



EXECUTIVE SUMMARY

New Jersey has an overall effective contracting process for professional services, however we noted specific areas where improvement is warranted.

AUDIT HIGHLIGHTS

- Contract managers responsible for the overall management and administration of the contracts were not receiving required training that would reduce the risk of the state paying for services not rendered or deliverables not met. This became evident when our tests of contracts disclosed examples of cost overruns and overpayments totaling \$1.3 million. (Pages 3 and 6)
- Requests for Waivers of Advertising allow state agencies to procure goods or services without going through the advertised bid process. These are necessary at times due to the technical nature of the services to be performed, when there is a sole source vendor, or when there is a matter of public exigency. We noted however, a pattern where agencies limited the competition on smaller contracts only to subsequently extend the business relationship to larger contracts. Our tests disclosed three initial waivers approved for a total of \$421,800 that were extended for additional services of \$2.7 million. Limiting competition increases the risk the state will not receive the best possible price and terms for the service. (Page 4)
- Time reporting for hourly contracts was inconsistent. In one instance, a vendor did not submit any written evidence of employees' names or hours worked and was paid an identical amount for seven consecutive months totaling \$861,000. Inadequate time reporting could cause the state to pay for hours not worked by the vendors or to pay for individuals whose services were not part of the contract. (Page 7)

AUDITEE RESPONSE

The division did not completely concur with all of our findings and recommendations.

For the complete audit report click [here](#)