



## State of New Jersey

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*Acting State Comptroller*

June 24, 2022

Mr. Shawn M. LaTourette, Commissioner  
New Jersey Department of Environmental Protection  
401 East State Street  
7<sup>th</sup> Floor, East Wing  
P.O. Box 402  
Trenton, New Jersey 08625-0402

**Re: Follow-up Report – Department of Environmental Protection – A Performance Audit  
of Controls Over Revenue at Selected State Parks**

Dear Commissioner LaTourette:

On June 26, 2019, we issued an audit report, *Department of Environmental Protection – A Performance Audit of Controls Over Revenue at Selected State Parks (2019 Audit)*,<sup>1</sup> in which we made recommendations to address identified weaknesses. Pursuant to *N.J.S.A. 52:15C-1 et seq.*, we have conducted a follow-up review of the corrective action plan of the Department of Environmental Protection (DEP or Department) to assess the implementation of the recommendations contained in the 2019 Audit. Our findings and conclusions are set forth below.

**Background, Scope, and Objective**

Our 2019 Audit identified weaknesses in DEP's internal controls over its lease management and administration activities at Island Beach State Park (IBSP), Cheesequake State Park (CSP), and Liberty State Park, three of New Jersey's most visited state parks. Specifically, DEP lacked key controls with regard to monitoring lease payments, properly managing lease and concession agreements, and monitoring cash receipts and deposit activities.

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<sup>1</sup> Available at: [https://www.nj.gov/comptroller/news/docs/dep\\_report\\_final.pdf](https://www.nj.gov/comptroller/news/docs/dep_report_final.pdf)

The objective of our follow-up review was to determine if DEP has implemented the nine recommendations contained in our 2019 Audit report.

### **Summary Conclusion**

We found that DEP has made progress implementing the recommendations set forth in the 2019 Audit report. Of the nine audit recommendations, two were implemented and seven were partially implemented. We request that DEP take the actions necessary to comply with the recommendations not fully implemented and to report to OSC within 90 days regarding the actions that have been taken.

### **Status of 2019 Audit Recommendations**

#### **Recommendation 1**

*Develop and implement policies and procedures for lease management and administration. At a minimum, ensure that the policies and procedures address the issues raised in this report, including lease review/renewal, the use of standard lease terms that are consistently used in all similar leases, payment monitoring, late fee penalty assessment, and annual rate escalation adjustments. All staff roles and responsibilities should be defined and the Department should consider centralized and decentralized operations for effective and efficient operations. Once adopted, training should be provided to all appropriate staff.*

#### ***Status: Partially Implemented***

Our 2019 Audit found DEP did not have policies and procedures addressing all critical aspects of lease administration, management, and monitoring activities. Specifically, there were no procedures for lease review/renewal, standard lease term usage, payment monitoring, late fee penalty assessment, and annual rate escalation adjustments. Additionally, staff roles and responsibilities were not defined in the policy. DEP advised in its corrective action plan that it would develop policies and procedures that address the issues raised in our initial report.

During our review, we confirmed that DEP implemented policies and procedures for executing agreements, which included the use of standard leases, licenses, and concession templates pre-approved by the Attorney General's Office. Nevertheless, the policy does not address the lease review and renewal processes, payment monitoring, late fee penalty assessments, and escalation adjustments. Additionally, DEP did not provide evidence that training was conducted.

When questioned, DEP provided documentation concerning additional procedures that it currently follows during its lease review and renewal process and its payment monitoring and late fee assessments. We found these procedures were not identified in the policy and that escalation adjustments were only mentioned in the agreements.

In addition to the policy, DEP launched the New Jersey Environmental Management System (NJEMS) to manage current lease, license, and concession agreements. DEP developed procedures for entering new agreements into NJEMS, but has not created detailed procedures for the maintenance of these agreements within NJEMS. At this time, NJEMS is not fully functional and does not track payments. DEP advised that those features are forthcoming.

We judgmentally selected a sample of six agreements - five newly executed agreements and one from our prior audit - to confirm the adequacy of DEP's procedures for administering the agreements. We found all five newly executed agreements contained consistent agreement terms and conditions, including provisions that address late fees, escalation adjustments, renewal, and insurance. Our testing also verified all five agreements were in compliance with agreement and payment terms.

We found that the lease from our initial audit remains in holdover status and has not been amended. The terms for this lease have not been updated and are not in compliance with the revised agreement terms DEP used for its new leases.

Although DEP implemented a policy for lease management and administration, the policy does not address all issues raised in our initial audit report. We therefore find recommendation 1 to be partially implemented. We urge DEP to ensure the leases, licenses, and concessions policy addresses all critical aspects of lease administration, management, and monitoring activities to ensure the state's interests are protected. DEP should also provide training to staff once the revised policy is adopted.

## **Recommendation 2**

*Establish appropriate management oversight and monitoring of lease and concession agreements.*

### ***Status: Partially Implemented***

Our 2019 Audit found that DEP failed to establish effective monitoring and oversight of lease and concession agreements. DEP advised in its corrective action plan that the distribution of periodic reports to DEP management on the status of lease, license, and concession agreements would be included in its policies and procedures. DEP also advised it would implement and monitor recommendations to address any outstanding or new issues.

During our review, we confirmed that DEP established a policy to monitor agreements through NJEMS. The policy requires routine monitoring of staff "to-do lists" and the utilization of management reports. However, we found that the policy lacked sufficient details of the processes to adequately monitor compliance with lease terms.

Consistent with its policy, DEP produced monitoring reports for five of the six agreements we sampled. The reports provided due dates for task completion to monitor compliance with agreement terms. However, because the sixth lease was not maintained in NJEMS, DEP was unable to provide a monitoring report.

We find recommendation 2 to be partially implemented due to the insufficiency of the procedures for monitoring and oversight of lease and concession agreements. We urge DEP to develop comprehensive policies and procedures for appropriate management oversight and monitoring of lease and concession agreements that include specific procedures staff must follow to ensure all agreements comply with executed terms.

### **Recommendation 3**

*Implement a lease management system that monitors compliance with the lease terms and conditions. At a minimum, the system should provide timely identification and notification of issues so the Department can take appropriate action for all instances of noncompliance, including, but not limited to, the issues identified in this report: notification of nonpayment or late rent, assessment and collection of late payment penalties, receipt and retention of insurance certificates, completion of concessionaire evaluations, and receipt of concessionaire annual reports.*

#### ***Status: Partially Implemented***

Our 2019 Audit found that DEP did not have a system in place to monitor or ensure compliance with provisions of lease and concession agreements. DEP advised in its corrective action plan that its lease management system, NJEMS, would provide a reliable, timely system for tracking lease, license, and concession agreement data and other deliverables. DEP also advised that NJEMS had been significantly implemented and would be fully implemented in 18 months.

During our review, we found that DEP had not fully implemented NJEMS. Additionally, as of May 2, 2022, over a year after DEP advised that the system would be fully implemented, DEP was unable to substantiate the exact number of agreements currently under its authority. DEP stated that the delay was because of staffing limitations due to the COVID-19 pandemic.

DEP advised that an analysis from four years ago identified approximately 500 agreements administered by the Department. Our review found that 208 agreements were maintained in NJEMS, leaving approximately 300 agreements, or 60 percent, that are not being systematically tracked. Additionally, DEP advised that the payment function of the system is not fully operational.

The Department's inability to substantiate the total number of agreements under its responsibility and lack of urgency to fully implement the system procured by taxpayer dollars may lead to waste and undermines the Department's ability to effectively administer agreements while protecting the

state's interests. We urge DEP to take the actions necessary to fully implement NJEMS as soon as possible.

#### **Recommendation 4**

*Continue discussions with the New Jersey Attorney General's Office and take appropriate action to recover the outstanding \$29,424 rent from Tenant A, including any interest that the state may be entitled to.*

#### ***Status: Implemented***

Our 2019 Audit found that the DEP failed to take appropriate action to recover late rent payments from Tenant A, a renter of a residential property in CSP who owed rent for two years totaling \$29,000. DEP advised in its corrective action plan that it received legal guidance from the Attorney General's Office. Based on that advice, DEP decided not to seek reimbursement for unpaid rent, but instead would pursue eviction of Tenant A and permanent retirement of the property from residential use.

Our review confirmed that DEP issued Tenant A a Notice to Quit, did not pursue payment for outstanding rent, and retired the property from residential use. We also confirmed that DEP would no longer engage in residential leases at any state park.

#### **Recommendation 5**

*In consultation with legal counsel, assess the merits of conducting property appraisals and the actions required to adjust leases to fair market value, with appropriate consideration of those leases not yet expired and those in holdover status. As appropriate, devise a plan to adjust the rental rates and to ensure that all future leases are monitored for changes in fair market value.*

#### ***Status: Partially Implemented***

Our 2019 Audit found that DEP failed to periodically review lease agreements to ensure the value of its properties had been properly appraised and that rent was set at fair market value. DEP advised in its corrective action plan that it would, in consultation with the Attorney General's Office, review legal remedies available to DEP that would permit the adjustment of terms in holdover leases. Additionally, DEP stated that it would incorporate language into future leases to ensure that rental rates were aligned with changes in fair market value.

During our review, we found that DEP obtained legal counsel from the Attorney General's Office on procedures to adjust historic rent to fair market value for 22 properties. The Attorney General's Office recommended that DEP determine the appraisal method to follow and then conduct updated property appraisals. Once the appraisals were conducted, the appropriate notifications to

the tenants should be made before incrementally increasing rental rates to reflect the fair market value rent adjustments. We found that in 2020 DEP received appraisals for 16 of the 22 properties. The appraisals determined that the state, on average, is receiving annual rent that is approximately \$400 below market value for each property.

But our testing revealed that DEP has yet to develop a plan to align the rental rates of these properties with the appraised amounts; the rental rates were only adjusted to reflect the Consumer Price Index increase. Because DEP failed to include all leases in NJEMS, it was unable to establish and account for all leases for which it is responsible. As such, we were unable to identify the total population of leases that may be undervalued. However, we found that DEP developed a policy establishing rent terms determined by fair market valuation methods for newly executed agreements.

We find recommendation 5 to be partially implemented since DEP conducted some property appraisals, but did not adjust the rental rates to fair market value for those properties. We urge DEP to conduct additional property appraisals, as necessary, to ensure tenants are paying market value rent. Once appraised, DEP must devise a plan to adjust rental rates of current agreements and to ensure that all future leases are monitored for changes in fair market value.

### **Recommendation 6**

*Evaluate all current leases and renew those leases deemed in the state's best interest, using a lease template with consistent terms for all similar properties. Ensure all agreements include a defined term and are signed by all parties to the lease. All newly executed leases should, at a minimum, include appropriate lease terms for annual escalation adjustments, late fee penalties, security deposits, and proof of insurance.*

#### ***Status: Partially Implemented***

Our 2019 Audit found that DEP failed to ensure lease terms were consistent and current. DEP advised in its corrective action plan that it would utilize standard agreement templates that include consistent terms for similar properties and uses.

Our review found that DEP did not evaluate all leases following our initial audit report. We reviewed 22 leases and concessions agreements from the 2019 Audit and found that 7 of the 22 projects remain in holdover status with no change to previous agreements.

As previously discussed in recommendation 1, our review confirmed that DEP implemented standard agreement templates. We found that the templates established consistent terms for similar agreements, including terms for escalation adjustments, late fee penalties, and the insurance verification requirement. DEP advised that it no longer engages in residential leases and noted that for that reason the policy does not require security deposits for lease, license, and concession

agreements at any state park.

In addition to following up on the agreements from the 2019 Audit, we selected a judgmental sample of six leases. All five newly executed agreements had a defined term, were signed by all parties, and included terms addressing escalation adjustments, late fees, and insurance. Further, as previously noted in recommendation 1, a review of one lease from our initial audit found that it remains in holdover status. The lease was not amended or replaced with a new lease that documents the property's transfer to the tenant's estate.

We find recommendation 6 to be partially implemented. Although DEP has implemented standard agreement templates, we urge DEP to evaluate leases not established with the aforementioned templates and to renew leases that are in the state's interest.

### **Recommendation 7**

*Investigate the status of security deposit accounts and develop policies and procedures to ensure compliance with all relevant laws.*

#### ***Status: Implemented***

Our 2019 Audit found that DEP was unable to account for the security deposits for three leases. In its response to the 2019 Audit, DEP indicated that it was assigned several leases from Edison Township. DEP reported that it had not received security deposits from Edison Township or the tenants. DEP advised in its corrective action plan that it does not maintain security deposits and determined that it is not in the Department's best interest to hold security deposits in escrow.

During our review, DEP confirmed the return of the security deposit for one of the three assigned leases, but was unable to determine if a deposit was collected or returned for the other two. These leases originated over 20 years ago with security deposits that totaled approximately \$3,500. The Department advised that it no longer enters into residential leases and that its policy does not require security deposits for non-residential leases.

Based on DEP's decision to not engage in residential leases, and in view of the age of the aforementioned leases, we determine this recommendation has been implemented.

### **Recommendation 8**

*Review and revise policies and procedures for cash receipts and deposit handling operations that ensure the issues noted in this report are addressed. Provide appropriate training to park management staff to educate and improve compliance with the recording of cash receipts, recording of transactions, including the appropriate handling of voided transactions, the proper documentation requirements and reporting submission requirements, transportation of deposits, and reconciliation of deposits as reported to the Department of Treasury.*

***Status: Partially Implemented***

Our 2019 Audit found that DEP lacked key internal controls for cash receipts and deposit handling operations. DEP advised in its corrective action plan that it would revise the policies and procedures for cash receipts and deposit handling operations to address the audit report.

During our review, we confirmed that DEP developed a new policy specific to IBSP but is still in the process of revising policies and procedures for cash receipts and deposit handling operations for its other state parks. The new policy requires all transactions, with the exception of certain credit card activities, to be entered into the cash register; requires deposits to be made within 72 hours; and requires daily reconciliation procedures to be completed and attested to by each cashier, including an explanation of any discrepancies. DEP advised that appropriate training is conducted at each park with staff required to sign a training acknowledgement form after completion.

We selected a judgmental sample of 17 deposits at IBSP to ensure the deposits were made within 72 hours of receipt and that daily reconciliation reports of revenue and deposits for each register were prepared in accordance with DEP policy. We found 3 of the 17 deposits were not made within the 72- hour timeframe. We also found 6 of 16 reconciliation reports did not provide an explanation or signature when a discrepancy was noted.

We find recommendation 8 to be partially implemented. DEP developed a policy for cash receipts and deposits that is specific to IBSP, but we found deficiencies in the implementation of the policy. Additionally, the policies for other state parks are incomplete. We urge DEP to promptly develop and implement its updated cash receipts and deposit handling policy for all state parks.

**Recommendation 9**

*Implement oversight and monitoring activities to improve compliance with cash receipts and deposit activities required by OMB Circular Letter and DEP Policy.*

***Status: Partially Implemented***

Our 2019 Audit found that DEP's monitoring and oversight activities for cash receipts and deposits were inadequate and should be amended to improve compliance with state and DEP policies. DEP advised in its corrective action plan that it would revise the policies and procedures for cash receipts and deposits to address the audit report and would train staff as needed. Additionally, DEP stated it would develop a new policy and procedure for cash receipts and deposit handling operations specific to IBSP that would also address the oversight and monitoring activities noted in the initial audit report.

During our review, we found that DEP's current policies require DEP management to reconcile daily cash receipts with Department of Treasury data monthly in order to monitor and confirm the



information reported. However, we could not determine if DEP complied with this requirement since it was unable to provide evidence of these reconciliations.

DEP advised that its Internal Audit Unit routinely performs cash counts and revenue reviews of its parks to monitor collection and deposit activities. Our review of a sample of DEP's audit reports identified issues similar to those in our testing, including instances of untimely deposits and unrecorded voids. DEP requires a formal response to their audit reports that includes actions taken or planned with an estimated timeframe. We encourage DEP to follow-up on the actions taken to mitigate the reoccurrence of these issues.

Based on DEP's lack of evidence of its monthly reconciliations and its Internal Audit Unit's findings, we find recommendation 9 to be partially implemented.

### **Reporting Requirements**


We provided a draft copy of this report to DEP for review and comment. DEP's response was considered in preparing our final report and is attached as Appendix A.

By statute, we are required to monitor the implementation of our recommendations. To enable us to meet this requirement, within 90 days, DEP shall report to our office advising the actions that have been or will be taken to address the unresolved issues in this report. We will continue to monitor those steps.

We thank the management and staff of DEP for the courtesies and cooperation extended to our auditors during this review.

Sincerely,

KEVIN D. WALSH  
ACTING STATE COMPTROLLER

By:   
Christopher Jensen, Acting Director  
Audit Division

c: Sean Moriarty, Deputy Commissioner  
Jane Rosenblatt, Chief of Staff  
Adrienne E. Kreipke, Assistant Commissioner  
Stephen C. Matis, Director, Budget & Financial Operations

## APPENDIX A – AUDITEE RESPONSE



**State of New Jersey**  
**DEPARTMENT OF ENVIRONMENTAL PROTECTION**  
**OFFICE OF THE DEPUTY COMMISSIONER**

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*Commissioner*

June 20, 2022

Mr. Kevin D. Walsh  
Acting State Comptroller  
Office of the State Comptroller  
P.O. Box 024  
Trenton, NJ 08625-0024

**RE: Follow-up Report - Department of Environmental Protection – A Performance Audit of Controls Over Revenue at Selected State Parks**

Dear Mr. Walsh:

Thank you for the opportunity to review and respond to the Office of the State Comptroller's (OSC) follow-up report regarding the New Jersey Department of Environmental Protection (DEP) controls over revenue at selected parks. The Department has carefully reviewed the report and is pleased to note that many of the recommended changes are currently in process.

Please see the following responses to the "partially implemented" recommendations denoted in the follow-up report. Note that recommendations with a status of "Implemented" do not have a response.

**Recommendations Concerning Lease and Concession Agreements**

**Recommendation #1**

*Develop and implement policies and procedures for lease management and administration. At a minimum, ensure that the policies and procedures address the issues raised in this report including lease review/renewal, the use of standard lease terms that are consistently used in all similar leases, payment monitoring, late fee penalty assessment, and annual rate escalation adjustments. All staff roles and responsibilities should be defined, and the Department should consider centralized and decentralized operations for effective and efficient operations. Once adopted, training should be provided to all appropriate staff.*

***Status: Partially Implemented***

**Response #1**

In response to the initial audit findings, the Department revised its leases, licenses, and concessions policy to address Recommendation #1. Last year the Department received additional feedback, identifying shortcomings with this newly implemented policy. Prior to fully implementing the policies to address these deficiencies, the Department announced a restructuring plan that included the creation of the

Office of Transactions and Public Land Administration (OTPLA) in the Office of the Deputy Commissioner for Legal, Regulatory and Legislative Affairs. The intent of the restructuring was to standardize policies and procedures for all transactional agreements for public lands in the Department, including those examined by this audit; to improve the administration, management and monitoring of those agreements; and to serve as a centralized document processing unit. The reorganization was effective April 1, 2022, and resulted in the Office of Leases and Concessions (which is now referred to as the Public Land Administration (PLA) section within OTPLA) retaining its small office and focus but having the benefit of various experts and additional resources including lawyers and paralegals and reporting to the Director for OPTLA, Assistant Director for OTPLA, and Deputy Commissioner who are all attorneys. OTPLA is systematically reviewing all policies and procedures related to transactional documents to ensure that the state's interests are protected by creating favorable and consistent requirements for all agreements. The leases, licenses and concessions policy is being reviewed as part of this effort and will be revised to fully address Recommendation #1.

### **Recommendation #2**

*Establish appropriate management oversight and monitoring of lease and concession agreements.*

***Status: Partially Implemented***

### **Response #2**

In response to this recommendation, the Department created a lease, license and concession module in its department-wide database (NJEMS). Operational constraints caused by the COVID-19 pandemic, along with limited resources and personnel, hindered the Department's ability to enter agreements into NJEMS resulting in the lack of ability to monitor all agreements.

Within the last year, the Department has hired two entry level individuals and is in the process of training those individuals to create and administer agreements. The Department is also in the process of backfilling a currently vacant position. These resources will help to migrate the lease, license and concessions agreements into NJEMS, an essential step that will lead to fully implementing Recommendation #2. These efforts will be further bolstered by the reorganization, as additional staff and expertise is now available to PLA to focus on policy, procedures, and overall agreement administration issues.

### **Recommendation #3**

*Implement a lease management system that monitors compliance with the lease terms and conditions. At a minimum, the system should provide timely identification and notification of issues, so the Department can take appropriate action for all instances of noncompliance, including, but not limited to the issues identified in this report: notification of nonpayment or late rent, assessment and collection of late payment penalties, receipt and retention of insurance certificates, completion of concessionaire evaluations, and receipt of concessionaire annual reports.*

***Status: Partially Implemented***

### **Response #3**

The staffing limitations and impacts due to the Covid-19 pandemic that resulted in the Department not being able to fully deploy NJEMS are discussed in the Response #2. As mentioned, the Department is in



the process of hiring additional staff and training recently hired staff that will help with this effort. Further, the Department agrees with the audit's findings regarding needed improvements for administration and oversight of agreements and has reorganized, in part, to address this concern and elevate these functions within the Department to ensure it receives the necessary attention, resources and legal review. PLA is now part of the newly formed OTPLA, a centralized document processing unit for the agency reporting directly to the Department's Deputy Commissioner for Legal, Regulatory and Legislative Affairs. Incorporating PLA into a centralized document processing unit and reallocating the support functions to other Department staff has allowed PLA staff to focus more on agreement administration. Additionally, as PLA is part of a larger cross-department unit, more resources are available to the group which provides for better access to Department resources, including the information technology support needed to complete the payment system component of NJEMS. The restoration of staffing levels, the ability to focus solely on contract administration and the recent structural changes will allow the Department to fully implement Recommendation #3.

#### **Recommendation #5**

*In consultation with legal counsel, assess the merits of conducting property appraisals and the actions required to adjust current leases to fair market value. As appropriate, devise a plan to adjust rental rates in current leases and to ensure that all future leases are monitored for changes in fair market value.*

#### ***Status: Partially Implemented***

#### **Response #5**

Under normal operating conditions, the time required to enter into a new lease agreement is often more than one year, as there are many steps involved. The staffing limitations and the operational impacts of the COVID-19 pandemic, described in previous responses, further elongated this process. As a result, the Department has yet to enter into new agreements to adjust the rental values for 4 of the 5 property appraisals that were reviewed as part of this audit. No agreement is being entered into for the remaining appraisal as that activity was abandoned. The Department is committed to continuing the practice of performing appraisals to determine fair market value as outlined in the Department's policies and within the 2011 New Jersey Interagency State Land Lease Valuation Panel Report. This will ensure implementation of Recommendation #5 for any future agreements.

For existing leases where historic rental values are below current market value, the Department is now in a better position to create a plan to align rental rates due to the recent reorganization. The creation of the OTPLA merged legal, policy and management experts, including appraisers, from various parts of the Department into one office under one Director. The PLA will have more direct access to staff with knowledge of property issues, transactional agreements, and system planning and design. This office is charged with creating policies to effectively administer agreements, including devising the plan described in this recommendation. The PLA is addressing this recommendation and OTPLA's broader focus on policies and transactional documents and additional support, will ensure implementation of systems that the Department receives adequate compensation for the use of state land and resources under its management and that this Recommendation is effectively implemented.



#### **Recommendation #6**

*Evaluate all current leases and renew those leases deemed in the state's best interest, using a lease template with consistent terms for all similar properties. Ensure all agreements include a defined term and are signed by all parties to the lease. All newly executed leases should, at a minimum, include appropriate lease terms for annual escalation adjustments, late fee penalties, security deposits, and proof of insurance.*

***Status: Partially Implemented***

#### **Response #6**

PLA administers approximately 500 lease, license, and concession agreements. The majority of these agreements were executed prior to the Department implementing the use of standard agreement templates and need to be transitioned to these templates. As such, this is a large undertaking and will take a considerable amount of time. While the Department started this process in response to this audit, the number of agreements needing to be transitioned to a standard agreement template, as well as the staffing issues and operational constraints described in other responses, have delayed the implementation of this recommendation.

As discussed, OTPLA is in the process of onboarding and training additional staff and redistributing work to allow staff to focus on document processing. Additionally, OTPLA is modifying the Department computer system, NJEMS, to integrate the standard agreement into the system, thereby reducing processing times and ensuring consistency. These changes will allow the Department to fully implement Recommendation #6.

### **Recommendations Concerning Cash Receipts and Deposit Practices**

#### **Recommendation #8**

*Review and revise policies and procedures for cash receipts and deposit handling operations that ensure the issues noted in this report are addressed. Provide appropriate training to park management staff to educate and improve compliance with the recording of cash receipts, recording of transactions, including the appropriate handling of voided transactions, the proper documentation requirements and reporting submission requirements, transportation of deposits, and reconciliation of deposits as reported to the Department of Treasury.*

***Status: Partially Implemented***

#### **Response #8**

The NJ State Park Service (SPS) has a workgroup that is currently reviewing and revising Policy 1.07 "Revenue, Records and Inventory Policy and Procedures" which will provide guidance for all State parks aside from Island Beach State Park, as it has historically had its own separate policy. The workgroup intends to have a final draft for DEP senior management review by the end of December 2022.

DEP continues to monitor and audit cash handling procedures through both on-site spot checks and periodic audits conducted by the Division of Budget & Financial Operations. SPS has placed an emphasis on training, which occurs annually for both full-time employees and seasonal help. All staff are required



to complete acknowledgement forms to confirm they have taken the training and will adhere to SPS cash handling policies and procedures.

**Recommendation #9**

*Implement oversight and monitoring activities to improve compliance with cash receipts and deposit activities required by OMB Circular Letter and DEP Policy.*

***Status: Partially Implemented***

**Response #9**

In addition to the actions identified in Response #8, NJ SPS monitors cash receipt reports and follows up on any discrepancies. SPS will perform the monthly reconciliations as recommended and will work with the Division of Budget & Financial Operations, Budget and Account Management staff to engage Treasury to discuss available options to improve revenue tracking. SPS will continue to track individual park revenue through our Cash Receipt Reconciliation (CRR) database where data is entered into the system prior to being submitted to Treasury.

Further, the Division of Budget and Financial Operations, Internal Audit Unit (IAU) performs periodic reviews of cash handling procedures at each park. The IAU provides recommendations and assistance to SPS staff in implementing procedures that will mitigate the reoccurrence of any potential issues.

Thank you again for the opportunity to respond to this report. We appreciate the work of your audit staff and DEP looks forward to maintaining the positive relationship that it has established with the Office of the State Comptroller so that we can continue to improve our operations throughout the State of New Jersey. Please do not hesitate to contact me in all areas of mutual concern.

Sincerely,

*Sean D. Moriarty*

Sean D. Moriarty

cc: John Cecil, Assistant Commissioner, Parks and Forestry, DEP  
Adrienne Kreipke, Assistant Commissioner, Management and Budget  
Stephen C. Matis, Director, Division of Budget & Financial Operations

