FOR IMMEDIATE RELEASE
June 26, 2019

Contact: Andrew Cliver
609-789-5028

OSC Recommends NJ-DEP Tighten Internal Controls Over State Park Leases and Concessions Business

TRENTON – State Comptroller Philip James Degnan today released an audit of the New Jersey Department of Environmental Protection's (DEP) management and administration of lease and concessions agreements at three major state parks. The audit report found that DEP lacked sufficient internal controls for managing and administering its lease and concession agreements and its cash receipts and deposits at the parks. The audit report found that these inadequate controls cost the DEP approximately $343,000 in lost revenues through its lease program and that the cash receipts program was at a risk for loss and/or theft.

The Office of the New Jersey State Comptroller (OSC) conducted an audit of the DEP's management and administration of lease and concessions agreements at Island Beach State Park, Cheesequake State Park and Liberty State Park, three of the state's busiest public parks. The audit covered operational activities and financial transactions from the period of July 1, 2012 to December 31, 2014. The audit reviewed all lease and concession agreements in effect at the three state parks in 2014 as well as selected cash receipts and deposit transactions at Cheesequake and Island Beach.

OSC found weaknesses in DEP's internal controls that resulted in lost revenue and increased the risk of potential fraud with regard to handling of cash receipts and deposits. Specifically, OSC auditors found that:

- DEP's lack of an internal control system and formal process for monitoring lease payments, along with a lack of management monitoring and oversight, contributed to DEP's failure to collect lease payments, assess late fees and enforce escalation adjustments. These failures resulted in the loss of approximately $343,000 in revenue. For example, the audit found that one tenant still owes an outstanding $29,424 rent to the DEP.

- DEP's lease agreements contained inconsistent and outdated lease terms and that in many cases DEP staff failed to enforce lease terms including rent escalation and late fee provisions. These collective failures, in many cases, resulted in undervalued lease agreements that do not reflect current market value.

- State park staff failed to follow policies and procedures in place for handling cash receipts and deposit activities creating a risk for potential loss and theft.

Through the audit report, OSC makes nine recommendations to DEP to improve its management and oversight of its leases and concessions operations at the three state parks.

Comptroller Degnan emphasized that DEP's internal controls must be corrected, a view that is, in large part, shared by DEP. "The state parks that DEP administers are some of New Jersey's most valuable and important assets," Degnan said. "DEP's lease and concession agreements must be modernized and improved so that the state's parks receive the full benefit of those agreements."

OSC is an independent state agency that conducts audits and investigations of government agencies throughout New Jersey. The Office also reviews certain government contracts and works to detect and prevent Medicaid Fraud. The Office strives to enhance the efficiency and transparency of government and to ensure that public funds are spent effectively and efficiently.

Suspected government mismanagement or fraud can be reported to OSC by calling 1-855-OSC-TIPS (1-855-672-8477) or via email at comptrollertips@osc.nj.gov.

###

Click here to view the complete report.

Follow the Office of the State Comptroller on Twitter @NJComptroller
and visit us on Facebook at www.facebook.com/NJComptroller.