Comptroller audit finds state government wastes millions annually due to unused phone lines

Audit finds nearly one in every six state phone lines should be disconnected

An audit released today by the Office of the State Comptroller (OSC) found the state of New Jersey has been paying for more than 19,000 phone lines that go unused and are no longer needed.

In response to the audit’s findings, New Jersey state departments have now disconnected or suspended each of the lines, a move that will save taxpayers more than $3.2 million annually. The audit, of the state’s Office of Information Technology (OIT), also found the state has been renewing some of its major telecommunications contracts for more than a decade without opening the contracts up to competition as required by law.

“The state is paying hundreds of thousands of dollars every month for phone lines that are not even being used,” State Comptroller Matthew Boxer said. “Examples of government waste don’t get much clearer than that.”

In one instance OSC found the state continued paying for the wireless line of a former employee for almost six years after her resignation. In response to OSC’s inquiries about the line, it was disconnected.

The audit’s findings came after the OSC reviewed the state’s monthly telephone usage reports. Auditors provided a listing of unused lines to the responsible departments and asked them to justify whether the lines should be kept in service.
As a result of the audit, 18,265 land lines have either been disconnected or suspended for 30 days by the state pending final disconnection. The state’s 1,394 unused wireless lines have now been disconnected by OIT. Going forward, OIT will generate periodic reports of lines with zero usage to ensure agencies are disconnecting their unused lines.

In another area of the audit, a review of four state telecommunications contracts found that each has been extended at least seven times without being opened up to competition as required by law. One such contract has been extended 22 different times.

Each of the four contracts was originally awarded to the current vendor between 10 and 15 years ago after a competitive procurement process. Each had a stated contract term between one and three years, but has been extended ever since. In one case, the State has paid two vendors - both part of the same contract - a total of $164.6 million over the course of six years of extensions.

“The state has prevented fair vendor competition in its telecommunications contracts for more than a decade and essentially handed out a no-bid contract with each extension,” Boxer said. “As a result, the public cannot be sure that the state is getting a fair price.”

The audit also found:

- During a one-year period, the state paid more than $250,000 worth of unreasonable expenses stemming from state employees calling directory assistance when toll-free assistance was available.

- The state is owed $43,183 for data lines that were disconnected in 2008 and 2009 but continued to be billed.

- Many state departments are not maintaining documentation to justify their assignment of wireless devices to employees. Approximately 19,000 such devices are currently assigned to Executive Branch employees.