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Office of Legislative Services
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**Department of Law and Public Safety
Division of State Police**

July 1, 2011 to June 30, 2014

**Stephen M. Eells
State Auditor**



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Enclosed is our report on the audit of the Department of Law and Public Safety, Division of State Police for the period of July 1, 2011 to June 30, 2014. If you would like a personal briefing, please call me at (609) 847-3470.

Stephen M. Eells
State Auditor
April 30, 2015

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Scope

We have completed an audit of the Department of Law and Public Safety, Division of State Police (division) for the period of July 1, 2011 to June 30, 2014. Our audit included financial activities accounted for in the state's General Fund and Body Armor Replacement Fund.

Expenditures of the division during fiscal years 2012, 2013, and 2014, excluding disaster recovery funds for Hurricane Irene and Superstorm Sandy, were \$533 million, \$517 million, and \$528 million, respectively. Payroll represented the majority of expenditures with an annual average of \$435 million over the three-year period. The primary responsibility of the division is to protect, preserve, and safeguard the constitutional and civil rights of all citizens, and to ensure public safety and provide quality service in partnership with our communities. Revenues of the division during fiscal years 2012, 2013, and 2014, excluding disaster recovery funds for Hurricane Irene and Superstorm Sandy, were \$148 million, \$160 million, and \$207 million, respectively. The major components of revenue were reimbursements for services provided to the New Jersey Turnpike Authority and fees for identity verification and licensing services. Disaster recovery funds for Hurricane Irene and Superstorm Sandy were not included in our testing.

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. In addition, we tested compliance with firearms qualification and requalification standards. We also tested for resolution of the significant conditions noted in our prior report dated February 5, 2008.

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.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, firearms qualification and requalification standards per New Jersey Attorney General guidelines, 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 transactions. We also read the budget messages, reviewed financial trends, and interviewed division personnel to obtain an

understanding of the programs and the internal controls.

Nonstatistical and statistical sampling approaches were used. Our samples of transactions were designed to provide conclusions on our audit objectives as well as internal controls and compliance. Transaction populations were sorted and samples were judgmentally and randomly selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the division and performed tests to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the division's programs, were reasonable, and were recorded properly in the accounting systems, although we found capital assets that were not properly recorded in the Department of the Treasury's Land and Building Asset Management system. In making this determination, we noted several internal control weaknesses and inefficiencies. We also found noncompliance with firearms qualification and requalification standards. Additionally, we found the division has not resolved significant issues noted in our prior report. These issues have been updated and restated in this report.

We also made observations concerning organizational inefficiencies and confidential vehicles.

Firearms

Internal controls over firearms qualifications and inspections are not adequate. The firearms tracking system contains errors.

Law enforcement agencies in the State of New Jersey must follow the Firearms Qualification and Requalification Standards issued by the state's Attorney General. The division has implemented these standards through Standing Operating Procedure (S.O.P.) C31, "Care and Handling of Authorized Firearms and Equipment". According to S.O.P. C31, each qualification session will minimally include the following components:

- Day and night handgun qualification
- Day and night shotgun qualification
- Day and night off-duty/back-up firearms qualification
- Combat shooting proficiency training
- Handcuffing techniques refresher training
- PR-24 refresher training
- Oleoresin Capsicum (OC) refresher training
- Use of deadly force policy refresher training
- State police pursuit policy guidelines refresher training
- Self-defense techniques

Firearms Qualification

Every enlisted member of the division must qualify with their issued sidearm and shotgun twice annually. The qualification sessions are scheduled from April through June and from October through December, providing a minimum of 90 days between sessions per the Attorney General standards. Qualification sessions consist of classroom training and firearms qualification. They are scheduled during the members' on-duty time and are recorded as 10-hour days.

S.O.P. C31 states, "When a member fails to complete two firearms qualification sessions within a calendar year, the member shall be relieved of all law enforcement obligations, must relinquish all state police issued firearms, and must relinquish any issued troop transportation. The member's authorization to carry off-duty/back-up firearms will also be suspended." It further states that, "The member's law enforcement obligations will remain suspended until the

member has successfully completed a make-up firearms qualification session.”

Our review of the Fall 2013 qualification sessions noted 36 members out of 2,312 did not qualify with their assigned firearms.

- Eleven previously surrendered their issued firearms.
- Twenty-three retained possession of their issued firearms even though they did not complete a Fall 2013 firearms qualification session.
 - Sixteen did not complete a session due to extended sick leave or limited duty status. All performed Returned to Duty (RTD) shoots upon returning to work or full-duty status.
 - One did not attend but was on full-duty status during the Fall 2013 qualification sessions. He performed an RTD shoot in January 2014.
 - Six attended a session but did not qualify with all firearms issued to them.
- Two did not have possession of firearms assigned to them in the firearms tracking system.

Our review of the Spring 2014 qualification sessions noted 58 members out of 2,428 did not qualify with their assigned firearms.

- Two previously surrendered their issued firearms.
- Fifty-four retained possession of their issued firearms even though they did not complete a Spring 2014 firearms qualification session.
 - Eighteen did not complete a session due to extended sick leave or limited duty status. All performed RTD shoots upon returning to work or full-duty status.
 - Two were on military leave.
 - Three did not attend but were on full-duty status during the Spring 2014 qualification sessions.
 - Twenty had new firearms issued February 6, 2014 but had no scores recorded for these firearms during the Spring 2014 qualification session.
 - Eleven attended a session but did not qualify with all firearms issued to them.
- Two did not have possession of firearms assigned to them in the firearms tracking system.

Management allows for an RTD shoot to be an equivalent substitution of a semi-annual firearms qualification session although the typical amount of time charged for an RTD shoot is 4 hours while a qualification session is 10 hours. S.O.P. C31 only refers to an RTD shoot for members whose firearms had been surrendered.

Firearm Inspections

It is standard practice that safety inspections and maintenance of division firearms are performed during the semi-annual qualification sessions prior to being used in shoots. However, firearms are not inspected by a certified armorer prior to an RTD shoot unless previously surrendered. The division produces a Weapons Not Inspected report at the end of each semi-annual qualification session. Per the July 31, 2014 report, there were 470 firearms not inspected, of which 43 should have been inspected. Nineteen of the 43 remained in the possession of members who did not attend the Spring 2014 qualification session but did attend an RTD shoot. Therefore, these firearms have not been inspected since the last attended qualification session. One firearm was last inspected in April 2013 and the remainder were inspected during the Fall of 2013. Twelve of the 43 firearms not inspected were used in the Spring 2014 qualification session. An additional 12 individually assigned firearms were not used in the Spring 2014 qualification session. One of these firearms had not been inspected since October 4, 2010, while another had not been inspected since June 13, 2012.

Armorer Online

The division accounts for all firearms inventory and assignments in a division-developed database, Armorer Online. There were 10,008 firearms recorded in the database as of June 16, 2014. This included 3,782 firearms destroyed prior to 2010 that were never removed from system inventory. The remaining 6,226 firearms consisted of 4,089 issued, 1,147 available, and 990 in pending repair, administrative surrender, administrative removal, or under investigation.

Firearms may be assigned to enlisted members or units. Of the 4,089 issued firearms, there were 1,556 assigned to various units and 2,533 assigned to specific badge numbers. Some members have multiple firearms. We tested 140 firearms to ensure they were assigned correctly in the system and found 12 that were not.

- Eight assigned to specific members were located in a storeroom, vault, or were under investigation.
- Two assigned to units were carried by members.
- One assigned to a specific member was in the possession of another member.
- One assigned to a member, who had been forced to surrender his firearm on September 6, 2013, was located in the Troop B vault. This firearm should have been transported to the Armorer Unit upon surrender.

We also noted that nine firearms assigned to members could not be found by badge number due to a weakness in the system. They could only be found by serial number. It is much more difficult to obtain the firearm serial number than the member's badge number. Searching by badge number would allow division personnel to see all the firearms assigned to that member.

Per S.O.P. C31, tactical firearms, shotguns, and rifles issued by the division are not to be reassigned to other personnel, stations, or units without the permission of the Armorer Unit Head.

Since 2010, the state has paid \$675,000 to members to settle legal claims related to the firearms tracking system and firearms qualifications.

Recommendation

We recommend the division comply with all aspects of S.O.P. C31 qualification standards. All firearms should be inspected prior to the semi-annual qualification sessions. The Armorer Online system should be modified to allow all firearms to be identified by badge number.



Human Resources and Payroll

Civilian Overtime

Annual savings of \$500,000 could be achieved by paying all civilian overtime in cash.

The division could reduce payroll costs \$500,000 annually by paying all overtime in cash instead of allowing civilian employees to accumulate and use compensatory time. Civilian employees eligible for overtime can choose compensatory time or cash payment, both at a rate of 1.5 times for every hour of overtime worked. During calendar year 2013, the division expended \$5.7 million in cash overtime payments to civilian employees and granted 40,221 hours in compensatory time. Employees used 40,310 hours of compensatory time during the same calendar year. The use of compensatory time results in less time at work for employees and additional overtime costs to cover the absences.

Employees of one unit work an alternate schedule that results in two hours of compensatory time on a bi-weekly basis. The 177 employees assigned to this unit are credited a total of 9,204 compensatory hours annually. Implementing a more conventional schedule could result in cost savings of approximately \$240,000 per year.

Recommendation

We recommend the division pay only cash for civilian overtime worked. Also, the division should modify the one unit's schedule to avoid unnecessary costs.

Vacation Time Adjustments

The division neglected to reduce 1,543 hours of unearned vacation time for suspended enlisted members.

Vacation time earned during the year is advanced to employees in January. According to N.J.A.C. 4A:6-1.5(c), employee vacation entitlements shall be reduced by one-half of one month's entitlement for every 11 intermittent days off without pay, other than furlough, within a calendar year. There were 63 enlisted members suspended without pay for a period of time between January 1, 2010 and January 31, 2014 that should have had their vacation entitlements adjusted. We found only 15 members had their vacation entitlements correctly adjusted. Thirty-one members' entitlements were not adjusted at all, while seven were underadjusted and ten were overadjusted. Consequently, 38 members have retained 1,543 hours of unearned vacation time which could result in overpayments of at least \$68,000, while 10 members are owed 67 hours of vacation time. The division does not have a procedure or a specific employee assigned to this duty. This issue was noted in our prior report.

Four members whose vacation entitlements should have been reduced have retired or were terminated. They were paid \$5,106 for unearned vacation entitlements. Additionally, education incentives of \$10,000 were incorrectly paid to enlisted members during their suspension period or after separation, of which \$6,500 was not returned.

Recommendation

We recommend the division develop and implement a procedure for the timely and accurate adjustment of vacation entitlements due to suspension. In addition, education incentive payments need to be reviewed prior to payment to ensure all members are eligible. The division should attempt to recoup overpayments.

Maintenance and Leave Time Payments

Payments of maintenance and leave time were incorrectly calculated.

Eighteen enlisted members who were promoted to the rank of Captain during fiscal year 2007 were underpaid their maintenance allowance by a total of \$31,932 during the remainder of their employment. Maintenance allowance is also included in the pension calculation. Seventeen of these members continue to be underpaid through their pension by a total of \$45,085 as of September 30, 2014. Two members were overpaid \$2,045 during their tenure and one of them continues to be overpaid through their pension by a total of \$1,167 as of September 30, 2014. When a member is promoted from Lieutenant, a union represented rank, to Captain, a non-union represented rank, the maintenance allowance remains the same. The maintenance amount for the 18 Captains was incorrectly reduced, and for the two overpaid Captains it was incorrectly increased.

We also reviewed payments for unused leave time at the time of death, retirement, or termination. There were 13 employee deaths during our audit period. One individual who was entitled to \$5,916 for unused vacation time was paid this amount twice. A test of 70 out of 1,777 retired and terminated employees resulted in 10 overpayments totaling \$15,073 and 15 underpayments totaling \$3,546. In addition, one individual who was paid \$12,459 for unused vacation time had not provided an approved timesheet since 2003.

The inconsistent application of policies and procedures, as well as a lack of training and management review, led to these incorrect payment amounts.

Recommendation

We recommend consistency in the application of policies and procedures. Pension paperwork should be resubmitted to ensure retired members are receiving the correct amounts. Calculations should be documented and reviewed for each payment of unused leave time.



System Access Controls

Security Officer Registration Act (SORA) System

User access to the SORA system is not aligned with employee responsibilities.

Any person seeking to be employed as, or perform the functions and activities of, a security officer in New Jersey must become certified before employment. The division utilizes the SORA system to process security officers' registrations. Current and prospective security personnel are able to complete license and registration applications via the SORA system and submit required payments online. System users should only be provided with the access necessary to perform assigned job responsibilities, based on job title and function. The system has four different levels of access. Of the 28 employees with access, 25 have "Super User" access which allows them to update the applications and issue registrations, as well as add and delete users. This access level should be limited. Users should be segregated and assigned appropriate access levels necessary to perform their job responsibilities. Adequate controls over any computer system require that access be granted appropriate to employees' job functions.

The remaining three employees are SORA programmers that have full access to data in the production environment. Programmers should only have access to production data in the test environment.

Recommendation

We recommend SORA system access reflect employee responsibilities. Programmer access to production data should be limited.

Personnel Management Information System (PMIS)

Twenty-eight current or former employees have inappropriate access to PMIS.

Of 45 current or former employees with access to PMIS, 28 have inappropriate access. Twelve of the 28 no longer work in the Human Resources Section. Six of these 12 individuals have retired or separated from the division as far back as 2008. None of these six accessed PMIS subsequent to their separation. The remaining 16 users have approval privileges but only need inquiry access to perform their job duties. Four of these 16 users have approval access that is incompatible with their duties in the Payroll and Time Management Unit. Segregation of the PMIS entry and payroll duties is vital to prevent internal abuses and to limit unnecessary risk exposure for the division. This issue was noted in our prior report.

Recommendation

PMIS access for former employees should be removed promptly. The division should implement controls to ensure timely updates to PMIS access for staff changes. PMIS access for Payroll and Time Management Unit personnel should be changed immediately to inquiry only.



Procurement

Division purchasing procedures inhibit compliance with state regulations.

Decentralized Purchasing

An excessive number of division employees have purchasing capabilities. The division has a Centralized Purchasing Unit (CPU) that is responsible for overseeing the centralized procurement process of all goods and services necessary for the division to fulfill its mission. The unit is directly responsible for payments to public utilities and is also responsible for ensuring compliance with state purchasing regulations for the remaining procurement transactions. The division processes an average of 9,500 purchase orders for \$50 million annually. More than 200 division employees outside the CPU are ordering products and services for the end-user units directly from vendors. On average, 139 employees made no more than 10 purchases per year and 100 of these employees placed three orders or less. These employees are required to secure the funding and to initiate the purchase in accordance with state bidding and purchasing regulations under CPU guidance and supervision. It would be more efficient to forward purchase requests to CPU to procure all goods and services. Requiring CPU personnel to educate and supervise up to 200 employees is inefficient. This issue was noted in our prior report.

Delegated Purchasing Authority (DPA)

The division exceeded the annual DPA threshold in fiscal years 2012, 2013, and 2014 for more than 20 commodities each year. Combined non-advertised expenditures for these commodities averaged \$1.6 million annually. A DPA purchase is defined as a purchase transaction that cannot be procured through a state contract or another primary contracting method. The Department of the Treasury (Treasury) Circular Letter 11-10-DPP limits agency purchasing authority without public advertising to \$36,000 per commodity annually. Agencies must determine their anticipated fiscal year needs for a product or service, based upon their procurement history, and request Treasury's Division of Purchase and Property (DPP) to perform the procurement where such needs exceed \$36,000. We found an annual average of \$200,000 in commodities should have been, but was not, procured through the DPP during our audit period. The division exceeded the \$36,000 threshold with a single vendor on at least 13 occasions each year during our audit period. These purchases should have been anticipated based on division procurement history and proper procedures should have been followed.

The division does not consolidate similar DPA purchases as required by state bidding regulations. The division placed an average of eight DPA orders per day under \$1,000, each without price competition, for an annual total of \$800,000 in purchases. At least 1,600 DPA orders placed between July 1, 2011 and June 30, 2014 generated unnecessary paperwork. They were placed on the same day or the following day with other similar orders from the same vendor. Fourteen separate purchase orders were prepared to pay one vendor for snow removal services between January 29 and January 31, 2014. On August 6, 2012, the division placed 14 separate purchase orders to buy tires from one vendor for its nine garages. There were 747 purchase orders under \$1,000 processed between July 1, 2011 and June 30, 2014 totaling \$411,000 which should have been consolidated and competitively bid. Similarly, the division failed to obtain required sealed bids for purchases totaling \$164,000 and also circumvented rules for public competition for two purchases totaling \$77,000 by dividing them into seven separate orders. Failure to consolidate purchases causes inefficiencies in purchasing, violates regulations, and increases the risk of overpayments. This issue was noted in our prior report.

Product Pricing

The division relied on the vendors for pricing when utilizing state contracts to acquire goods and services. One vendor quoted \$3,247 for HVAC equipment with a retail price of \$762. A state contract discount of 67 percent was applied and the division paid \$1,071, 40 percent over the retail price. Auto parts not covered by a contract were purchased for \$2,466 from a contract vendor. Some of these parts, totaling \$1,092, could have been purchased from the vendor's retail store for \$626. The division utilized this state contract vendor to purchase non-contract items without price competition and overpaid 74 percent for these items. Another vendor quoted \$8,560 per contract item which would have cost \$7,928 per item if the proper pricelist was utilized. The division overpaid \$21,347 on this \$324,000 purchase.

Software Purchase

The division utilized a contract vendor to purchase software not allowable under the contract. The contract terms prohibited customization of any kind. The contract also required that other similar products be considered if a new system for more than \$250,000 was being purchased. Two systems requiring customization were purchased for \$547,000 and \$482,000 and were both erroneously marked as “not new” on the requests for purchase approval submitted to the Department of the Treasury, Office of Information Technology (OIT). No other software was considered for these purchases. The division should have requested OIT to procure these systems or should have applied for a Waiver of Advertising if no other software could perform the service.

Recommendation

We recommend the division further centralize purchasing and ensure compliance with state purchasing regulations. The division should also ensure state contract provisions are enforced when purchasing from state contract vendors.



Revenue

The revenue collection process lacks adequate internal controls.

Internal controls over the collection, reporting, and reconciliation of revenues are not adequate. The division collects revenue within eight units. Revenue is received centrally by the mail office, distributed to the individual units for processing, and later delivered to the fiscal bureau for deposit and recording into the state’s accounting system.

Several internal control weaknesses noted in our prior report still exist. Proper internal controls decrease the risk of lost or misappropriated revenue. During our current review, we noted the following internal control issues.

- There is inadequate segregation of duties. In each unit, one individual receives payments, processes the application, issues the end product, and forwards the payments to the fiscal bureau for deposit, increasing the risk of errors and irregularities.
- Payments received by at least two units are not properly safeguarded and are not regularly maintained in a locked box or safe. Lacking physical safeguards over assets could lead to loss or misappropriation of revenue.
- Twenty-four of 30 daily deposits tested were between 1 and 17 working days late. Cash receipts are to be deposited within 24 hours of receipt as outlined in Department of the Treasury Circular Letter 12-02-OMB. The units have no process in place to record the date

of receipt. Of \$56,382 tested, receipts totaling \$50,512 were deposited an average of three days after they were processed, which may be later than the date of receipt. Timely deposits help to prevent loss and misappropriation of revenue.

- There is no reconciliation between the revenue collected, services provided, and the state's accounting system. Without a proper reconciliation process, it is difficult to verify all revenues have been deposited.
- We found disputed credit card payments and dishonored checks that were not collected. Collection efforts for dishonored checks are the responsibility of the unit that issues the end product. There were 137 uncollected dishonored checks during our audit period. Twelve of 13 dishonored checks tested, where they had not been replaced, revealed the applicants still received the end product. Additionally, we reviewed disputed transactions for one unit that accepts electronic payments. We tested eight of 51 disputed transactions where monies were returned to the applicants. Three applicants received the registration certificate without being recharged the fee. The unit was unaware of these incidents.

Recommendation

We recommend the division centralize the revenue collection process and segregate this function from individual units providing end products to the public. Payments should be delivered directly to the fiscal bureau and deposited within 24 hours of receipt. The end product can then be processed by the units. Management should use proper monitoring and review procedures to ensure all funds are collected. Periodic reconciliations should be performed to help detect any errors or irregularities.



Fuel Management

Monitoring controls over fuel consumption need to be strengthened.

Average annual fuel costs were \$12.6 million during our audit period. The division does not adequately monitor fuel activity of its vehicles. Each vehicle is assigned a unique fueling card. These cards activate the state-operated fueling stations and are programmed to halt the transactions at 20 gallons, or the assigned vehicle capacity, whichever is greater. Before the transaction initiates, the employee is required to enter a five digit number, either their badge or other assigned number. However, the system does not recognize any number as invalid. This inhibits the monitoring of fuel consumption by employee.

We reviewed 608,787 transactions of 2,539 fueling cards which occurred from July 1, 2011 to May 26, 2014. There were 105 cards that allowed the pump to dispense fuel above the card limit in one transaction. We tested the highest 15 unleaded fuel transactions ranging from 86.5 to 999 gallons. A Ford Crown Victoria, which has a 20 gallon tank capacity, appeared to have

received 617.3 gallons in one transaction. The division paid \$1,762 for this transaction. We found the division paid for 10 other transactions totaling \$6,990 for gasoline which was apparently not received. Division personnel believe that these high quantity transactions were system errors.

The lowest programmed shut-off limit for a fueling card is 20 gallons. There are numerous vehicles in the fleet that have lower fuel tank capacities, ranging between 17 and 19 gallons. We found 843 transactions that surpassed the official tank capacity by at least one gallon. A Chevrolet Impala, which has a fuel capacity of 17 gallons, received 20 gallons of fuel 22 times. Twenty-one of these transactions occurred during a three-month period with the same employee five digit number.

Current fueling card controls do not prevent concurrent fuel transactions. There were 134 instances where a fueling card was utilized twice within the same minute, and each transaction had over one gallon fueled. There were 2,506 gallons disbursed per these transactions.

In response to our prior report, the division stated they would begin periodic internal audits of fuel usage to monitor and address abuses; however, none have been performed.

The division is currently outfitting newly purchased vehicles to interact with the new fuel system. Each new vehicle will be equipped with a sensor that will allow the system to automatically capture odometer readings and vehicle information. This information will be validated in real-time against values stored in a single, centralized database. While this system will help eliminate some of the problems noted above, any five digit number may still be entered, and monitoring of fuel records would still be necessary to prevent and detect errors and abuses.

Recommendation

We recommend the division monitor fuel consumption and review bills to prevent errors and abuses.



Inventory

Management should ensure proper controls over the uniform, equipment, and supplies inventories.

The division warehouse receives, stores, and distributes uniforms, police equipment (excluding firearms), and forensic lab, janitorial, and miscellaneous supplies. There are seven categories of inventory that the warehouse maintains. A perpetual inventory count is maintained in a system and a physical inventory of the entire warehouse is performed annually. The physical inventory count that was taken in June 2014 matched perpetual records in only one category, Body Armor. Of 300,782 items counted, there were 24,253 net items more than what the perpetual

inventory system stated. Because the relatively new system is functioning inadequately, staff inputs information manually. Inaccurate inventory records could cause purchasing inefficiencies, supply shortages, spoilage, and an increased risk of theft or misappropriation. The following are examples of inventory variances.

Inventory Categories	Inventory Description	Variances*
Ammo-Weapon Supplies	AMMO, BUCKSHOT 250/CS CASE	-73
	REPLACEMENT, 9MM SLOTTED END	-75
	AMMO, .9MM CLEAN FIRE 1,000/CS TRAINING ONLY	-77
Handcuff Inventory	HANDCUFFS	-4
	HANDCUFF KEY	-10
Clothing Inventory	SHIRT CLASS A OFFICER	-81
	SHIRT CLASS A	30
	CLASS A TROUSERS	-32
	CAP BUTTON, GOLD	-105
	CLASS A SERVICE STAR	-3770
	CLASS A SHOULDER PATCH	777
	HANDCUFF CASE - LEATHER	-122
	SHOES CLASS A	-152
	CHEVRONS CLASS B	462
	CHEVRONS CLASS A	344
Forensic Supplies	SERIALIZED DVD- SUSPECT INTERVIEW RECORD	700
	BLOOD TEST KITS	-86
	PROTECTION KIT	169
Janitorial Supplies	BATTERIES	-1131
	TOILET TISSUE, RL	-1321
	PAPER TOWELS, CASE, C-FOLD	-157
	TOILET BOWL CLEANER, DISINFECTANT QUART	237
	BLEACH, GL	105
Office Supplies	BOXES W/LIDS, 12"x10"x15"	-581
	PAPER, COPY, 8-1/2"x 11" CASE	-224
	BINDER INDEX, Clear Tab, 5-TAB	-354
	CLIPS, GEM JUMBO #2 2" 100/BX	760
	MARKER, HI-LITER, YELLOW	413

*Positive numbers represent excess of physical inventory and negative numbers represent shortage.

We also determined variances in inventory counts are not investigated. System perpetual records are simply replaced with physical counts. The lack of an investigation may result in items being lost or misappropriated without being detected. Uniform pieces unaccounted for represent a potential liability to the division. This issue was noted in our prior report.

Recommendation

We recommend the division evaluate and update the current inventory system. Any inventory variances should be properly investigated and resolved.



Capital Assets

The division did not accurately report capital assets to the Department of the Treasury as required by circular letter.

The division did not comply with the Department of the Treasury (Treasury) Circular Letter 11-18-OMB. State agencies are responsible for the inventory, maintenance, and recording of their capital assets on Treasury's Land and Building Asset Management (LBAM) system. Agencies are responsible for conducting an annual physical inventory of capital assets which must be reconciled to LBAM. As of June 24, 2014, the division had \$94.2 million in capital assets recorded in LBAM. We found that management had not updated LBAM since August 30, 2012, and updates were inconsistent prior to that date. The division failed to enter into LBAM 988 capital assets purchased for \$115.7 million, including:

- 892 vehicles purchased for \$37.7 million, 758 of them for \$33.4 million since July 2009
- 5 helicopters purchased for \$64 million in fiscal years 2011 and 2012
- 13 boats purchased for \$4.7 million since April 2012
- 78 items of software/hardware/equipment purchased for \$9.3 million since July 2011

Our review also found 295 vehicles purchased for \$13.9 million and 6 helicopters purchased for \$20.9 million that were still reported on LBAM, but were no longer owned by the division.

As a result, the gross capital assets reported in the state's Comprehensive Annual Financial Report were understated by approximately \$80.9 million.

Recommendation

We recommend the division comply with the Department of the Treasury circular letter and ensure capital asset records are properly reconciled to Treasury's LBAM system.



Observations

Organizational Inefficiencies

Management throughout the division consists of enlisted and civilian personnel. Civilian personnel follow a career path associated with their education and experience. Enlisted members, while highly educated, follow a career path of rank associated with frequent movement throughout the division. The average length of an assignment for enlisted members is 20 months. Change of assignments helps to develop new skills, but short tenures in leadership positions may impair organization efficiency.

We reviewed 4,804 completed assignments from 2001 to 2014 for enlisted members that have overseen organizational units at various levels. Almost half (2,352) of the assignments ended in less than one year. There were 234 leadership assignments shorter than 30 days and 680 shorter than 90 days. The following are examples of assignment histories typical of the division.

- A unit within the Special Investigations Section had 10 unit heads in nine years, of which only two lasted more than one year.
- A unit within the Field Operations Section had five unit heads in two years.
- One Region Commander's Office had 20 Commanders in nine years, while the average term of all Region Commander assignments was just 172 days.
- One station had 15 Commanders in 10 years.
- Office of Professional Standards had four Commanding Officers in 28 months.
- Human Resources Section had nine Commanding Officers in 10 years, of which six held the position for less than one year, and of which four had no prior assignments within the Human Resources Section.

Leadership commitment is necessary to develop and achieve long-term objectives, and to establish and enforce internal controls. Short-term assignments make it difficult for enlisted personnel to gain the knowledge necessary to become proficient in the area they supervise. The lack of continuity in management also affects the productivity of employees. Employees must take a leadership role during the supervisor's initial adjustment period which takes time away from their regular duties.

Confidential Vehicles

The division currently has 2,382 vehicles in their fleet, of which 1,389 (58%) are unmarked and have confidential license plates. These vehicles are not assigned for highway patrol or general policing.

Division records indicate these confidential vehicles are assigned to various bureaus and units, not to individuals. We tested a random sample of confidential vehicles that had a fuel transaction between June 2013 and May 2014 and found that 42 of the 49 vehicles tested were used by one individual. We project that 73 percent of the confidential vehicles are used by one individual. Additionally, our review of 25 confidential vehicles found that they were used for commuting purposes for 59 percent of the miles driven.



State of New Jersey
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Administrator

April 29, 2015

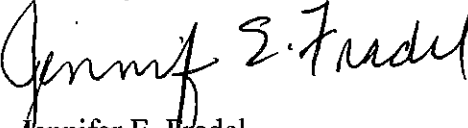
John J. Termyna
Assistant State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

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 State Police issued by your office on April 2, 2015. 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: Colonel Joseph R. Fuentes
LTC Steven Shallop
J. Peter Traum, Deputy Administrator





State of New Jersey
Department of Law and Public Safety
Division of State Police

Response to the Office of Legislative
Services Division of State Police
Audit Report
July 1, 2011 to June 30, 2014

Firearms

Recommendation:

We recommend the division comply with all aspects of S.O.P. C31 qualification standards. All firearms should be inspected prior to the semi-annual qualifications sessions. The Armorer Online system should be modified to allow all firearms to be identified by the badge number.

Response:

The Division performed an internal review and has determined that the full-duty members referred to in the audit report for not attending qualification sessions, have now all qualified with their weapons.

The Division will adjust its monitoring procedures to ensure that all members qualify twice annually with the State Police issued sidearm and shotgun, in accordance with State Police policy and the Attorney General's Firearms Qualification Standards.

The Division will also strengthen the internal control structure for the inventory and maintenance of weapons. The Division will verify inventory counts to the Armorer Online Application System for completeness and accuracy. The Division shall ensure adequate controls are implemented by reconciling the weapon inventory to the Armorer Online Application System on a quarterly basis and the Division will update the current inventory system to ensure that weapon assignments can be searched by badge numbers.

Human Resources and Payroll

Recommendation:

We recommend the division pay only cash for civilian overtime worked. The division should modify the one unit's schedule to avoid unnecessary costs.

Response:

The Division will continue to review work schedules in order to reduce overtime. In the event that overtime is required, it will be compensated in cash so that staffing demands are not increased due to the use of compensatory time.

Recommendation:

We recommend the division develop and implement a procedure for the timely and accurate adjustment of vacation entitlements due to suspension. In addition, education incentive

payments need to be reviewed prior to payment to ensure all members are eligible. The division should attempt to recoup overpayments.

Response:

Unearned vacation time for suspended members is now monitored and deducted from Edaily in a timely manner by the Human Resources Section in conjunction with the Office of Professional Standards. The Section will verify the time charged to that of the change in anniversary date along with the proper payment or deduction of vacation time or salary. The Section will ensure that all education incentive payments will be reviewed prior to the issuance of the payment. The Section will also ensure that these modifications are in compliance with New Jersey Administrative Code, Title 4A. This process is currently being implemented by the Payroll and Benefits Unit within the Section.

Recommendation:

We recommend consistency in the application of policies and procedures. Pension paperwork should be resubmitted to ensure retired members are receiving the correct amounts. Calculations should be documented and reviewed for each payment of unused leave time.

Response:

The Division will implement internal policies to enhance supervisory oversight regarding maintenance and leave time payments. Unit supervisors will ensure that calculations are consistently applied and payroll sheets are deemed accurate. The retirement calculations will be adjusted accordingly to reflect proper earnings.

System Access Controls

Recommendation:

We recommend SORA system access to reflect employee responsibilities. Programmer access to production data should be limited.

Response:

We concur and a review is underway. Modifications to user access will be made as deemed appropriate.

Recommendation:

PMIS access for former employees should be removed promptly. The division should implement controls to ensure timely updates to PMIS access for staff changes. PMIS access for Payroll and Time Management Unit personnel should be changed immediately to inquiry only.

Response:

The Personnel Management Information System (PMIS) has been reviewed for user access, identifying and removing any unauthorized users. The Payroll and Benefits Unit within the Division's Human Resources Section has reviewed all user access, and made adjustments where necessary. The Human Resources Section has also implemented internal controls to modify user access in a timely manner by maintaining an internal log that can be easily accessed.

Procurement

Recommendation:

We recommend the division further centralize purchasing and ensure compliance with state purchasing regulations. The division should also ensure state contract provisions are enforced when purchasing from state contract vendors.

Response:

The Division of State Police concurs with the recommendation that purchasing processes should be more centralized. To that end, the Central Purchasing Unit (CPU) within the Division will implement internal controls that will allow for the strengthening of the identified weaknesses. The proper implementation of instructional tutorials, which detail the procurement process, will be completed by all identified members initiating a purchase to ensure compliance with State purchasing regulations. It is anticipated that the State-wide implementation of the NJ START procurement system will greatly assist with further centralization and improved purchasing processes.

The Division has reduced the number of Delegated Purchase Authority (DPA) orders by 10% comparing fiscal years 2012 to 2014. The DPA threshold will continue to be closely monitored identifying historical data relating to commodities exceeding the limits. The CPU will ensure the purchase of contract items which are similar to requested non-contract item to continue the further reduction of DPA orders. The CPU will also review purchases for compliance with applicable Treasury Circular Letters.

To ensure the proper product pricing is applied, the CPU will continue to expand its database of contract price sheets in order to more closely monitor term contract costs.

The Division will comply with the applicable policies regarding information technology hardware, software and related services.

Revenue

Recommendation:

We recommended the division centralize the revenue collection process and segregate this function from individual units providing end products to the public. Payments should be delivered directly to the fiscal bureau and deposited within 24 hours of receipt. The end product can then be processed by the units. Management should use proper monitoring and review procedures to ensure all funds are collected. Periodic reconciliations should be performed to help detect any errors or irregularities.

Response:

The Division of State Police will implement a stronger internal control process by creating a centralized Revenue Unit within the control of the Fiscal and Grant Management Bureau. This unit will be adequately staffed to ensure the proper segregation of duties by allowing the receipt of payments and the deposit of receipts to be conducted by a unit which is separate from the units responsible for the application processes. It is anticipated that this process will begin in early FY 2016.

In addition, the Revenue Unit will properly implement Treasury Circular Letter 12-02-OMB by depositing cash receipts within the designated time period. Cash receipts will be safeguarded and reconciled with the end product. The Revenue Unit will notify the respective application units of any returned payments.

Fuel Management

Recommendation:

We recommend the division monitor fuel consumption and review bills to prevent errors and abuses.

Response:

The Fleet Management Office is now in the final stage of implementation of the new automated fuel system. This implementation includes activation of the Radio Frequency Identification (RFID) process. Fleet Management will be activating the RFID devices on equipped vehicles by location to ensure all functions are operating properly before rolling out the next group of vehicles.

Additionally, Fleet Management will conduct internal monthly reviews of fuel data and activity to ensure the integrity and accuracy of the information captured.

Inventory

Recommendation:

We recommend the division evaluate and update the current inventory system. Any inventory variances should be properly investigated and resolved.

Response:

The Division is looking to acquire and implement an internal inventory control system. The new system will be designed to accurately record and track internal inventory by establishing a more secure and controlled environment. It is expected that the internal database will be thoroughly tested and regularly reviewed to ensure that it is properly managing and tracking the assets. Any variances identified during inventory counts will be investigated and reconciled. The Division anticipates having such a system in place by July 2016.

Capital Assets

Recommendation:

We recommend the division comply with the Department of the Treasury circular letter and ensure capital asset records are properly reconciled to Treasury's LBAM system.

Response:

The Division will strengthen its internal controls over capital assets and ensure accuracy through asset verification. A new civilian position, under the Facility & Asset Control Bureau, has been established to oversee the Division's assets, maintain internal data bases, and properly reconcile

recorded assets in the Department of the Treasury's Land and Building Asset Management System (LBAM), as required by the Treasury Circular Letter 11-18-OMB. The final stage of candidate selection is underway.

Observations

Organizational Inefficiencies

The Division will improve operational efficiencies and effectiveness by reducing the overall movement with enlisted members. Recently, the Division has experienced an extraordinary reduction in staff due to the significant amount of enlisted members retiring within a brief period of time. Moving forward, the number of projected retirements is reducing therefore allowing the Division to develop leadership roles with less frequent movement to instill consistency, emphasis of quality and provide technical competency.

Confidential Vehicles

Confidential vehicles are assigned to sections and not individuals and as such, many members who do not get transferred or reassigned may operate the same vehicle for much of its life. While troopers are operating their unmarked vehicles through the course of the day, they are always considered to be on patrol and not commuting. For this reason, police package vehicles are purchased and they are outfitted with proper lighting, communication abilities, and issued specialized equipment. An internal review disclosed that the Division's unmarked fleet was responsible for over 14,000 contacts in a 12 month period.