



# Office of the State Comptroller Oversight and Outreach Plan

## Introduction

The Office of the State Comptroller is an independent agency that works to make all levels of government in New Jersey run more efficiently and transparently. We investigate public entities, public officials, and public employees. We audit government entities to find ways to save taxpayer dollars. We review public contracts to ensure that taxpayers benefit from competition and that municipal, county, and state entities only enter into contracts that comply with the law. We monitor and investigate medical providers who use Medicaid dollars improperly – for the wrong services, or for claims without proper support – and recover public funds that should not have been paid out.

All of these tasks involve following the facts where they lead us in order to save money and make government run more efficiently and effectively for New Jersey residents.

This annual Oversight and Outreach Plan describes our work and identifies issues in which the public's involvement will improve our efforts to advance accountability and transparency. This plan covers reviews we are mandated to conduct by the Legislature, including whether state agencies and local governments have remedied problems we have identified and whether state entities are following the laws. After we conduct an audit or investigation, we are required to review whether our recommendations have been followed – and to report when a subject of our audit or investigation has failed to implement a corrective action plan.

In this plan, we also describe specific issues on which we welcome engagement by New Jersey residents. Much of our most impactful work starts with tips we receive from concerned residents who have information about government mismanagement. We always welcome the public's input about suspected government waste, fraud, and abuse – and this year, we particularly welcome information about specific topics we have identified in this plan. All tips may be shared anonymously by calling 1-855-OSC-TIPS (672-8477), by email at [comptrollertips@osc.nj.gov](mailto:comptrollertips@osc.nj.gov), or through our [online portal](#).

Much of the work we do is confidential and not discussed until we release a public report. This plan is not meant to encompass the entirety of our efforts to make government more efficient and accountable and to identify waste, fraud and abuse.

Finally, if you are interested in reading the State Comptroller's reports, please sign up to receive them [here](#).

Kevin D. Walsh  
Acting State Comptroller  
November 20, 2020



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## Oversight of federal COVID-19 recovery funds

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The Office of the State Comptroller is charged with ensuring that federal funds used to help New Jersey recover from the COVID-19 pandemic and economic crisis are used transparently and lawfully and that waste, fraud and abuse of any kind does not disrupt New Jersey's recovery. More than \$10 billion in federal funding has been received by the state, and another \$1 billion has been received by nine counties.

To date, the Office of the State Comptroller has [conducted trainings](#) to help state agencies safeguard federal funds and worked with the COVID-19 Compliance and Oversight Taskforce to [establish compliance guidelines](#) for state entities spending federal funds. Over the next year, we will review and monitor public contracts paid for with federal funds, audit how public entities use the federal funds, and investigate waste, fraud, and abuse of those funds.

**Can you help us?** Municipal, county, and state officials and employees are often in the best position to know when funds have been misused by municipal, county, and state governments. Engaged residents often know when contracts have been awarded improperly. People who have applied for financial assistance who were turned down incorrectly may be interested in sharing the details of their experience. Please [share your tips with us](#) so we make sure that recovery dollars are used fairly and for their intended purposes.

## Municipal oversight

The Office of the State Comptroller is examining whether New Jersey's municipalities are, among other things:

- following public bidding laws when spending taxpayer dollars so that contracts are awarded transparently;
- complying with 2007 and 2010 laws prohibiting payments for unused sick leave and prohibiting the accrual of vacation leave;
- adhering to applicable transparency requirements involving the procurement of insurance;
- procuring an audit firm through a competitive process and rotating audit firms on a regular basis; and
- addressing recurring issues in audits.

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Over the next year, we will engage with New Jersey municipalities to evaluate how they are performing on these and other issues. Our municipal oversight will be conducted through surveys, audits, and, where appropriate, investigations.

**Can you help us?** New Jersey residents, municipal employees, and members of municipal governing bodies can help by identifying ways in which municipal governments are falling short. That could involve an issue on the list above or another issue that you believe amounts to waste, fraud, or abuse. We have [resources available to help](#). Please [share your concerns](#) regarding ways in which municipal governments in New Jersey are unnecessarily increasing costs or failing to follow applicable laws.

## Racial profiling oversight

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The Office of the State Comptroller is conducting oversight involving racial profiling in policing in New Jersey through two initiatives.

First, we are evaluating the New Jersey State Police's (NJSP) internal affairs and disciplinary processes as part of a statutorily required effort to ensure the NJSP does not tolerate racial profiling or other discriminatory conduct by State Troopers. We are required to examine and issue reports regarding motor vehicle stops, internal affairs and discipline, training, and decisions not to refer a trooper against whom a complaint has been filed to internal affairs. Our most recent reports involving the NJSP involved [motor vehicle stops](#), which was issued in 2020, and [internal affairs](#), which was issued in 2018.

Second, we are examining how and whether local police departments effectively prevent racial profiling because we recognize that racial profiling may also occur in municipal police departments that do not track and analyze motor vehicle stops. We are examining local law enforcement policies and procedures and allegations of racial profiling. In the absence of comprehensive data, individual motorists and police officers in many instances may be the best sources of information regarding racial profiling.

**Can you help us?** Have you been stopped by the police and believe that racial profiling was involved? Are you a police officer who has information regarding whether racial profiling is occurring? [Please share your experience with us](#).





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## Medicaid oversight

Medicaid represents the largest share of state and federal spending in New Jersey's state budget, which makes oversight of this program especially important. The Office of the State Comptroller works to detect fraud and recover misused Medicaid funds on behalf of taxpayers. Each year, we recover tens of millions of dollars in misspent public funds.

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The Office of the State Comptroller investigates and audits health care providers to detect, prevent, and, as appropriate, recover funds attributable to fraud, waste and abuse; oversees the program integrity efforts of the five managed care organizations (MCOs) that provide care to Medicaid recipients in New Jersey; excludes providers when warranted; works to ensure that these vital services are delivered only to those who truly are eligible to receive them; and, recommends programmatic improvements to address systemic problems. When we do detect fraud, waste, or abuse in the Medicaid program, we resolve it through a settlement, litigate it, or refer it for criminal investigation. When necessary, we exclude or terminate providers from the Medicaid program.

**Can you help us?** Are you aware of a Medicaid provider or recipient who is abusing Medicaid? If you suspect fraud, waste or abuse of Medicaid benefits, please call 1-888-937-2835 or [file a complaint](#).

## Reviews of corrective action plan implementation and compliance

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The Office of the State Comptroller conducts audits and investigations of state agencies and authorities, including the executive branch of state government, public institutions of higher education, independent state authorities, municipal and county governments, and boards of education.

We are required to report the findings of our audits and investigations to the Governor, the President of the Senate and the Speaker of the General Assembly, and to issue recommendations for corrective or remedial action. We are also required to monitor the implementation of those recommendations and to conduct a review to determine whether there has been full implementation and continued compliance with the recommendations.



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During the next year, we will be conducting the following reviews:

- **Economic Development Authority (EDA):** Our 2019 audit of the EDA found deficiencies with its management and administration of various tax incentive programs. OSC found that key internal controls for monitoring the performance of the recipients of these tax incentives were ineffective or did not exist, which made it difficult for the EDA to determine whether incentivized jobs were actually created or retained. We will evaluate whether our 21 recommendations to the EDA have been implemented.
- **Jersey City Municipal Authority (JCMUA):** In 2018, we identified control weaknesses in JCMUA's practices with regard to setting water and sewer user rates; monitoring water consumption and billing; procuring goods and services and awarding contracts; and monitoring employee salary increases and other benefits. We will evaluate whether the authority has implemented our ten recommendations.
- **North Bergen School District:** In 2019, we identified North Bergen School District's lack of key internal controls for the management and administration of employee benefits and the processing of payments related to such benefits; its failure to comply with the Public School Contracts Law and applicable regulations for certain procurements; and its lack of appropriate administration and oversight of legal services that resulted in overpayments. We will determine whether the school district has implemented our fifteen recommendations.
- **Department of Environmental Protection (DEP):** In 2019, we found internal control weaknesses in DEP's management and administration of lease and concession agreements, cash receipts, and deposit operations. We will evaluate whether the DEP has implemented our nine recommendations.

## Enabling Statute: Powers of the Office of the State Comptroller

OSC is charged through its enabling legislation with subjecting government finances to uniform, meaningful, and systematic public scrutiny; auditing and monitoring the process of soliciting and awarding contracts made by state agencies, authorities, public colleges and universities, counties, municipalities, and boards of education; proposing and enforcing remediation plans for those governmental entities; and investigating and reporting regarding waste, fraud, and abuse by those entities.