



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**Department of Law and Public Safety  
Division of Consumer Affairs**

July 1, 2013 to November 30, 2015

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**Stephen M. Eells  
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

PERI A. HOROWITZ  
*Executive Director*  
(609) 847-3901

OFFICE OF THE STATE AUDITOR  
(609) 847-3470  
FAX (609) 633-0834

STEPHEN M. BELLS  
*State Auditor*

GREGORY PICA  
*Assistant State Auditor*

JOHN J. TERMYNA  
*Assistant State Auditor*

The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Vincent Prieto  
Speaker of the General Assembly

Ms. Peri A. Horowitz  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Law and Public Safety, Division of Consumer Affairs for the period of July 1, 2013 to November 30, 2015. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads "Stephen M. Eells". The signature is fluid and cursive, with a large loop at the beginning.

Stephen M. Eells  
State Auditor  
September 13, 2016

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## *Scope*

We have completed an audit of the Department of Law and Public Safety, Division of Consumer Affairs for the period July 1, 2013 to November 30, 2015. Our audit included financial activities accounted for in the state's General Fund. Our audit focused on the Charitable Registration and Investigation Section, the New Jersey Prescription Monitoring Program, and the New Jersey Office of Weights and Measures. The division's essential mission is to protect New Jersey consumers from fraud and deception, and to ensure that the state's licensed professions and trades observe high standards and conduct. The division fulfills its mission to protect New Jersey consumers through education, advocacy, regulation, and enforcement. Expenditures for fiscal years 2014 and 2015 were \$78.0 million and \$77.7 million, respectively. Revenue for fiscal years 2014 and 2015 were \$140.4 million and \$358.6 million, respectively. Annual revenue increased substantially due to environmental settlements.

## *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 the accounting systems. An additional objective was to determine the operational effectiveness of the Charitable Registration and Investigation Section, the New Jersey Prescription Monitoring Program, and the New Jersey Office of Weights and Measures.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, 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. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, and policies of the division. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the budget messages, reviewed "best practices" in other states, reviewed financial trends, and interviewed division personnel to obtain an understanding of the programs and the internal controls.

Statistical and non-statistical sampling approaches were used. Our samples of financial transactions were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted and transactions were judgmentally and randomly selected for testing.

### *Conclusions*

We found the financial transactions included in our testing were related to the division's programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted an internal control weakness regarding escrow accounts meriting management's attention. We also found areas where operations could be improved for the Charitable Registration and Investigation Section, the New Jersey Prescription Monitoring Program, and the New Jersey Office of Weights and Measures.

## **Charitable Registration and Investigation Section**

### **Adequate information on charities is not readily available to the public.**

The division's Charitable Registration and Investigation Section (section) administers and enforces the provisions of the Charitable Registration and Investigation Act of 1994 (CRI Act). The CRI Act regulates the fund raising activities of most charitable organizations and all professional fund raisers, fund raising counsels, commercial co-ventures, and solicitors conducting business within the state by requiring them to register and file annual financial reports. In order to protect the public from fraud and deceptive practices, the state's Attorney General shall publish and disseminate information concerning charities and this information must be readily available to the public. The section manually processes initial and renewal registrations into the Charities Registration System (CRS). As of January 2016, based on the 2014 annual registration period, there were 23,500 active charities. A charity's registration status is either approved, in-process, deficient, or delinquent. Approved registrations are filed and complete. In-process registrations have been received but not processed and/or approved by the section. Deficient registrations have been filed but are not complete, and delinquent registrations have not been filed. Annual registration fee revenue approximates \$2 million and is used to support the section's operation. We found that not all pertinent data is readily available to the public due to limited website disclosure and an excessive processing backlog of registration renewals. Furthermore, the division is performing only limited data analysis or verification regarding the financial information provided by the charities.

### ***Public Website and Delinquent Charities***

The public can inquire about a charity's financial information through the Directory of Registered Charities on the division's public website. The public directory provides limited financial information of each charity's last approved registration year. However, it does not provide any specific designation for charities that are delinquent or deficient in their annual registrations, which may be considered pertinent to a potential donor. For example, for the 2014 annual registrations, the public directory did not furnish any delinquent filing information for 8,250 or 35 percent of active charities. Furthermore, the division, through the state's Attorney General, is not revoking delinquent charities that fail to submit annual registrations, including those that are delinquent for several consecutive years. These delinquent charities could be inactive or out of business. As of January 2016, there were 3,500 charities that had not submitted a registration for five consecutive years ending calendar year 2014. The section is not proactive in issuing violation letters to delinquent charities. Issuance of violation letters may increase revenue collections, improve timely submissions of registrations, and commence the legal process of revoking charitable registrations.

The public may further inquire on charity information from the division by telephone or through the Open Public Records Act. However, this is inefficient and time consuming.

***Registration Backlog – Renewals***

A charity must renew their registration annually. As of January 2016, there were 21,746 registrations received but not yet processed representing 2013 and 2014 registration renewals. As summarized in the following chart, we found that the section had a 2½ year backlog in processing renewal registrations. There are only 12 employees in the section which at one time had 25 employees. The reduction of staff and the absence of online registration have contributed to this excessive backlog. Recently, the division hired a computer consulting firm to develop online registrations which should have a positive impact on decreasing the processing backlog.

| <b>Registration Backlog (renewals only)</b> | <b>Year 2013</b> | <b>Year 2014</b> | <b>Total</b>  |
|---|------------------|------------------|---------------|
| Up to 6 months                              | 141              | 5,702            | 5,843         |
| More than 6 months to 1 year                | 651              | 5,294            | 5,945         |
| More than 1 year to 1.5 years               | 3,922            | 1,509            | 5,431         |
| More than 1.5 years to 2 years              | 3,275            | 29               | 3,304         |
| More than 2 years to 2.5 years              | 1,217            | -                | 1,217         |
| More than 2.5 years and less than 3 years   | 6                | -                | 6             |
| <b>Total</b>                                | <b>9,212</b>     | <b>12,534</b>    | <b>21,746</b> |

***Data Analysis***

Most charity investigations are the result of consumer complaints. It is not standard procedure that either the section or the Office of Consumer Protection analyzes the registered charity’s financial data in its entirety for “red flags” that would justify an investigation of a charity. The public expects that the charitable donations are expended timely for its intended purpose. Contrary to the public’s expectation, for the 5,897 charities reporting revenue during the five financial reporting years 2010 through 2014, we found 192 registered charities with no program expenses for two through four consecutive years. Total revenue and management expenses for these 192 charities were \$63.2 million and \$44.5 million, respectively. Management expenses were 96 percent of total expenses for these charities. Program expenses represent the monies spent on the activities or programs for which the charity was founded. Management expenses represent monies spent operating the organization such as salaries and office expenses. Other expenses include fund raising and affiliate expenses. Fund raising expenses represent the monies spent raising money to enable the charity to continue to exist and affiliate expenses represent monies spent by national charities to the local or state chapters; conversely, some local chapters pay dues to national offices.

| Number of Consecutive Years with No Program Expenses | Number of Charities 2010-2014 | Total Revenue       | Total Management Expenses | Total Other Expenses | Total Expenses      | Percentage of Management Expenses to Total Expenses |
|--|-------------------------------|---------------------|---------------------------|----------------------|---------------------|---|
| 4  | 4                             | \$1,122,306         | \$1,143,362               | \$73,097             | \$1,216,459         | 94%   |
| 3  | 17                            | \$2,064,438         | \$1,390,300               | \$233,540            | \$1,623,840         | 86%   |
| 2  | 171                           | \$60,002,400        | \$41,971,890              | \$1,375,504          | \$43,347,394        | 97%   |
| <b>Total</b>   | <b>192</b>                    | <b>\$63,189,144</b> | <b>\$44,505,552</b>       | <b>\$1,682,141</b>   | <b>\$46,187,693</b> | <b>96%</b>  |

The division did not investigate any of the 192 registered charities depicted in the chart above. The division is mainly concerned with non-registered charities.

### Recommendation

We recommend the division:

- Publish and disseminate information concerning individual charity registrations through their website, including but not limited to, financial data and status of all registrations: approved, in-process, deficient, or delinquent.
- Issue violation letters to all delinquent charities and revoke charities that fail to file for renewals in consecutive years.
- Alleviate the renewal backlog through the re-allocation of resources and improved computer technology.
- Analyze the Charities Registration System database for “red flags” that warrant an investigation.



## New Jersey Prescription Monitoring Program

**Available tools for the New Jersey Prescription Monitoring Program are not being fully utilized to aid in the prevention of prescription drug abuse.**

### *Background*

The New Jersey Prescription Monitoring Program (NJMPMP) was created to decrease the abuse and diversion of controlled dangerous substances (CDS) and human growth hormone (HGH) prescriptions. Hosted and maintained by an out-of-state vendor, the program is a statewide online database which collects approximately 1.1 million CDS and HGH prescription records

from pharmacies dispensed monthly in the state. Pharmacies are mandated to submit required prescription data daily. The database is available online to NJPMP registered users. Medical practitioners are required to perform online NJPMP system “look-ups” of their patient’s NJPMP prescription history under certain circumstances. The NJPMP’s objectives are to:

- Limit access to CDS to those patients with legitimate prescribed needs,
- Identify potential CDS abusers and steer them into treatment, and
- Discourage illicit or inappropriate prescribing, dispensing, or distribution.

In our review of the NJPMP program, we found weaknesses over unsolicited reports, data sharing, timeliness of data, utilization of updated National Drug Codes, and staffing levels.

### ***Unsolicited Reports***

The Prescription Drug Monitoring Program Center of Excellence (COE) recognizes unsolicited reports as a prescription monitoring program (PMP) best practice. Unsolicited reports are PMP state issued electronic threshold alerts that are not requested by practitioners or other PMP users, on suggestive activity of illicit prescribing, doctor shopping, abuse, or diversion of CDS. In its 2015 report surveying the State of Massachusetts’ PMP, the COE disclosed positive results from sending electronic alerts to practitioners. The report stated that 80 percent of the patients identified in the December 2013 alerts were searched by at least one prescriber, 59 percent of the patients for whom an alert was sent in December 2013 did not meet the alert threshold again for the following six months, and 82 percent of prescribers stated that the patient did not appear to have a medically appropriate reason for the prescriptions from multiple prescribers. Although the division sometimes submits unsolicited reports to law enforcement and licensing boards as a best practice, it does not issue these unsolicited reports to prescribers and pharmacists since the division has not yet established guidelines. Implementation of such guidelines can help reduce drug abuse through wider utilization of NJPMP data.

### ***Data Sharing***

The NJPMP shares prescription data with seven other state PMP programs. However, the NJPMP does not voluntarily share prescription data with other programs such as the state’s Medicaid program or third-party insurance companies that administer private or state prescription drug plans. Under New Jersey Statute, access of NJPMP data to state Medicaid officials is allowable only for bona fide investigations. According to the National Alliance for Model State Drug Laws, there are 14 states which allow less restrictive access by the state’s Medicaid program to its own Prescription Monitoring Program for the records of its recipients. New Jersey Medicaid officials, as well as other prescription plans, would benefit by having a more complete prescription record for its patients from the NJPMP, as the program data also includes a prescription history with multiple payment types, including Medicaid, other insurance, and cash. When a patient pays cash for a CDS or HGH prescription and then pays for

a separate prescription through Medicaid insurance or other insurance, it may be an indication of prescription abuse or misuse. As a possible indication of prescription abuse, our analysis of 1.1 million NJPMP prescription records dispensed in May 2015 showed 1,267 Medicaid patients had at least one CDS filled prescription paid in cash while filling other CDS prescriptions with Medicaid insurance. In calendar year 2015, New Jersey Medicaid expended \$122 million in CDS prescriptions. Since the state's Medicaid officials do not have full access to the NJPMP data for its Medicaid recipients, they may not detect any additional prescription abuse patterns that would benefit its own lock-in program (restricting Medicaid recipients to a single pharmacy).

### *Timeliness of NJPMP Data*

The accuracy, timeliness, and reliability of the NJPMP patient's prescription data are crucial elements to the program. The contract vendor transmits prescription information to the division on a daily basis. Using these data transmissions, the division's Information Technology (IT) unit has the responsibility of providing the NJPMP administrator with an updated archived database. The archived database is used by the NJPMP administrator to query, sort, and prepare reports to assist in identifying questionable prescription drug activity. We found the archived database is not always updated timely. The NJPMP at one point did not have an updated archived database for nine months, from June 2015 to February 2016. This limits program personnel's ability to properly analyze data.

Furthermore, the NJPMP administrator prepares and reviews delinquent pharmacy reports from the archived database. These reports determine if pharmacies failed to report NJPMP prescription data records. During our review, delinquent pharmacy reports were not prepared for a year. Not ensuring all pharmacies are reporting prescription data inhibits the effectiveness of the program.

### *National Drug Codes*

Pharmacies identify the CDS dispensed using the National Drug Code (NDC) of each prescription. The NDC proprietary database is merged with the NJPMP archived database resulting in additional related drug descriptive fields, such as the drug's therapeutic class code. The NDC database utilized by the NJPMP has not been updated by the division since 2012. In our review of the May 2015 NJPMP data, we identified 168,590 records missing detailed drug descriptions for 731 distinct NDCs caused by utilizing an outdated NDC database. Further analysis disclosed that the two highest dispensed drugs represented 19 percent of these 168,590 records. The lack of an updated NDC database may limit the program's ability to detect patterns of prescription abuse.

### *NJPMP Staff Limitation*

The NJPMP consists of a small staff of two professionals, the NJPMP administrator and his technical assistant. The administrator estimates that 90 percent of the staff's time is devoted to processing NJPMP data requests for grand juries, licensing boards, or New Jersey Medicaid

authorities, while the remaining 10 percent is used reviewing the NJPMP data to detect possible prescription abuse. Dedicated personnel investing more time into investigative analysis could increase the detection of prescription drug abuse.

### **Recommendation**

We recommend the division issue unsolicited reports to New Jersey prescribers and pharmacists by establishing guidelines and seek legislation for allowing NJPMP data sharing to the New Jersey Medicaid program and other state sponsored and private prescription drug insurance programs. We further recommend the division obtain up to date archived data and prepare delinquent pharmacy reports on a timely basis, update the program's NDC database, and re-allocate division staff in order to accomplish the program's objectives.



## **New Jersey Office of Weights and Measures**

### **The Office of Weights and Measures' inspection procedures need improvement.**

The New Jersey Office of Weights and Measures (OWM) is responsible for the testing, certification, and registration of all commercial weighing and measuring devices in the state, and for inspecting the measurement of commodities sold in package form. As of February 2016, there were approximately 29,000 businesses with registered commercial devices, such as gasoline dispensing pumps and grocery deli scales requiring annual inspections. Total registration fees collected annually are approximately \$3.0 million. Counties and municipalities perform these inspections and receive 70 percent of registration fees collected based on their completion. Any remaining devices are to be inspected by the OWM. Inspected dates are recorded in the registration system by OWM staff when counties and municipalities submit inspection reports for reimbursement. By New Jersey Statute, the OWM's state superintendent shall have general supervision over the work of county and municipal superintendents. Furthermore, the state superintendent shall direct and assist the county and municipal superintendents in making inspections. In our review, we found weaknesses over the general supervision of the county and municipal inspections, the accountability of device inspection stickers, and inadequate planning over the implementation of inspection software.

### ***General Supervision***

The OWM does not have automated performance reports that monitor the required device inspections at the state, county, and municipal levels. These inspection reports can be produced from the registration system, but requests were not made to the division's IT unit. The absence of these reports as a monitoring tool diminishes the general supervision over counties and municipalities provided by the acting state superintendent. Not all devices are inspected annually as required by New Jersey Statute. For the 2014 registration period, our analysis from the registration system's database indicated only 173,000 of 209,000 (83 percent) devices were inspected by the counties and participating municipalities. The City of Newark has not

inspected their 3,500 registered devices since 2004 and the City of Paterson has not inspected their 2,500 registered devices in over two years. The state's OWM did not assist Newark or Paterson in making these statutorily required inspections.

### ***Device Inspection Stickers***

After a device is inspected, a blue inspection sticker is placed on the device in a conspicuous place for the consumer to view. These inspection stickers do not contain pre-numbered serial numbers, allowing for easy counterfeiting. Serial numbers for each inspected device should be recorded in the registration system to supplement the verification and accountability of all approved inspected devices. It may be beneficial for consumers if the division provided inspection results on each registered device on its public website.

### ***Inspection Software***

The OWM purchased commercial off-the-shelf application software in 2007 for its state-assigned device inspections. The initial software purchase was \$82,000. Annual software maintenance fees through August 2015 totaled \$239,000. It was the responsibility of the IT unit to install the software on the network and on each field inspector's computer. Due to inadequate planning, the utilization of the software was not implemented until November 2015, eight years after its initial software purchase.

### **Recommendation**

We recommend the division improve general supervision over the counties and municipalities by developing an automated performance report in order to evaluate each county and municipal OWM program. These reports should also identify all outstanding devices that were not inspected within the registration period. The state's OWM should also assist counties and municipalities in device inspections when needed. Serial numbers should be included on each device inspection sticker and the result of each inspected device be disclosed on the division's website. Adequate IT planning should be performed prior to future software purchases.



### **Dormant Escrow Accounts**

**The division does not follow-up on escrow deposits that are dormant.**

Since 2001, the division has been utilizing the state accounting system's payable accounts to recognize restitution deposits earmarked for consumers and for New Jersey Office of Weights and Measures inspection reimbursements to counties and municipalities. The division has a fiduciary responsibility to safeguard and account for the restitution funds and subsequently disburse these funds timely. As of April 2016, there were 46 payable accounts totaling \$9 million of which 20 accounts totaling \$428,000 have been dormant since 2002. Dormant funds have an increased risk of misappropriation.

We judgmentally selected the Bureau of Securities' (BOS) restitution payables representing 34 cases totaling \$2.9 million. In our review of the four highest BOS payables totaling \$2.6 million, we found three escrow accounts had accumulated \$2.2 million that should have been transferred to the state's General Fund. We brought this exception to management's attention, but the division only transferred \$131,000.

**Recommendation**

We recommend the division annually review all restitution deposits over one year old for proper disposition.





*State of New Jersey*

OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
PO BOX 080  
TRENTON, NJ 08625-0080

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

CHRISTOPHER S. PORRINO  
*Attorney General*

JENNIFER E. FRADEL  
*Administrator*

September 1, 2016

John J. Termyna  
Assistant State Auditor  
Office of Legislative Services  
Office of the State Auditor  
125 South Warren Street  
P.O. Box 067  
Trenton, New Jersey 08625-0067

Dear Mr. Termyna:

On behalf of the Office of the Attorney General, thank you for the opportunity to provide comments to the draft audit report regarding the New Jersey Division of Consumer Affairs issued by your office on August 3, 2016. Enclosed please find our response.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely

  
Jennifer E. Fradel  
Administrator

C: Steve Lee, DCA Director  
AnnMary O'Rourke, DCA Chief Administrative Officer  
J. Peter Traum, Deputy Administrator



## **Finding**

### **Charitable Registration and Investigative Section**

#### **Adequate information on charities is not readily available to the public.**

##### **Recommendation:**

*We recommend the division publish and disseminate information concerning individual charity registrations through their website, including, but not limited to, financial data and status of all registrations: approved, in-process, deficient or delinquent.*

##### **Corrective Action:**

In 2016, the Division launched an online charitable registration portal. The Charitable Registration Unit is planning a complete review of the current charitable organization registration information on our website and during the upcoming year, expects to update the information, making the site more user-friendly and helpful to the donating public. The next phase of the portal launch will include review of the possibility of expanding search capabilities for the public to show exempt, retired, and revoked charities in addition to compliant charities.

##### **Recommendation:**

*We recommend the division issue violation letters to all delinquent charities and revoke charities that fail to file for renewals in consecutive years.*

##### **Corrective Action:**

The new online charitable registration portal has the ability to send letters to delinquent charitable organizations and Unit staff is working toward the issuance of the first batch of delinquent letters to be sent to these organizations. In default of compliance, the Unit will take all action authorized by the Charitable Registration and Investigation Act ("CRI Act") to revoke a charitable organization's registration, a process that includes notice to the organization and affording the organization a meaningful opportunity to be heard in an adjudicative proceeding.

##### **Recommendation:**

*We recommend the division alleviate the renewal backlog through reallocation of resources and improved computer technology.*

##### **Corrective Action:**

The online filing of charitable organization and independent paid fund raisers registrations was launched in 2016. At that time there was an update of all charitable fundraising-related registration forms to increase their user friendliness, while at the same time allowing for an increase in the accuracy of registrant responses. The Charitable Registration Unit has written detailed registration information and instructions for independent paid fund raisers and fund-raising counsel, form by form, and this information will be published on the web site, along with recently revised and approved independent paid fund raisers registration and report forms. These forms will be incorporated into the Online Registration

screens during the next technology upgrade. The Division is also in the process of filling three vacancies created by the departure of staff that was allocated solely to the Charitable Registration Unit. It is anticipated that all three positions will be filled by the end of 2016. This replacement staff will be assigned specifically to reduce the backlog and to process renewal applications.

Recommendation:

*We recommend the division analyze the Charities Registration System database for “red flags” that warrant investigation.*

Corrective Action:

The Unit will continue to be vigilant for “red flags” presented by its registrants that warrant referral to the Division’s Charitable Fundraising Fraud Unit. Once a registrant has triggered a “red flag,” the Unit will provide its investigative counterpart with all relevant information about the registrant and will assist in the investigative process as needed.

Additional Comments:

*The division did not investigate any of the 192 registered charities that the Office of the State Auditor identified in their report for not having any program expenses for at least two consecutive years, but did report both revenue and management expenses.*

In response to the audit’s listing of the 192 charitable organizations, the Unit reviewed those files and determined that three of the charities required more investigation and will be sent to the Charitable Fundraising Fraud Unit for investigation, 168 of the charities had less than \$25,000 in public income and would not likely be reported to OCP for such a small amount of income, and 21 had misreported program expenses

**Finding**

**Prescription Monitoring Program**

**Available tools for the New Jersey Prescription Monitoring Program are not being fully utilized to aid in the prevention of prescription drug abuse.**

Recommendation:

*We recommend the division issue unsolicited reports to the New Jersey prescribers and pharmacists by establishing guidelines and seek legislation for allowing NJPMP data sharing to the New Jersey Medicaid program and other state sponsored and private prescription drug insurance programs. We further recommend the division timely obtain archived data and timely prepare delinquent pharmacy reports, update the program’s NDC database, and re-allocate division staff in order to accomplish the program’s objectives..*

Corrective Actions:

- ***The Division should issue unsolicited reports to New Jersey prescribers and pharmacists***  
This could not be completed until the statutory language was changed in 2015. The Division is currently establishing rules in order to implement this statute. Once complete, the Division will be able to issue unsolicited reports to New Jersey prescribers and pharmacists. Ultimately, the Director is to “establish guidelines regarding the terms ‘misuse,’ ‘abuse,’ ‘diversion,’” and determine how and when the Division will disseminate prescription monitoring information concerning patients to practitioners and pharmacists.
- ***Seek legislation for enabling NJ PMP data sharing to the NJ Medicaid Program and other state sponsored and private prescription insurance programs***  
At this time, there is no pending legislation for data sharing
- ***The Division should obtain archived data in a timely manner***  
The Division agrees with this recommendation. As our vendor’s server is outside of the Division firewall, the Division will work with the Office of Information Technology to facilitate a more efficient data exchange between our vendor and the NJPMP internal database.
- ***The Division should prepare delinquent pharmacy reports***  
The Division has prepared these reports and will continue to do so on a scheduled basis. The new PMP platform, which will be implemented soon, should enable the PMP to consistently and efficiently monitor for delinquent pharmacies.
- ***The Division should update the programmatic NDC table***  
The Division agrees with this recommendation and is currently working toward identifying an appropriate vendor to assist in implementing a solution.
- ***The Division should re-allocate staff to accomplish objectives more efficiently***  
There are currently job interviews proceeding for a new position within the PMP. The position of data analyst will hopefully enable the PMP to accomplish objectives more efficiently.

**Finding**

**New Jersey Office of Weights and Measures**

**The Office of Weights and Measures’ inspection procedures need improvement.**

**Recommendation:**

*We recommend the division improve general supervision over the counties and municipalities by developing an automated performance report in order to evaluate each county and municipal OWM program. These reports should also identify all outstanding devices that were not inspected within the registration period. The state’s OWM should also assist counties and municipalities in device inspections when needed. Serial numbers should be included on each device inspection sticker and the result of each inspected device be disclosed on the division’s website. Adequate IT planning should be performed prior to future software purchases.*

Corrective Actions:

- ***The Division needs to improve supervision over all counties and municipalities by developing a substantial performance report for evaluation purposes***  
State law requires every municipal and county superintendent to send a monthly report to the State OWM that includes a full accounting of tests, prosecutions, etc. for the preceding month. The OWM is in the process of developing a template for use by the local and county offices that will ensure that more detailed information is provided in the submitted reports.
- ***OWM should assist counties and municipalities with device inspections when needed, in 2014 only 173,000 of 209,000 devices were inspected by counties and municipalities***  
Although primary responsibility for device inspections falls to counties and municipalities, State OWM personnel do assist with inspection and testing of devices. For example, State personnel recently tested and inspected approximately 50 fuel oil trucks in Atlantic County and hundreds of taxi meters in the City of Newark. State OWM personnel will continue to supplement county and municipal testing and inspection efforts.
- ***Serial numbers should be included on each device inspection sticker and results listed on the DCA website***  
Inclusion of serial numbers on inspection stickers would require a major public awareness campaign to potentially reap a tangible benefit, as consumers would need to know they should record the serial number for use when bringing concerns to the attention of OWM. Associating the serial numbers with specific devices could be problematic as the existing device registration database does not include a field for doing so and the new WinWam software did not contemplate inclusion/capture of an inspections sticker serial number.
- ***Implement WinWam on the State, County and local level***  
WinWam is now being used by all state OWM inspectors when conducting device tests and inspections. Passaic County has gone live with the software & Burlington County is using it in a test environment prior to going live. Camden County has purchased the software and installation and training is expected in the very near future. Mercer County has long used an older version of the software which will be updated to interface with the State's version. Others expressing interest include the counties of Ocean, Cumberland, Gloucester, Salem, Union, Cape May & Essex.

**Finding**

**Dormant Escrow Accounts**

**The division does not follow-up on escrow deposits that are dormant.**

**Recommendation:**

*We recommend the division annually review all restitution deposits over one year old for proper disposition.*

**Corrective Action:**

The Division agrees with this recommendation and has begun the process of reconciling the restitution accounts for the Bureau of Securities and the Office of Consumer Protection and will continue to do these reconciliations on a quarterly basis.