



New Jersey Legislature
★ Office of LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

EXECUTIVE SUMMARY

DEPARTMENT OF ENVIRONMENTAL PROTECTION HAZARDOUS DISCHARGE FUNDS July 1, 2016 to June 30, 2021

We found that the financial transactions included in our testing were related to the funds, were reasonable, and were recorded properly in the accounting systems. In addition, we found that controls were in place to collect outstanding debt. However, these controls did not ensure all available means to attempt collection were used.

AUDIT HIGHLIGHTS

- The department needs to strengthen its collection efforts. As of June 30, 2021, the Hazardous Discharge Site Cleanup Fund had \$17 million of uncollected debt according to department records. Of this amount, the department transferred \$15.7 million to the Department of the Treasury, Division of Revenue and Enterprise Services for collection efforts without complying with the applicable Department of the Treasury circular guidelines for debt collection that include sending dunning letters and making telephone calls. We also found the department does not have written procedures for debt collection.
- The department is only establishing property liens on delinquent accounts more than \$10,000, even though department policy allows property liens to be placed on delinquent accounts (with certain exclusions) when an unpaid balance is over \$5,000. We identified 119 delinquent accounts between \$5,000 and \$10,000, totaling \$876,640 as of June 30, 2020, that may have been eligible for a property lien; however, they were not considered. In addition, we tested 28 applicable delinquent accounts, totaling \$1.3 million, that each accrued to over \$10,000 between fiscal years 2008 and 2020 and found that 11, totaling \$749,711, did not have a property lien established.
- Although the department is allowed to charge interest and penalties for unpaid remediation fees and costs in accordance with N.J.A.C. 7:26C-4.9, it did not.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.