food and other agricultural products; to improve the economic viability of the agriculture industry and foster opportunities for farm profitability; to preserve and protect agricultural and natural resources; and to provide leadership and excellence in services to New Jersey agriculture and the general public. Total expenditures and revenues during our audit period were \$154 million and \$28 million, respectively.

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 the significant conditions noted in our prior report dated November 5, 2001.

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 populations were sorted and transactions were judgmentally selected for testing.

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 systems. We also found that the agency has resolved the significant issues noted in our prior report.