



Office of the State Comptroller

Kevin D. Walsh
Acting State Comptroller

FOR IMMEDIATE RELEASE

Press Contact: Megan Malloy

September 15, 2020

Megan.Malloy@osc.nj.gov | 609.575.5863

Plainfield Municipal Utilities Authority (PMUA) Improves Its Policies, but Still Does Not Consistently Use Public Bidding, Comptroller's Follow-up Report Finds

TRENTON – The Office of the State Comptroller (OSC) released a follow-up report finding that the Plainfield Municipal Utilities Authority (PMUA) has made progress on addressing the weaknesses OSC identified in its original 2017 audit report, but has more work to do when it comes to obtaining the required number of quotes for certain purchases.

Employee separation policies. OSC's original audit discussed the PMUA's issuance of \$1.2 million dollar severance payments made to two former PMUA executives. OSC had found that PMUA's policies and procedures for employee separation lacked clarity. PMUA has since revised its policies so that employees must submit a formal resignation to the Human Resources Department, although some employees have not followed this policy.

Splitting costs between departments. OSC's original audit determined that PMUA was simply splitting indirect costs between its sewer and solid waste departments equally without determining whether that was an effective way of allocating indirect costs. Because such indirect costs are considered in calculating customers' utility rates, PMUA must accurately evaluate these costs so that sewer and solid waste rates are not unjustifiably raised. PMUA is now monitoring its indirect costs regularly and revisiting its cost allocations for the two departments.

Public bidding. The 2017 audit identified that PMUA was making purchases without receiving the required quotes or evidence that a minimum number of quotes had been obtained. Public bidding prevents any "insider bidding" – or secretly awarding a contract – and creates competition, resulting in a lower price for the government agency and ultimately, the taxpayer. In four of the eight purchases OSC sampled in its follow-up review, PMUA did not obtain the minimum number of quotations required by its purchasing manual. To ensure transparency in the use of taxpayer funds, soliciting multiple quotations for

purchases is a requirement of the Local Public Contracts Law and ensures that public funds spent on goods and services are used efficiently and effectively. PMUA has revised its procedures to comply with the Local Public Contracts Law.

The full follow-up report can be found [here](#), along with PMUA's response which agreed with OSC's findings and conclusions. OSC's original 2017 audit of PMUA can be found [here](#).

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The Office of the State Comptroller (OSC) is an independent state agency that works to advance transparency and integrity throughout New Jersey government and to ensure taxpayer funds are spent efficiently and effectively. The OSC conducts audits and investigations of government agencies throughout New Jersey, reviews certain government contracts, and works to detect and prevent Medicaid fraud.

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