

State of New Jersey Commission of Investigation



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NJSIAA Plagued by Poor Internal Controls, Excessive Spending, Questionable Contracts

TRENTON – The New Jersey State Interscholastic Athletic Association (NJSIAA) lacks basic internal financial controls, spends too much of its limited resources on things that have little to do with its core mission and maintains questionable vendor contracts with corporate sponsors, the State Commission of Investigation (SCI) revealed in a report released today.

The SCI also found that the NJSIAA has roundly ignored its own policies and procedures adopted five years ago in what was billed as an extensive effort to bring order to the financial affairs of a private nonprofit organization that draws most of its operating revenue from taxpayers and other public sources.

“The findings of this investigation reveal an organization that has demonstrated an abject incapacity to undertake necessary and basic internal reforms that would safeguard the integrity of its financial and administrative operations,” the SCI concluded in its 50-page report. “In the final analysis, the [NJSIAA] has itself provided the best evidence for why it should be subject to regular outside scrutiny and supervision, if not completely restructured and placed under governmental or third-party control.”

The investigation was launched in March as members of the Legislature expressed ongoing concerns about the NJSIAA’s finances and introduced a concurrent resolution calling for an independent inquiry by the SCI. The backdrop included questions about the organization’s ability to operate under the terms of a new law limiting admission-ticket prices for NJSIAA high school athletic tournaments.

The SCI found that during the past four years alone, the NJSIAA has presided over the spending of nearly \$800,000 in areas that have little or no direct bearing on its core mission to advance and administer quality high school sports, including food, travel, lodging, flowers, gifts and other specialty items. Even over the past 18 months, at a time when the organization publicly claimed to be slashing its operating budget in the face of reduced ticket revenue, it continued to indulge in questionable spending.

According to the report, “longstanding primitive fiscal and accounting practices, combined with what can only be described as a cavalier approach to oversight, accountability and transparency by the NJSIAA’s staff and its governing board reflect a culture of lax management that invites waste and abuse. . . . Left to its own devices, the NJSIAA ultimately is at risk of undermining its own core mission.”

To achieve effective ongoing oversight and accountability, the SCI recommends a menu of optional courses of action, including the appointment of an outside monitor, consolidation of the NJSIAA with the New Jersey School Boards Association or transferring the organization’s functions to a self-supporting unit in but not of the New Jersey Department of Education.

The SCI also recommends stronger internal financial controls, an overhaul of the NJSIAA’s executive staff, restructuring of the organization’s governing board, a sharp reduction in spending on travel, gifts and personnel expenses and the establishment of a code of ethics for NJSIAA personnel, governing board members and volunteers.

“The Commission recognizes the value and importance of the mission this organization was established to fulfill and the job it has done to fulfill it. High school athletics is an integral part of New Jersey’s educational system, and the public expects children to be given the opportunity to compete in organized sports,” the report states. “But the public also expects that the steward of this mission conduct its affairs in a credible and trustworthy manner to ensure the integrity of the substantial public dollars at stake in its operation.”



The State Commission of Investigation is an independent New Jersey watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of reports are available at the Commission’s offices or via its Web site at www.state.nj.us/sci.