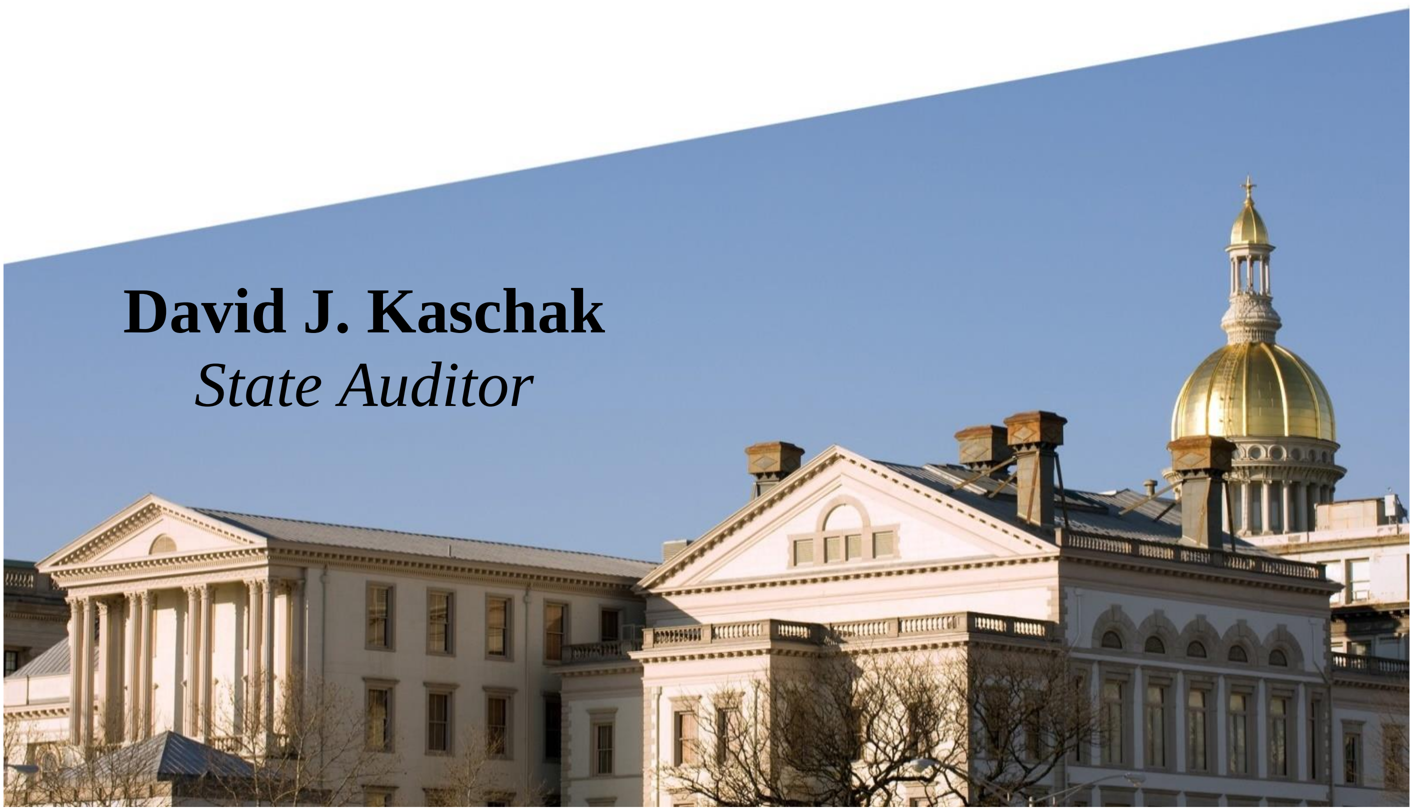
# NEW JERSEY LEGISLATURE

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR

Compliance Review

January 1, 2023 to December 31, 2023



**David J. Kaschak**

*State Auditor*

NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES

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OFFICE OF THE STATE AUDITOR
609-847-3470

**David J. Kaschak**
*State Auditor*

**Brian M. Klingele**
*Assistant State Auditor*

**Thomas Troutman**
*Assistant State Auditor*

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Pursuant to the State Auditor's responsibilities set forth in N.J.S.A. 52:24-4, we have completed a review of compliance with recommendations made in our audit reports issued during the period January 1, 2023 through December 31, 2023. We have realigned the scope of this report from a fiscal year basis to a calendar year basis to match how reports are presented on our website and in our annual report. This transition will be completed next year, when two full calendar years will be included in the scope of the review.

This review encompassed 10 audit reports containing 96 recommendations issued during calendar year 2023. We also reviewed the status of 21 unresolved recommendations from the audit reports included in last year's compliance review for the second half of calendar year 2022 for which we had determined that the agencies had not achieved full compliance. This review did not include those reports completed on an annual basis, including the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the state's Annual Comprehensive Financial Report, Department of Community Affairs – Section 8 Housing Program Financial Data Schedules, and Schedules of Benefit Claim Payments and Expenses for the State of New Jersey. Additionally, we performed a review of our audit observations from our reports issued during the period January 1, 2023 through December 31, 2023. Our reports included

13 observations, which provide stakeholders with information on various topics without having specific recommendations. Observations, where the condition still existed at the time of our review, were restated in the separate informational section of this report.

We found that 88.2 percent of the recommendations presented in our audit reports have been complied with or management has taken steps to achieve compliance during our review period. There are instances where insufficient time has elapsed to make a final assessment of the effectiveness of management's changes. Over a two-year period, the rate of compliance for recommendations from the second half of calendar year 2022 rose from 92.1 percent to 93.0 percent.

We have characterized issues as items of continuing concern because of noncompliance with our recommendations. All issues of noncompliance have been communicated to the auditees. Unresolved issues relating to our calendar year 2023 audit reports are presented on pages 4 to 12. Unresolved issues relating to our calendar year 2022 audit reports are presented on pages 15 to 18. The informational section of this report containing restated observations is presented on pages 20 to 23. Auditee responses to our follow-up review results, if received, begin on page 24.

The original audit reports containing full details on the unresolved issues can be found on our website: https://www.njleg.state.nj.us/audit-reports

If you would like a personal briefing, please call me at (609) 847-3470.

David J. Kaschak
State Auditor
June 17, 2025

c Elizabeth Maher Muoio, State Treasurer
Tariq S. Shabazz, Acting Director, Office of Management and Budget

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* Reports issued July 1, 2022 through December 31, 2022
**Chose not to respond to noncompliant recommendations or restated observations.

# Calendar Year 2023
# Audit Recommendations Compliance Dashboard

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**Department of Environmental Protection**
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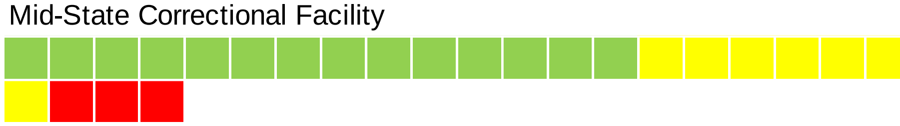
**24 Recommendations**

6/14/2023
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**Trenton Board of Education**

**15 Recommendations**

7/18/2023
**Department of Transportation**
Division of Multimodal Services, Superload Unit

**4 Recommendations**

Full Compliance   Partial Compliance   Noncompliance   N/A *

# Calendar Year 2023
# Audit Recommendations Compliance Dashboard (continued)

| Report Date | Audit |
|---|---|
| 9/27/2023 | **Department of Labor and Workforce Development**<br>Division of Unemployment Insurance<br><br>**5 Recommendations** |
| 12/6/2023 | **Department of the Treasury**<br>Office of Management and Budget, Centralized Payroll System<br><br>**11 Recommendations** |

Full Compliance    Partial Compliance    Noncompliance    N/A *

***** There was a variety of circumstances why a recommendation was deemed not applicable (N/A). As an example, a program in a school district was discontinued because of the COVID-19 pandemic; therefore, no specific testing could be performed. Additionally, recommendations deemed N/A are not included in compliance percentage calculations.

# Unresolved Issues from Calendar Year 2023 Audit Reports

# Department of Transportation
## Office of Freight Planning

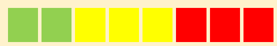
Number of Recommendations: **8**

Number of Recommendations Partially or Fully Implemented: **5**

Percent Partially or Fully Implemented: **62.5%**

**Audit Recommendations by Status**

In our report of the Office of Freight Planning, dated April 11, 2023, we made a total of 8 recommendations.



Full Compliance

Partial Compliance

Noncompliance

Not Applicable

Source: Office of the State Auditor

## *Lease Revenue*

**Background**

The department entered into a licensing agreement with an independent contractor in 2017 allowing for the current use of a segment of the Staten Island Railroad Line. However, the department has not entered into a formal lease agreement with the independent contractor, as permitted under N.J.S.A. 27:7-21.4, which has resulted in an undetermined amount of unrealized revenue to the state.

**Summary**

During our audit, we noted the department did not have an appraisal of the identified segment of railroad line. An appraisal is needed before a lease agreement can be executed and approved by the State House Commission. This resulted in an undetermined amount of unrealized revenue to the state.

**Report Recommendation**

We recommended the department have the property appraised to determine its fair market value and submit a lease agreement to the State House Commission in order for lease payments to be defined. Once defined, any lease payments owed should be pursued for collection.

# Department of Transportation
## Office of Freight Planning (continued)

### Management Corrective Action Response

The department obtained an appraisal for the property. Once additional lease agreements are received, the department will coordinate with the State House Commission. The department is collecting current lease payments.

### Follow-Up Review Results

Our follow-up review found no action has been taken by the department on this matter. A copy of the appraisal was not provided, and no lease payments were collected by the department.

# Department of Health
## Selected Programs Accounted for in the Division of Epidemiology, Environmental and Occupational Health

Number of Recommendations: **7**

Number of Recommendations Partially or Fully Implemented: **6**

Percent Partially or Fully Implemented: **85.7%**

**Audit Recommendations by Status**

In our report of Environmental and Occupational Health, dated April 12, 2023, we made a total of 9 recommendations.

Full Compliance

Partial Compliance

Noncompliance

Not Applicable

Source: Office of the State Auditor

## *Untimely Deposits*

### Background

According to Department of the Treasury Circular No. 12-02-OMB, agencies are to ensure all state funds are deposited on the same day as received. When checks are not deposited timely, there is an increased risk of checks being lost or stolen.

### Summary

During the audit, we compared the revenue account log to the bank deposit date and found 11 of the 17 fees paid by check, totaling $37,106, were not deposited in a timely manner, ranging from 2 to 11 days late.

### Report Recommendation

We recommended the division comply with Department of the Treasury Circular No. 12-02-OMB.

### Management Corrective Action Response

The division is ensuring that it is complying with the Department of the Treasury Circular No. 12-02-OMB. Staff has either been trained or retrained on the importance of timely deposits and recording of deposits in the NJCFS accounting system.

# Department of Health

## Selected Programs Accounted for in the Division of Epidemiology, Environmental and Occupational Health (continued)

### Follow-Up Review Results

Our follow-up review found deposits continued to be untimely. We sampled 15 revenue transactions from February 2025, totaling $52,831, and found deposits ranged from 2 to 59 days late. The average deposit for these transactions was 17.5 days late.

# Department of Corrections
## Mid-State Correctional Facility

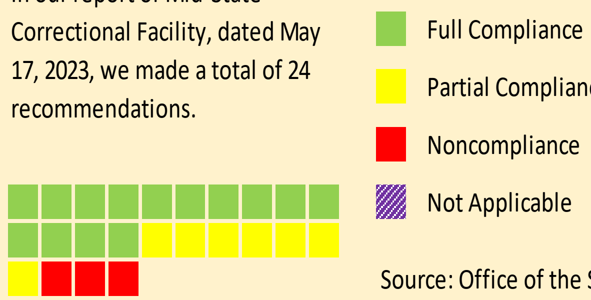
Number of Recommendations: **24**

Number of Recommendations Partially or Fully Implemented: **21**

Percent Partially or Fully Implemented: **87.5%**

**Audit Recommendations by Status**

In our report of Mid-State Correctional Facility, dated May 17, 2023, we made a total of 24 recommendations.




Source: Office of the State Auditor

## *Substance Use Disorder (SUD) Assessments and Program Placement*

**Background**

Pursuant to the contract, SUD assessments should be completed by the vendor within five business days of referral by the department.

**Summary**

During the audit, we found SUD assessments are not completed timely.

**Report Recommendation**

We recommended the department ensure SUD assessments are completed within five business days of referral in accordance with the contract.

**Management Corrective Action Response**

SUD assessments are completed within five business days of referral and transfer to the facility.

**Follow-Up Review Results**

Our follow-up review found SUD assessments were not completed within five business days of referral for all five sampled inmates.

# Department of Corrections
## Mid-State Correctional Facility (continued)

### *Sick Leave*

**Background**

The department's Human Resources Bulletin 84-17 requires an employee to submit appropriate medical documentation for all absences in excess of 15 days of sick leave in a calendar year.

**Summary**

During the audit, we requested medical documentation to support employee sick absences in excess of 15 days; however, human resources did not provide this documentation for any of the 15 employees tested.

**Report Recommendation**

We recommended the department's Office of Human Resources ensure medical documentation is obtained as required by department policy.

**Management Corrective Action Response**

The fifteen-day memo advises staff not covered by an approved FMLA that medical documentation must be provided. This is being enforced by supervisors.

**Follow-Up Review Results**

During our follow-up review, the department did not provide us with requested documentation for the three employees we tested.

### *Expenditures*
#### *Healthcare Provider Logbook*

**Background**

The department uses a state contract vendor to provide healthcare services to inmates at the facility. The vendor submits monthly invoices, which include employee wages, to the department for review and payment. According to the contract, the department is required to request at least three percent of timesheets that support monthly wages on vendor invoices. These timesheets should be reviewed for propriety.

# Department of Corrections
## Mid-State Correctional Facility (continued)

### Summary

During the audit, we found these reviews are not performed. Timesheets are not requested or reviewed before the vendor receives payment. When timesheets are not reviewed for accuracy, there is an increased risk of improper payment.

### Report Recommendation

We recommended the department review healthcare provider timesheets as required by the contract.

### Management Corrective Action Response

The department's Internal Audit Unit began conducting a review of fiscal year 2023 healthcare provider staff timesheets. The department requested 3 percent of health care provider staff through a computer-generated random list, and the healthcare provider provided the timesheets. Unfortunately, the review was put on hold because of staffing issues. With the recent addition of a second auditor, the fiscal year 2023 review can be completed, and a sample for fiscal year 2024 can be generated.

### Follow-Up Review Results

Our follow-up review found the department did not complete a review of fiscal year 2024 healthcare provider timesheets as required by the contract. For fiscal year 2023, the department's internal audit unit received timesheets from the provider, but did not perform a review.

## Trenton Board of Education

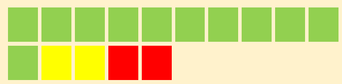
Number of Recommendations: **15**

Number of Recommendations Partially or Fully Implemented: **13**

Percent Partially or Fully Implemented: **86.7%**

**Audit Recommendations by Status**

In our report of Trenton Board of Education, dated June 14, 2023, we made a total of 15 recommendations.



Full Compliance
Partial Compliance
Noncompliance
Not Applicable

Source: Office of the State Auditor

## *Student Attendance Records*

### Background

Regular attendance is essential for students to receive a proper education. The lack of accurate attendance records prevents the district from identifying and addressing truancy and/or chronic absenteeism, as required. Accurate daily attendance is also critically important for student safety and during emergency situations. District procedures require attendance to be entered and submitted into the student information system by 10 a.m. daily, and submissions are to be verified by the schools' principals.

### Summary

During the audit, we found absenteeism rates may be higher than the system reflects because of the inaccurate recording of student attendance and lack of supervisory oversight.

### Report Recommendation

We recommended the district enforce the existing requirements for teachers to submit attendance and principals to verify submissions.

### Management Corrective Action Response

The district's expectation is for teachers to take daily student attendance. Principals were directed to monitor attendance submissions and are regularly reminded of these administrative responsibilities.

# Trenton Board of Education (continued)

## Follow-Up Review Results

Our follow-up review found continued instances of student attendance not being submitted and verified. We tested October 2024 attendance records for four elementary schools and found student attendance was not submitted 16 percent of the time. Based on this, the principals did not verify attendance submissions.

# Calendar Year 2022
# Audit Recommendations Compliance Dashboard

| Report Date | Audit |
|---|---|
| 8/18/2022 | **Lyndhurst School District**<br>* * *<br>**3 Recommendations** |
| 9/7/2022 | **Stockton University**<br>* * * * * * * * *<br>**9 Recommendations** |
| 9/8/2022 | **Department of Human Services**<br>Catastrophic Illness in Children Relief Fund<br>*<br>**6 Recommendations** |
| 9/28/2022 | **Department of Transportation**<br>Bureau of Transportation Data and Support, Crash Records Unit<br>*<br>**7 Recommendations** |
| 11/16/2022<br>Page 15 | **Department of Labor and Workforce Development**<br>Unemployment Systems - Information Technology Operations<br>* * * * *<br>**13 Recommendations** |
| 12/20/2022<br>Page 17 | **Department of Law and Public Safety**<br>Division on Civil Rights, Division of Highway Traffic Safety, Division of Alcoholic Beverage Control, and New Jersey Racing Commission<br>* * * *<br>**6 Recommendations** |

Full Compliance Partial Compliance Noncompliance N/A **

* These recommendations were deemed full compliance during our calendar year 2022 compliance review; no specific compliance testing was completed for these recommendations during our current review. Prior-year recommendations deemed full compliance are included to show the compliance status over the two-year period and are included in the two-year compliance rate calculations.

** There was a variety of circumstances why a recommendation was deemed not applicable (N/A). As an example, a program in a school district was discontinued because of the COVID-19 pandemic; therefore, no specific testing could be performed. Additionally, recommendations deemed N/A are not included in compliance percentage calculations.

# Unresolved Issues from Calendar Year 2022 Audit Reports

# Department of Labor and Workforce Development
## Unemployment Systems - Information Technology Operations

Number of Recommendations: **13**

Number of Recommendations Partially or Fully Implemented: **12**

Percent Partially or Fully Implemented: **92.3%**

**Audit Recommendations by Status**

In our report of Unemployment Systems - Information Technology Operations, dated November 16, 2022, we made a total of 13 recommendations.

Full Compliance

Partial Compliance

Noncompliance

Not Applicable

Source: Office of the State Auditor

### *Contingency Planning*

**Background**

The *Statewide Information Security Manual* requires agency and Office of Information Technology management to develop, implement, test, and maintain contingency plans to ensure continuity of operations for all information systems that deliver or support essential or critical functions on behalf of the state. It also requires the agency to update the contingency plans to address changes to the agency, system, or computing environment.

**Summary**

The audit analyzed the department's business continuity plan and found that aspects of the plan were out of date for the current environment.

**Report Recommendation**

We recommended the department review the business continuity plan and update all necessary components.

**Management Corrective Action Response**

The department is still in the process of updating its business continuity plan and expects a final version by June 30, 2025.

# Department of Labor and Workforce Development

## Unemployment Systems - Information Technology Operations (continued)

### Follow-Up Review Results

Our follow-up review found the department is still in the process of updating its business continuity plan. We were not provided a copy of the in-progress plan; therefore, we could not verify that progress has been made.

# Department of Law and Public Safety

## Division on Civil Rights, Division of Highway Traffic Safety, Division of Alcoholic Beverage Control, and New Jersey Racing Commission

Number of Recommendations: **6**

Number of Recommendations Partially or Fully Implemented: **4**

Percent Partially or Fully Implemented: **66.7%**

**Audit Recommendations by Status**

In our report of DCR, DHTS, ABC, and NJRC, dated December 20, 2022, we made a total of 6 recommendations.

Full Compliance

Partial Compliance

Noncompliance

Not Applicable

Source: Office of the State Auditor

## *Payroll and Personnel*

### *Timesheet Approval*

**Background**

Timesheets were not always properly approved within the Electronic Cost Accounting and Timesheet System (eCATS). According to the eCATS training guide, great care and accuracy are essential in working with employee timesheets because approved timesheets in eCATS are legal representations of hours worked and are the basis for calculating all benefits. When an employee submits a timesheet, the employee is certifying that the information contained in the timesheet is accurate and complete. Proper levels of approval should be followed when processing timesheets within the eCATS.

**Summary**

During the audit, we noted two employees in similar titles had approved each other's timesheets rather than the timesheets being approved by an employee in a senior title. Additionally, six employees' timesheets were completed and approved by supervisors in the employee's absence.

**Report Recommendation**

We recommended the agencies follow proper levels of approval when processing timesheets.

# Department of Law and Public Safety
## Division on Civil Rights, Division of Highway Traffic Safety, Division of Alcoholic Beverage Control, and New Jersey Racing Commission (continued)

**Management Corrective Action Response**

Department of Law and Public Safety management did not provide a formal corrective action response.

**Follow-Up Review Results**

We selected pay period 7 of calendar year 2024 to review time records on eCATS for proper approval. Our follow-up review found continued instances of employees approving each other's timesheets and timesheets completed and approved by supervisors in the employee's absence.

### *Payroll and Personnel*
*Temporary Employment Services (TES)*

**Background**

According to the Civil Service Commission, a TES designation is used to identify the employment of temporary employees in state government who should not exceed 944 hours of work within a 12-month period.

**Summary**

During the audit, we noted 16 TES employees who were still active on the state's Personnel Management Information System (PMIS) as of January 31, 2022 but had no earnings for one to four years.

**Report Recommendation**

We recommended the agencies ensure TES employees are placed in inactive status on PMIS when not used.

**Management Corrective Action Response**

Department of Law and Public Safety management did not provide a formal corrective action response.

**Follow-Up Review Results**

Our follow-up review found six TES employees who were still active on PMIS as of February 2025 but had no earnings for at least one year.

# Informational Section
# Audit Observations from Calendar Year 2023 Audit Reports

## Observations

Our compliance review also included a status update of audit observations from our reports that were issued during the period January 1, 2023 through December 31, 2023. Our reports included 13 observations, which are designed to provide stakeholders with information on various topics without having specific recommendations. Because observations do not have specific recommendations, a compliance assessment is not given. Observations, where the condition still existed at the time of our review, are restated and included in this report for informational purposes.

### Department of Corrections
**Mid-State Correctional Facility**

*Expenditures During the COVID-19 Pandemic*

**Original Observation**

The Governor of New Jersey declared a state of emergency on March 9, 2020 because of the COVID-19 pandemic. As a result, the department enacted numerous procedures to reduce the spread of the virus within the facility for employees and inmates. These procedures included suspending the transfer of inmates from county jails and between department facilities, implementing work from home or alternative schedules for non-essential staff to reduce the foot traffic at the facility, and halting group substance use disorder (SUD) programming to achieve social distancing.

According to the Substance Abuse Service Contract, the vendor is to provide in-prison SUD treatment services for inmates with a drug and/or alcohol addiction. The contract also states that minimum treatment hours shall be provided to each inmate based on their diagnosed level of care as determined by an assessment. The daily per bed reimbursement rate is a fixed price all-inclusive of direct and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, supplies, and managerial and administrative support. The rate does not include costs to house or feed offenders; these costs are incurred by the department.

During the COVID shutdown, the department made the decision to continue to reimburse the vendor the full contracted daily rate even though services were limited or suspended. The Department of the Treasury, Division of Purchase and Property was contacted for guidance regarding this matter and left the decision to continue to pay for vendor services with the department. According to documentation, only four vendor employees reported to the facility daily in order to update records and provide the custody staff with written materials to deliver to the inmates. The remaining vendor employees worked remotely to develop materials related to programming, complete professional development training courses, and perform other administrative duties. Programming in a group setting was temporarily discontinued to avoid

# Department of Corrections
## Mid-State Correctional Facility(continued)

unnecessary human contact. Communication between the vendor and inmates was conducted through the J-Pay self-help kiosks, which are located throughout the facility and in each dormitory. For the period April 1, 2020 through April 1, 2021, the department paid the vendor a total of $2.8 million for providing limited or no treatment services at the facility.

**Status Update**

The draft request for proposal (RFP) for the department's substance abuse services contract has not been released for bid and has been forwarded to Treasury for review.  The draft RFP does not contain language to address billing procedures for a pandemic-like event that would result in the vendor providing limited or no services for an extended period.

### *Compensatory Time*

**Original Observation**

Officers working in excess of their designated 40-hour workweek are compensated at the rate of time and one-half for overtime hours. The union contract gives officers the choice of receiving compensatory leave time or cash payment for overtime worked. When compensatory time is used, the officer's regular shift needs to be covered by another officer. When the covering officer is also working an overtime shift, an additional 50 percent in costs is incurred when compared to paying cash for all overtime. The additional cost could be compounded even further when the covering officer working overtime also chooses to get reimbursed in compensatory leave time.

Between January 1, 2019 and December 31, 2020, the facility's officers used 18,808 hours of compensatory leave time. Of these hours, 15,508 (82 percent) required paying the covering officer overtime. We estimated the additional cost associated with paying this overtime amounted to $248,000 for this period, or an average of $124,000 annually. Although some of these costs may be unavoidable, stronger controls over the use of compensatory leave time would result in savings.

A request for the use of compensatory time may be denied only in circumstances when it cannot be accommodated for operational reasons. Additionally, the facility does not perform an analysis of compensatory leave time earned and used by custody staff.

**Status Update**

The department continues to award compensatory time in accordance with the current union contract. According to department management, requiring cash payments for all overtime hours rather than providing a choice of compensatory time would have to be negotiated upon renewal of the union contract.

# Department of Transportation
## Division of Multimodal Services
## Superload Unit

*Employer Notification Service*

**Original Observation**

The Commercial Motor Vehicle Safety Act of 1986 requires drivers to self-report a conviction for any traffic violation (except parking) to their employer within 30 days of the conviction. If the driver’s commercial driver’s license (CDL) is suspended, revoked, canceled, or if the individual is disqualified from driving, the employer must be notified within one business day and the employer may not then knowingly use that driver. Violation of this requirement may result in civil or criminal penalties, as well as out-of-service orders. However, motor carriers are only required to check the driving history record of their employees annually. According to the Federal Motor Carrier Safety Administration (FMCSA), absent a system to facilitate the real-time, automatic notification of CDL violations to employers, the current requirement of self-reporting by drivers and annual checks poses a significant potential highway safety hazard. The state does not currently offer a computer interface to alert motor carriers when one of their employee’s driver’s licenses has been suspended or revoked.

According to a 2018 FMCSA report, 16 states and the District of Columbia have implemented an Employer Notification Service (ENS) to facilitate the timely automated notification of CDL violations to employers. The FMCSA has supported the development and implementation of the ENS for over ten years, and grant funding is available for this purpose. In New Jersey, there were 729 violations issued for driving while disqualified during the period of January 1, 2018 to December 31, 2021. As reported in the National Driver Record Notification System to Congress in September 2015, this issue represents a significant potential highway safety hazard: across all vehicle types, suspended drivers have a crash rate that is 14 times higher than other drivers.

The New Jersey Motor Vehicle Commission (NJMVC) is responsible for updating information contained in the Commercial Driver's License Information System and the National Driver Register regarding traffic convictions and disqualifications. These systems and databases verify a driver's history to ensure the driver is not disqualified in New Jersey or another jurisdiction or does not possess a commercial license from more than one jurisdiction. Motor carriers confirming a CDL’s status are directed to contact the driver’s state of licensure or a commercial company that provides a clearinghouse service for this information. An automated system to notify motor carriers when one of their employee’s driver’s licenses issued by New Jersey has been suspended or revoked could mitigate roadway safety risks.

# Department of Transportation
## Division of Multimodal Services
## Superload Unit (continued)

**Status Update**

The department has initiated a discussion with the NJMVC but has not taken any action to advance this safety measure.

State of New Jersey

DEPARTMENT OF TRANSPORTATION
P.O. Box 600
Trenton, New Jersey 08625-0600

PHILIP D. MURPHY
*Governor*

TAHESHA L. WAY
*Lt. Governor*

FRANCIS K. O'CONNOR
*Commissioner*

3/31/2025

Thomas Troutman, Assistant State Auditor
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

Dear Mr. Troutman,

The New Jersey Department of Transportation's (NJDOT) Division of Right-of-Way (ROW) has aggressively worked on the case to meet the recommendations of the auditors. Specifically, ROW has obtained an appraisal of the licenses area, and the appraisal is currently being reviewed. It is anticipated to be completed within two-three weeks. A ROW negotiator has also been assigned to the case and has reached out to Philip 66 to open a dialogue with them. The initial meeting is expected to be within the next two weeks. The outcome of the negotiation will then prompt ROW to seek State House approval to lease the property formally to Philip 66 based on the fair market lease agreement.  Given that the State House Commission only meets quarterly, it is anticipated that NJDOT will be compliant within 6-8 months.

Sincerely,

Jon Trauger

Jon Trauger, CPA
Internal Audit Manager

PHILIP D. MURPHY
*Governor*

TAHESHA L. WAY
*Lt. Governor*

KAITLAN BASTON, MD, MSC, DFASAM
*Commissioner*


April 9, 2025


Thomas Troutman, Assistant State Auditor
Office of Legislative Services
Office of the State Auditor
125 S. Warren Street
PO Box 067
Trenton, NJ 08625-0067


Dear Mr. Troutman,

Thank you for the opportunity to provide a management response of the New Jersey Department of Health (NJDOH) concerning the follow-up review results on the timely deposit of revenue account in February 2025. Please find the NJDOH responses below:

*Untimely Deposits*

**Background**

According to Department of the Treasury Circular No. 12-02-OMB, agencies are to ensure all state funds are deposited on the same day as received. When checks are not deposited timely, there is an increased risk of checks getting lost or stolen.

**Summary**

During the audit, we compared the revenue account log to the bank deposit date and found 11 of the 17 fees paid by check, totaling $37,106, were not deposited in a timely manner, ranging from 2 to 11 days late.

**Report Recommendation**

We recommended the division comply with Department of the Treasury Circular No. 12-02-OMB.

**Management Corrective Action Response**

The division is ensuring that they are complying with the Department of Treasury Circular No. 12-02-OMB. Staff has either been trained or retrained on the importance of timely deposits and recording of deposits in the NJCFS accounting system.

**Follow-Up Review Results**

Our follow-up review found deposits continued to not be made timely. We sampled 15 revenue transactions from February 2025, totaling $52,831, and found deposits ranged from 2 to 59 days late. The average deposit for these transactions was 17.5 days late.

**NJDOH Response**

The Department of Health, Division of Epidemiology, Environmental, & Occupational Health (DOH EEOH) acknowledges the finding and is preparing the necessary steps to address this noncompliance.

The DOH EEOH has implemented a new hand-off procedure to ensure that no deposits are placed in the drop location without face-to-face interaction and a Fiscal staff member's signature. A Standard Operating Procedure (SOP) has been created to train staff on the revised procedures associated with check deposits. A new check scanner has been ordered, delivered, and installed the week of March 24, 2025.

Furthermore, the DOH EEOH has modified the SOP to require that all checks have a date stamp on the front, indicating the date they were received. The DOH EEOH will conduct regularly scheduled internal audits to ensure adherence to the Department of Treasury Circular No. 12-02-OMB. Additionally, new staff will receive training on timely deposit procedures and proper recording in the NJCFS accounting system.

Sincerely,

Eric Anderson

Eric Anderson
Director, Management & Administration / CFO
NJ Department of Health

Cc: Kathleen Dieal
Rina Principato
David Sellinger
Michael Palasciano
Janice Li

March 17, 2025

Dan Altobelli, IT Audit Manager
Office of Legislative Services
Office of the State Auditor (OSA)
125 South Warren St
Trenton, NJ 08625

Dear Mr. Altobelli:

Thank you for providing the New Jersey Department of Labor and Workforce Development (NJDOL) with the follow-up review results of the Compliance Review of the Unemployment Systems - Information Technology Operations - Reportable Conditions calendar year 2023. Please find NJDOL's response to your recommendations below:

**OSA Recommendation:**
The department should enforce its existing change control policy and ensure all steps of the procedure are being followed and properly documented.

**OIMSS Response:**
OIMSS has formalized the Change Management process with a signed Policy OIM-CM-01.01, "Change Management Policy". We continue to ensure that all steps of the Policy and Procedure are being followed through our weekly Change Management meetings.

**OSA Recommendation:**
The department should include remote access in its future periodic reviews.

**OIMSS Response:**
The OIMSS Offboarding Policy and Procedure documents are in final review. In adherence to this Policy, remote access and users are tracked and documented.

**OSA Recommendation:**
The department should review the business continuity plan and update all necessary components.

PHILIP D. MURPHY
*Governor*

TAHESHA L. WAY
*Lieutenant Governor*

State of New Jersey

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
P.O. BOX 385, TRENTON, NEW JERSEY 08625-0385

ROBERT ASARO-ANGELO
*Commissioner*

**OIMSS Response:**
With the Executive Order 225 all infrastructure ownership has been transferred to NJOIT and is addressed in the NJOIT COOP. NJDOL Building Management is in the process of updating the Department's COOP. OIMSS is further documenting application and Information Technology COOP responsibilities. We expect to complete this documenting process by June 30, 2025.

Thank you for your professional courtesy during this Audit and look forward to working with you in the future.

*Peter J. Skibar*

Peter J. Skibar, CPM
SUPERVISING ADMINISTRATIVE ANALYST/DEPUTY CISO
IT Security / IT Governance