EXECUTIVE SUMMARY
DEPARTMENT OF ENVIRONMENTAL PROTECTION
ENVIRONMENTAL REGULATION AND SELECTED PROGRAMS OF COMPLIANCE AND ENFORCEMENT

During the audit period the diesel retrofit program expended $26.4 million. We found the program is utilizing the recommended devices installed by state approved contractors and are meeting the updated emissions standard; however, the one-time inspection forms were not submitted timely. We also determined the NJEMS access controls over the processing of data related to the department’s billing and revenue collection cycle to be inadequate. We identified areas where improvements could be made to the verification of the retrofitted off-road equipment, the capturing of data in NJEMS, the receivable and collection efforts, and pesticide’s cash receipts process that should be considered by management.

AUDIT HIGHLIGHTS

- Owners of the off-road equipment are exempt from the one-time compliance inspection for retrofitted emissions equipment and they are not required to have an emission test performed. The department estimates there are 500 off-road pieces of equipment to be retrofitted. Although there are no standards in place to measure the reduction in emissions, the department should visually verify these installations. In addition, the one-time compliance inspection form had not been submitted to the department for 4,456 of the 9,997 regulated vehicles retrofitted.

- The New Jersey Environmental Management System (NJEMS) Assessments module is the primary departmental billing and revenue collection system. We noted the following system issues: there is lack of segregation of duties; the system lacks accounting and audit trails when enforcement penalties are adjusted; there are no data fields to record and track debit and credit transfers; there are no data fields in the Assessments module that identifies permit and license periods; and there are limited revenue reconciliation procedures in place. These control modifications are necessary to enhance accountability.

- The department’s collection efforts could be more aggressive at pursuing the $2.8 million outstanding debt for licenses, permits, and other fee type revenues.

- Annual cash receipts received directly by the Bureau of Pesticide Operations are $1 million. These monies are subject to excessive handling and there is a lack of segregation of duties which increase the possibility of theft or loss and delays deposit.

AUDITEE RESPONSE

The department concurs with our findings and recommendations.

For the complete audit report, click here.