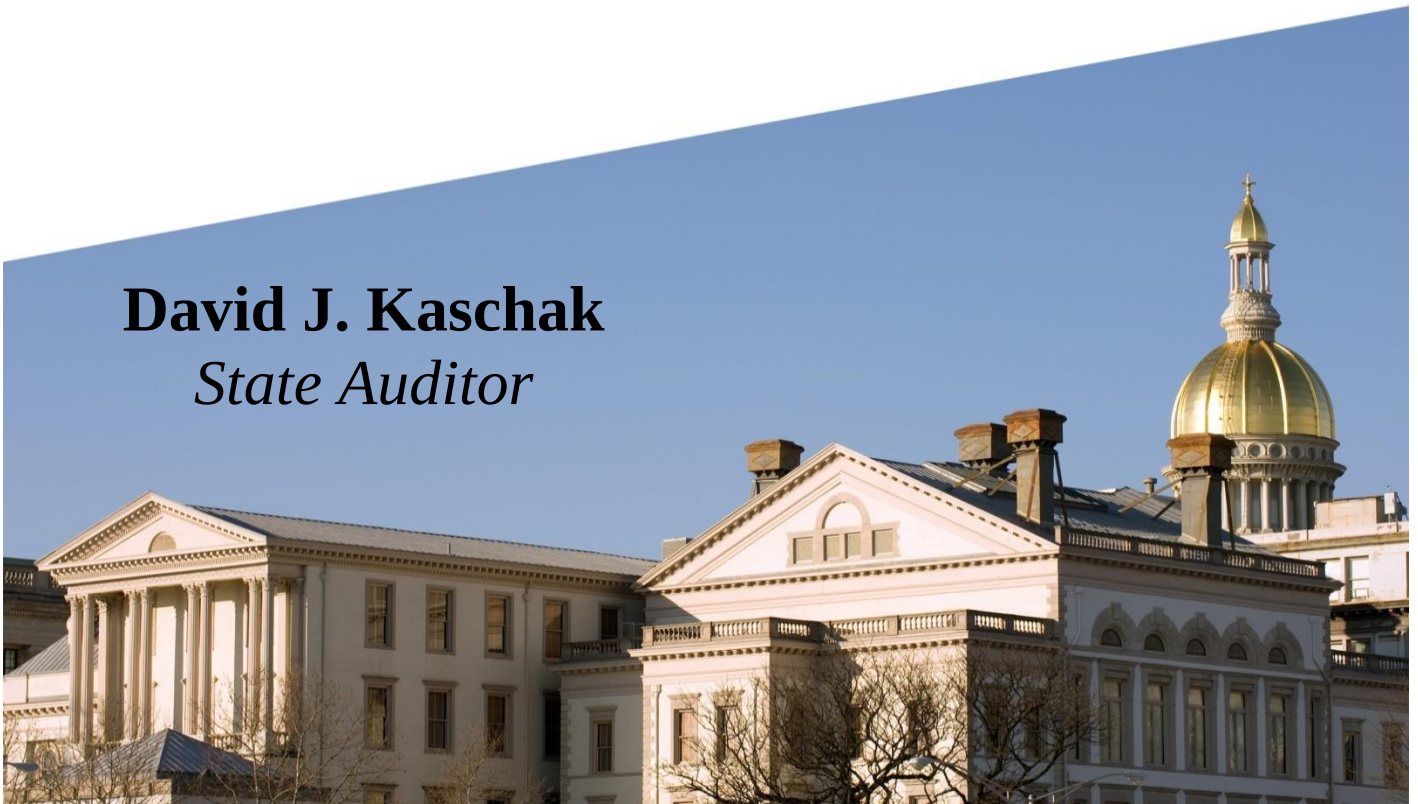


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

Department of Transportation
Division of Multimodal Services
Superload Unit

January 1, 2018 to March 31, 2022

David J. Kaschak
State Auditor



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The Honorable Craig J. Coughlin
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Enclosed is our report on the audit of the Department of Transportation, Division of Multimodal Services, Superload Unit for the period of January 1, 2018 to March 31, 2022. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads "David J. Kaschak".

David J. Kaschak
State Auditor
July 18, 2023

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Scope

We have completed an audit of the Department of Transportation (department or DOT), Division of Multimodal Services, Superload Unit for the period January 1, 2018 through March 31, 2022. The Superload Unit, in conjunction with the Bridge Unit of the Structural Engineering Division of the DOT, analyzes and issues permits for oversize and overweight (OS/OW) truck travel on New Jersey's state highway system. This supports the department's goals of safe driving, efficient travel, infrastructure protection, damage cost recovery, and economic development. The Superload Unit strives to provide excellent customer service to the trucking industry and to individuals seeking assistance in the area of OS/OW truck permits. Our audit was limited to a review of the online OS/OW commercial vehicle permit process.

The department uses a contract vendor's system (GotPermits) for the administration of the commercial vehicle permit process. Annual OS/OW permit revenue averaged \$5.8 million for calendar years 2018 through 2021.

Objectives

The objectives of our audit were to determine whether the online OS/OW commercial vehicle permitting process was operating as designed, contracts were adequately monitored, and the vendor was in compliance with the terms and conditions of the contracts. Another objective was to determine if additional safeguards could be implemented to ensure OS/OW permits are not issued to motor carriers with an active out-of-service (OOS) order.

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 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, and policies of the department. We also reviewed the contracts between the department and the vendor that provides the system for processing OS/OW commercial vehicle permits. Provisions we considered significant were documented, and compliance with those requirements was verified by interview and observation. We interviewed department personnel to obtain an understanding of the programs and the internal controls. In order to achieve our objectives, we performed various tests and analyses, as we determined necessary. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the findings section when testing resulted in a reportable condition.

A nonstatistical sampling approach was 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 selected for testing. Because we used a nonstatistical sampling approach for our tests, we could not project the results to respective populations.

Data Reliability

We relied on data from the New Jersey Comprehensive Financial System. Our office assesses the reliability of this data annually, and we have determined it to be reliable for the purposes of this report. We assessed the reliability of the department's GotPermits database, provided by the vendor, by performing electronic analyses of the data produced and interviewing department officials knowledgeable about the data. We also obtained and reviewed the contract vendor's System and Organization Controls 2 Type 2 report for the period July 1, 2020 to June 30, 2021. We determined that the data supplied by the contract vendor was sufficiently reliable for the purpose of this report.

Certain other data in our report were used to provide background information. Data that we used for this purpose were obtained from the best available sources. *Government Auditing Standards* do not require us to complete a data reliability assessment for data used for this purpose.

Conclusions

We found that the department's online OS/OW commercial vehicle permitting process was operating as designed; the department was adequately monitoring the contracts; and the vendor was in compliance with the terms and conditions of the contracts. However, we noted that the vendor was overpaid for their services because of a calculation error contained in one of the contracts. We also noted that additional savings could have been obtained if the department had tracked its technical support usage for the application. In addition, we identified a computer interface that could be implemented to notify the department of motor carriers with OOS orders. Furthermore, we made an observation regarding another computer interface that could improve roadway safety by notifying motor carriers any time one of their employee's driver's license is suspended or revoked, which could prevent an OOS order from being issued against the motor carrier.

Background

Commercial vehicles operating on highways within New Jersey must operate within the size and weight limitations outlined in N.J.S.A. 39:3-84. All commercial vehicles exceeding the legal size and weight limitations are required to be operated by a motor carrier with an OS/OW hauling permit. This allows a motor carrier hauling qualifying loads to temporarily exceed the limitations. Fifty-six percent of all OS/OW permits issued in calendar years 2019 and 2020 were issued to haul overweight loads. Although the New Jersey Motor Vehicle Commission (NJMVC) is responsible by statute for this function, it relies on the department's expertise to evaluate which

roadways and bridges are suitable for travel by OS/OW vehicles to protect the state's transportation infrastructure and ensure the safety of the traveling public. A Memorandum of Agreement between the department and the NJMVC allows the issuance, approval, or denial of OS/OW permits on behalf of the NJMVC.

Prior to 2010, the department handled its OS/OW permitting manually using a non-route specific paper process. The department contracted with a vendor to automate the permitting, routing, and analysis system. The vendor configured its software programming, known as GotPermits, to conform to the state's statutes, policies, and existing infrastructure limitations. The department launched the GotPermits online system in 2011. The system has a cloud-based infrastructure that is available to users 24 hours a day, 7 days a week, 365 days a year. Carriers can set up an account through the website to input the required data. The system will perform a real-time live load analysis to determine if the selected route can accommodate the OS/OW vehicle. If the supplied data falls within the prescribed thresholds, the carrier is notified immediately via their registered email address that their permit has been approved, and the permit will be emailed to them upon receipt of payment. Generally, only routes involving a bridge require a manual review by the department's Bridge Unit.

Contract Services

The department overpaid for contract services because of a calculation error in the contract.

The department contracted with a vendor to provide an upgrade to its version of the GotPermits system. GotPermits is used for the issuance of OS/OW truck permits and the collection of the associated revenues. In addition, the department contracted with the same vendor to also provide software and industry support, hosting of the system, on-going training, management insight into the data/metrics of a hauling permits system, as well as addressing new DOT-specific development needs. Both contracts were awarded on December 1, 2016 for a five-year period. On a monthly basis, the vendor deducts their fees associated with both contracts from the revenues generated from the GotPermits system and forwards the remaining revenues to the state.

The contract for upgrading the GotPermits system was set at a fixed price of \$750,000 payable in annual installments. However, the contract indicated annual fees totaling \$177,000 per year rather than \$150,000 (\$750,000/5 years). This resulted in an overpayment of \$135,000 for the five-year contract period, as total fees amounted to \$885,000.

In addition, the \$1 million technical support contract was payable in monthly installments of \$83,333. The vendor guaranteed to provide 1.5 full-time equivalents (FTEs) of support services for the first year of the contract. Prior to each subsequent contract year, the department had the option of adjusting the level of support services based on need within the range of 1.0 to 1.5 FTEs in increments of 0.1 FTE valued at \$30,000 per unit. Department personnel overseeing daily operations were unaware of this option and did not track the level of support services being provided. If the department had performed an assessment and determined that a reduction in support services was warranted, it could have saved between \$30,000 to \$150,000 annually, or a total of \$120,000 to \$600,000 for the remaining four years of the contract.

Both contracts expired on November 30, 2021. The new technical support contract eliminated the department's option to adjust support services based on need within the range of 1.0 to 1.5 FTEs. The current contract guarantees to provide up to 1.5 FTEs of support services at a cost of \$1.2 million and recurring services will renew for subsequent terms, as agreed to by both parties each time for a one-year period. In addition, under the new contract, revenues are now remitted quarterly instead of monthly.

Recommendation

We recommend the department recover the \$135,000 overpayment in contract services associated with the GotPermits system upgrade contract. We further recommend the department track its technical support usage and use this information when negotiating future contracts to prevent unnecessary expenses.



Safety Measures

The Federal Motor Carrier Safety Administration (FMCSA) is the lead federal government agency responsible for regulating and providing safety oversight of commercial motor vehicles, including 500,000 commercial trucking companies (motor carriers) and more than four million CDL holders. Its mission is to reduce crashes, injuries, and fatalities involving large trucks. This is accomplished through unannounced roadside safety inspections of commercial motor vehicles performed by certified vehicle safety inspectors. Commercial vehicles that fail inspection are immediately placed out of service, as are commercial drivers who are not compliant with critical safety requirements. In addition, traffic enforcement stops due to cause can also result in roadside inspections and OOS orders.

A computer system interface is needed to prevent the issuance of an OS/OW permit to a motor carrier with an outstanding OOS order to improve road safety within the state.

Five states that use the same edition of the GotPermits system as New Jersey have implemented a software interface in which an applicant's eligibility credentials are checked through the Commercial Vehicle Information Exchange Window (CVIEW) system, which was developed by a third-party vendor. The CVIEW interface allows a motor carrier's DOT number and vehicle license plate number to be checked to verify their credentials status and ensure that the motor carrier has no outstanding OOS orders or any other credentialing and safety information checks that may result in a permit not being issued. Forty-two states have implemented CVIEW which interfaces directly with the FMCSA and provides states access to safety data (including OOS orders) and credential information for each motor carrier as part of their roadside inspections. The FMCSA's Innovative Technology Deployment Program provides reimbursement grant funding to states to advance technology solutions including expanding the use of CVIEW in the permitting process as was employed by Colorado, Iowa, and Kansas and highlighted in a best practices report released in 2018. Federal data shows the following information regarding OOS violations in New Jersey:

Roadside Inspection Activity	
Activity Summary**	Total CY 2018 - CY 2021
Total Inspections in NJ	134,427
Inspections Resulting in OOS Orders Violations	26,105
Total OOS Orders Violations Issued	45,241
Traffic Enforcement Inspection Activity	
Activity Summary**	Total CY 2018 - CY 2021
Total Traffic Enforcement Inspections in NJ (stopped due to cause)	28,413
Traffic Enforcement Inspections Resulting in OOS Orders Violations	5,218
**Data Source: FMCSA's Motor Carrier Management Information System	

The department has not implemented this automated safety measure in its truck permitting system to identify motor carriers with OOS orders available in CVIEW, which would prevent issuing OS/OW permits to motor carriers with a poor safety record.

Recommendation

We recommend the department seek grant funding to facilitate an interface with the CVIEW computer system that can provide automated notifications of OOS orders.



Observation

Employer Notification Service

The state could improve roadway safety by implementing an additional interface.

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 OOS orders. However, motor carriers are only required to check the driving history record of their employees annually. According to the 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 license 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 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 license issued by New Jersey has been suspended or revoked could mitigate roadway safety risks.



Appendix

Methodologies to Achieve Audit Objectives

To determine if permit revenues were properly accounted for and forwarded to the state net of agreed upon contract fees, we reviewed calendar year 2020 permit revenue to determine whether it had been properly calculated and remitted to the state.

To identify potential missing transactions and unreported revenue, we obtained permit databases from the vendor for calendar years 2018 through 2021 as of July 31, 2021. We analyzed the permit databases, searching for any breaks in sequences and searched the void reports for the missing permit numbers. In addition, we verified whether monthly permit type revenue reports submitted by the vendor along with their monthly statements agreed with database totals for the referenced month for calendar years 2018 through 2021 up to and including July 31, 2021.



State of New Jersey

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SHEILA Y. OLIVER
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July 10, 2023

Mr. Brian M. Klingele
Assistant State Auditor
Office of the State Auditor
125 South Warren Street
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Dear Mr. Klingele:

The New Jersey Department of Transportation is in receipt of the Office of the State Auditor's (OSA) draft audit report, "Department of Transportation, Division of Multimodal Services, Superload Unit." Thank you for your review and for the opportunity to provide comments.

The following responses are offered:

OSA Recommendation:

We recommend the Department recover the \$135,000 overpayment in contract services associated with the GotPermits system upgrade contract. We further recommend that the Department track its technical support usage and use this information when negotiating future contracts to prevent unnecessary expenses.

Response:

The Department's Superload Unit will develop internal controls to assess and track the level of support services being provided. A plan to recoup the overpayment of \$135,000 for the expired five-year contract period will be developed.

OSA Recommendation:

We recommend the Department seek grant funding to facilitate an interface with the Commercial Vehicle Information Exchange Window (CVIEW) computer system to provide automated notifications of Out of Service (OOS) orders.

Response:

The Department will investigate further an interface with the CVIEW computer system to provide automated notifications of OOS orders. A determination on an appropriate funding source will be made. The Superload Unit is in the process of upgrading the database system to improve system connectivity.

Thank you again for the opportunity to review and comment on the draft audit report.

Sincerely,



Diane Gutierrez- Scaccetti
Commissioner

- c Joseph Bertoni, Deputy Commissioner
- Michael Russo, Assistant Commissioner, PMGA
- Genevieve Clifton, Acting Director, Division of Multimodal Services
- Jonathan Trauger, Program Supervisor, Office of Internal Audit
- Kimbrali Davis, Manager, Bureau of Aeronautics