



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

EXECUTIVE SUMMARY

CASINO REINVESTMENT DEVELOPMENT AUTHORITY (CRDA)

January 1, 2014 to December 31, 2017

We found that the financial transactions included in our testing were related to the authority's programs; however, we did note certain transactions were not always reasonable or properly recorded in the accounting systems. We found the CRDA did not always ensure an effective and efficient use of its funds. The authority lacked a process to monitor compliance with contract terms, as well as not being able to use measurable results in future contract negotiations. We also found that the authority materially modified certain contracts with terms not consistent with authorizing board resolutions. In addition, we questioned the use of emergency procurement which resulted in contracts being awarded to the highest bidder, the approval of a direct investment project, the calculation of sponsorship fees paid, and the payment for board members' previously waived compensation.

AUDIT HIGHLIGHTS

- Roof repair and replacement on the East and West Boardwalk Halls was completed through a questionable series of as-needed and emergency procurements. This resulted in a single vendor receiving all the contracted work at a cost of up to \$2.1 million higher than when the authority sought bids through a competitive process.
- The CRDA could not provide any documentation to support the monitoring of the costs associated with the initial Miss America Organization contract. A second negotiated contract resulted in an 80 percent increase in costs with no measurement of the economic impact of these events.
- CRDA management significantly modified an agreement with the developer of the final phase of a retail district in a manner that the agreement is no longer consistent with the original board resolution. Project financing originally approved as a \$12 million loan and annual grants totaling \$10 million was modified to a degree that will now require the authority to pay the developer up to \$18.7 million in excess of the board authorized terms over the course of the modified agreement. There was no documentation of board approval for these modifications.
- We also noted issues regarding a direct investment project, space utilization, accounting practices, marketing, legal expenses, parking garage revenue, and human resources.

AUDITEE RESPONSE

Although the Authority was not in complete agreement with a number of the report's findings and recommendations, their response indicated a number of corrective actions that would address the types of concerns identified by the audit team.

For the complete audit report or to print this Executive Summary, click [here](#).