



State of New Jersey

OFFICE OF THE STATE COMPTROLLER  
P.O. Box 024  
TRENTON, NJ 08625-0024

**CHRIS CHRISTIE**  
*Governor*  
**KIM GUADAGNO**  
*Lt. Governor*

**A. MATTHEW BOXER**  
*State Comptroller*

August 21, 2013

Linda Carter  
Freeholder Chairman  
Union County  
10 Elizabethtown Plaza  
Elizabeth, NJ 07207

Re: American Recovery and Reinvestment Act-Energy  
Efficiency and Conservation Block Grant Program  
Report PA-20d

Dear Chairman Carter:

Pursuant to the State Comptroller's authority set forth in *N.J.S.A. 52:15C-1 et seq.*, we reviewed the use of, and internal controls over, the Energy Efficiency and Conservation Block Grant (EECBG) awarded to Union County. The objective of our audit was to assess the adequacy of controls over the procurement, expenditure and reporting of EECBG-related activities. Our audit covered the period October 21, 2009 through June 7, 2013.

In performing the audit we reviewed applicable federal and state laws as well as Union County's policies and procedures relating to EECBG activities. We also conducted interviews with pertinent Union County personnel and physically observed work performed and goods purchased with grant funds.

We conducted our audit in accordance with generally accepted government auditing standards applicable to performance audits. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

On October 21, 2009, Union County was awarded an EECBG grant in the amount of \$2,485,400. The EECBG grant program was funded under the American Recovery and Reinvestment Act of 2009. The purpose of the grant program was to assist eligible entities to develop, promote, implement and manage energy efficiency and conservation projects and programs designed to reduce total energy use, improve energy efficiency and create jobs.

In reviewing Union County's EECBG-related activities, we tested: internal controls and selected transactions concerning the procurement of contracted services; allowable expenditures; the recording and reporting of expenditures; and the timely use of the funding in accordance with EECBG requirements.

During the course of the audit, a firm that received an EECBG-related contract, which was the subject of our review, was indicted for criminal conspiracy and money laundering. The alleged scheme included obscuring the source of campaign contributions that would have disqualified the firm from being awarded public contracts under the State's pay-to-play law. In order not to interfere with ongoing law enforcement proceedings, we suspended our audit work concerning this contract.

As to the remaining areas tested, we did not identify any significant reportable conditions for the periods tested.

We thank the management and staff of Union County for the cooperation extended to our auditors during this audit.

Very truly yours,



William P. Challice, CIA, CFE, CGFM  
Director, Audit Division

c. Alfred Faella, County Manager