TESTIMONY OF A. MATTHEW BOXER
SENATE LEGISLATIVE OVERSIGHT COMMITTEE
JUNE 2, 2010

Good morning. Thank you for inviting me to speak here today on behalf of the Office of the State Comptroller.

Our office is charged by statute with auditing government finances and operations, reviewing the performance of government programs, and examining government contracts. Our jurisdiction extends both to state agencies and local government entities.

Our office is independent in that we alone select what audits and other projects to undertake, based on a risk analysis conducted by our audit division. Among the audits we have undertaken are matters referred to us from state agencies, legislators, and members of the public. The State Comptroller is appointed by the Governor, with the advice and consent of the Senate, for a six-year term designed so that it does not run concurrent with that of the appointing Governor. By statute, the Comptroller can be removed only for cause.

In a state with more than 1900 different units of government, our office has been very busy. I’ll give some examples of our work from just the last 18 months:

- Our audit of the Division of Developmental Disabilities uncovered a wide range of problems that had led to higher costs and reduced services, and the audit identified millions of dollars in potential savings that will now be achieved.

- At the Department of Children and Families, we discovered that taxpayers had been left to cover a series of avoidable expenses because of the agency’s failure to properly manage the assignment and usage of its fleet of 2,900 vehicles.

- At the Department of Labor and Workforce Development, we found that state officials, operating contrary to federal guidance, had steered federal stimulus dollars for summer youth employment programs toward public and
non-profit jobs and away from private-sector jobs that might have offered a wider range of work experiences and greater potential for continued employment.

- In another audit we found that the state agency in charge of dispensing $10 million annually in drug and alcoholism prevention grants had been doing so without engaging in a proper review of how the money was spent or whether the funds distributed were producing positive outcomes.

- Our audit of water services in the City of Camden revealed the city wasted millions of taxpayer dollars by failing to properly manage its contract with a private vendor for those services. As a result of the findings in the audit, the City is now seeking to recover $18.8 million from the vendor.

- In Washington Borough in Warren County, we uncovered a wide range of contracting problems that led, for example, to a construction project increasing fivefold in cost while yielding minimal construction progress for a decade.

- In our audit of Atlantic City, we detailed fiscal mismanagement in numerous areas including payroll and personnel, grants management, information technology, mercantile licensing and the police department – and we provided a detailed blueprint for bringing greater fiscal responsibility for the city’s government going forward that will save millions.

- In another matter, fact-finding by our investigators led to a ruling from the Civil Service Commission that makes clear that public employees may use sick time only if they are sick.

- Our audit of Irvington Township found a municipal government in a state of financial disarray with a general ledger out of balance by $59.7 million. The township is now implementing a corrective action plan that incorporates our 21 recommendations for improving its fiscal operations.
• We also reviewed the expenditure of public funds to lobby state government and found that government entities that hire outside lobbying firms are not held to the same disclosure and transparency requirements as private companies. A recent proposal from the New Jersey Election Law Enforcement Commission now seeks to eliminate that disparity – as does pending state legislation. Along the way we also had removed from the state pension system a lobbyist not entitled to participate in the system.

• In Parsippany-Troy Hills, we found that the Township Council had overstepped its power in order to award an insurance contract to a preferred vendor, and we gave guidance as to the correct procedures for towns to use in procuring insurance.

• We expanded that guidance a few months later when we sent more than a thousand government entities a set of detailed procedures and best practices to follow in procuring services from vendors. We’ve since seen several legislative proposals to make these best practices law, which would make it tougher for unscrupulous public officials and contractors to unlawfully profit from government contracts.

Along the way, we also have completed follow-up audits designed to ensure that our initial recommendations are in fact carried out.

And aside from these public reports, our procurement division has reviewed hundreds of contracts for compliance with state law, many of which have been modified based on our review and subsequent direction.

The public’s return on its investment in the Office of the State Comptroller has been strong, as we have had individual audits that will result in millions of dollars in savings beyond the cost of our office’s existence for the entire year. Our work also has enhanced the transparency of New Jersey government and, as reported by many public entities themselves, led to a greater understanding of how to operate more efficiently.

The Governor has now proposed consolidating the efforts of four of the five state oversight agencies that have similar missions. Specifically, the plan would move
to our office the operations of three of those other agencies. If, following legislative review, that plan ultimately is adopted, my commitment to the public is that our office will carry out any additional responsibilities aggressively and appropriately.

Thank you.
May 26, 2010

Senator Barbara Buono, Chair
Senate Legislative Oversight Committee
State House Annex, PO Box 68
Trenton, NJ 08625-0068

Dear Senator Buono:

Thank you for your letter inviting me to testify at the June 2nd hearing before the Senate Legislative Oversight Committee concerning the Governor’s proposed consolidation of state oversight agencies. I would be pleased to testify at the hearing.

Your letter asks for "any written materials concerning the Governor’s proposal and a summary of how the consolidation would be carried out by your office." In response, enclosed please find draft legislation on the consolidation issue which I recently received from the Governor’s Office. I also am enclosing a functional chart prepared by this office in response to the Governor’s consolidation proposal. The chart sets forth how the office would be organized if the proposed consolidation were to occur.

Please contact me if there is any other information you would like me to provide in advance of the hearing.

Very truly yours,

A. Matthew Boxer

Enclosures
Office of the State Comptroller
Potential Post-Consolidation Functional Chart

- Using the numbers presented in the Governor’s proposed budget, the total post-consolidation OSC budget would be $12.851 million. As compared to OMB’s pre-consolidation projections, the consolidation would result in a savings of $3.5 million. The total number of OSC employees would be approximately 138.

- The Audit Division and the Procurement Division are existing divisions within the current Office of the State Comptroller.

- The new Investigations Division would consolidate the prior functions of the State Inspector General and the State Commission of Investigation.

- The Medicaid Division would consist of the operations of what is now the Office of the Medicaid Inspector General. Classified employees in that office would maintain their classified status.
The Fiscal 2011 Budget recommends the functions of the State Commission of Investigation, the Office of Inspector General and the Office of the Medicaid Inspector General be moved to the Office of State Comptroller.
AN ACT consolidating the functions of the Office of State Comptroller, the Office of Inspector General, the Office of Medicaid Inspector General and the State Commission of Investigation and revising various parts of the statutory law.

BE IT ENACTED by the Senate and the General Assembly of the State of New Jersey:

1. The Legislature finds and declares:

   a. Currently, there are numerous agencies within State government that are responsible for monitoring and auditing government programs and agencies; reviewing the performance of government functions and programs, and investigating misconduct by public employees, all aimed to provide accountability and transparency, promote the efficiency and integrity of government operations, and identify cost savings.

   b. While the ongoing review of government operations helps guard against the waste, fraud and abuse of public resources, the overlapping of the missions of the Office of the Inspector General, the Medicaid Inspector General, the State Commission of Investigation and the Office of the State Comptroller has the potential to lead to inefficiencies in the performance of this critical function.

   c. The consolidation of the powers and duties of these existing State offices within the Office of the State comptroller will allow for the systematic, efficient and coordinated review and oversight of the State and its subdivisions.

2. a. The Office of Inspector General established by P.L.2005, c.119 (C.52:15B-1 et seq.) and allocated, in but not of, the Department of the Treasury is abolished and all of its functions, powers and duties, except as otherwise provided by this act, are continued and transferred to the Office of the State Comptroller.
b. Except as otherwise provided in this act, whenever, in any law, rule, regulation, order, reorganization plan, contract, document, judicial or administrative proceeding, or otherwise, reference is made to the Office of the Inspector General the same shall mean and refer to the Office of the State Comptroller.

c. The functions, powers and duties conferred upon, or required to be exercised by the Inspector General are continued but such functions, powers and duties are hereby transferred to and shall be exercised and performed by the State Comptroller.

3. With respect to the Inspector General and the employees of the Office of the Inspector General:


b. Employees of the Office of the Inspector General who are employed by the Office on the effective date of this act and determined by the State Comptroller to be necessary to carry out the duties of the Office of State Comptroller pursuant to this act are continued and transferred to the Office of the State Comptroller. Such transfers shall be consistent with the "State Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

c. Except as otherwise provided by this section and sections 2 of this act, the State Agency Transfer Act shall apply to the transfer of the Office of the Inspector General.

4. a. The Office of Medicaid Inspector General established by P.L.2007, c.58 (C.30:4D-53 et seq.) in the Office of the Inspector General is abolished and all of its functions, powers and duties, except as otherwise provided by this act, are continued and transferred to the Office of the State Comptroller.
b. Except as otherwise provided in this act, whenever, in any law, rule, regulation, order, reorganization plan, contract, document, judicial or administrative proceeding, or otherwise, reference is made to the Office of the Medicaid Inspector General the same shall mean and refer to the Office of the State Comptroller.

5. With respect to the Medicaid Inspector General and the employees of the Office of the Medicaid Inspector General:


   b. Employees of the Office of the Medicaid Inspector General, including the Medicaid Inspector General, who are employed by the Office on the effective date of this act and determined by the State Comptroller to be necessary to carry out the duties of the Office of State Comptroller pursuant to this act are continued and transferred to the Office of the State Comptroller. Such transfers shall be consistent with the "State Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

   c. Except as otherwise provided by this section and sections 4 of this act, the State Agency Transfer Act shall apply to the transfer of the Office of the Medicaid Inspector General.

6. a. The State Commission of Investigation established by P.L.1966, c.255 (C.52:9M-1 et seq.) is abolished and all of its functions, powers and duties, except as otherwise provided by this act, are continued and transferred to the Office of the State Comptroller.

   b. Except as otherwise provided in this act, whenever, in any law, rule, regulation, order, reorganization plan, contract, document, judicial or administrative proceeding, or otherwise, reference is made to the State Commission of Investigation the
same shall mean and refer to the Office of the State Comptroller.

c. All appropriations, grants and other money available and to become available to the State Commission of Investigation are transferred to the Office of the State Comptroller and shall be available for the objects and purposes for which appropriated, subject to any terms, restrictions, limitations or other requirements imposed by State or federal law.

d. The transfer shall not affect any actions or proceedings, civil or criminal, brought by or against the State Commission of Investigation; nor shall the transfer affect any order or recommendation made by, or other matters or proceedings before the commission.

e. All files, books, papers, records, equipment and other property of the State Commission of Investigation are transferred to the Office of the State Comptroller.

7. With respect to the members of the commission and the employees of the State Commission of Investigation:

a. The office and the term of the members of the commission established pursuant to section 1 of P.L.1968, c.266 (c.52:9M-1) shall terminate on the effective date of this act.

b. Employees of the State Commission of Investigation who are employed by the commission on the effective date of this act and determined by the State Comptroller to be necessary to carry out the duties of the Office of State Comptroller pursuant to this act are continued and transferred to the Office of the State Comptroller.

8. Notwithstanding the provisions of section 5 of P.L.2007, c.52 (C.52:15C-5) or any other law to the contrary, an employee in the classified service transferred to the Office of the State Comptroller pursuant to section 5 of this act may remain in the classified service, provided, however, that when the transferred employee no longer serves in that classified
position, the classified position shall be abolished. Nothing in this section shall be construed as limiting the authority of the State Comptroller to reclassify positions within the office as provided by law.

9. The following are hereby repealed:

Sections 2 through 4 of P.L.2005, c.119 (C.52:15B-2 through 52:15B-4);

Section 4 of P.L.2007, c.58 (C.30:4D-56);

Section 1 of P.L.1968, c.266 (C.52:9M-1);

Sections 3 and 4 of P.L.1968, c.266 (C.52:9M-3 and 52:9M-4);

Sections 7 and 8 of P.L.1968, c.266 (C.52:9M-7 and 52:9M-8);

Section 11 of P.L.1968, c.266 (C.52:9M-11)

Sections 16 and 17 of P.L.1968, c.266 (C.52:9M-16 and 52:9M-17);

Section 2 of P.L.1979, c.254 (C.52:9M-1.1).

Sections 5 through 7 of P.L.1979, c.254 (C.52:9M-4.1 through 52:9M-4.3);

Sections 7 through 9 of P.L.1996, c.44 (C.52:9M-8.1, 52:9M-12.2 and 52:9M-20); and

Sections 5 and 6 of P.L.2005, c.58 (C.52:9M-1.2 and 52:9M-1.3).

10. This act shall take effect on July 1, 2010 and any action necessary to implement this act may be taken at any time thereafter. General implementation is to be completed no later than the 30th day following enactment.
Testimony

W. Cary Edwards

Chairman, State Commission of Investigation

N.J. Senate Legislative Oversight Committee

June 2, 2010

Good morning, Madam Chairwoman and members of this distinguished committee. I'm Cary Edwards, Chairman of the New Jersey State Commission of Investigation. On behalf of the full Commission and our staff, I thank you for this unique and important opportunity.

To be perfectly blunt, if the current state budget proposal were enacted as is, the SCI would cease to exist. The agency's $4.5 million appropriation would be slashed by more than 75 percent and all but a handful of positions for special agents, forensic accountants and investigative attorneys would be eliminated. That would happen regardless of any plan to merge what would be left of the SCI into the Office of the State Comptroller. The bottom line in this approach is that New Jersey would no longer have an effective, independent watchdog in the Legislative Branch of government to root out and report upon against waste, corruption and organized crime.

That would be wrong, and I'm here to tell you why.

The SCI has demonstrated its value to the taxpayers of New Jersey time and time again over the course of more than 40 years. It has earned its place as the State's premier independent government watchdog. It has conducted, and publicly reported on, more than 120 investigations. It has revealed widespread waste, fraud and abuse in many areas critical to the interests of the citizens of this State. It has kept you, the Legislature, and the law enforcement community and the public at-large informed about the scourge of organized crime — a vital oversight function performed by no other watchdog agency. Furthermore, the SCI's findings and recommendations have led to the savings of tens of millions of
taxpayer dollars and paved the way for extensive statutory and regulatory reforms on a systemic scale.

That’s because we do fact-finding investigations that identify systemic problems and ways to fix them. We don’t target individuals. The SCI is not an agency that plays “gotcha.” Certainly, on occasion, we use examples but only to a limited extent and only when necessary to bring full transparency, disclosure and explanation to difficult systemic issues. But our primary goal, our fundamental objective, is to develop and recommend sensible, practical remedies so that the problems we identify can be fixed and don’t happen again. And in this regard, the record speaks for itself: Over the past five to seven years alone, 80 percent of the SCI recommendations have been adopted by the Legislature and the Governor.

All of this, and more, accomplished on a small budget by a small agency that knows how to get the best bang for the buck in the service of taxpayers. And by the way, the SCI also knows all about tough fiscal times and the need for shared sacrifice. Over the past 20 months alone, our available budgetary resources have already been cut by $2 million.

So this is important: You need to know that we are part of the solution, not the problem. And a truly unique part of the solution at that.

What the SCI is, what it does, what it has done, what it can do for the taxpayers of this State is not replicated anywhere else in the structure of our government.

First of all, as I’ve indicated, we’re in the business of saving taxpayer dollars. In other words, we pay our own way – and that’s something you don’t hear every day from government. A report the SCI issued just last December on excessive local government employee benefits identified nearly $40 million in wasteful spending – some of which is now being recouped due to reforms spurred into law by the SCI’s findings. Another SCI investigation led to the savings of more than $20 million a year – every year – in tax revenue ripped off by organized crime manipulation of the motor-fuel industry. Another SCI product laid the groundwork for recovering more than $6 million in padded pensions and excessive perks for public school administrators.

This is real money we’re talking about here – documented opportunities for saving taxpayer dollars in amounts that make the SCI a very worthwhile investment indeed. Especially when you consider that the per capita cost of the agency’s annual budget is a whopping 52 cents a year – one penny a week per New Jerseyan. That’s the definition of a bargain.
One key reason for the SCI’s success as a tested leader among the few sentinels of government is its independence. That has been the case since the day it was first conceived in the late 1960s amid a storm of political corruption and organized crime intrusion into the institutions of our society.

The SCI’s architecture, its very structure, was carefully and meticulously designed to guarantee a thoughtful, nonpartisan, impartial and objective approach to a core watchdog mission. No single individual runs this agency. The SCI is governed by four Commissioners, who operate in a nonpartisan fashion. They serve staggered four-year terms and are appointed by three separate appointing authorities in two branches of government – the President of the Senate, the Speaker of the General Assembly and the Governor. Under certain rare circumstances, even the Judiciary can weigh in on this process. For example, in the event a regular Commission appointment is delayed beyond a certain period of time, the law allows the vacancy to be filled by Chief Justice of the State Supreme Court.

This strong and unique structure provides the SCI with the integrity and the independent stature necessary to perform its job in a credible fashion. Simply put, we go where the facts lead us because that’s the way we’re built. And the very fact that the SCI’s fact-finding process has withstood every legal challenge ever brought against it is a testament to the soundness of that operating structure and to the internal judgments and decisions that have been made pursuant to the agency’s mission.

Further bolstering the Commission as an independent watchdog for the entire system is the fact that, aside from the State Auditor whose mission is entirely different, the SCI is the only investigative fact-finding agency in the Legislative branch of state government. That is critical, and I’m sure you can all appreciate why.

Although the Executive participates in the Commissioner appointment process, the SCI is located in the Legislature and is funded through the Legislature’s budget. As such, the SCI not only serves as a valuable resource for lawmakers in fact-finding and in providing substantive raw material for sensible statutory reforms. More importantly, the SCI is also an essential – and irreplaceable – part in the machinery of checks and balances that is so important between the various branches of government. Make no mistake: The price of the SCI’s demise – and its outright removal from the Legislative Branch – would be a breach in the constitutional separation of powers.
The SCI is also unique because it is the only state watchdog agency tasked with the statutory duty to investigate, evaluate and report upon organized crime. Not as a cop to make arrests. Not as a prosecutor to obtain convictions. But as a fact-finder, as an intelligence-gatherer and as a repository for investigative information and expertise for our partners in law enforcement. Assistance rendered by the SCI and referrals of information and evidence by our agency over the years to the State Attorney General and others – including the Office of the United States Attorney – have resulted in criminal indictments and convictions.

Since its inception in 1968, the SCI has conducted cutting-edge investigations into every major aspect of organized crime in New Jersey, highlighting its intrusion into the solid waste, garment and gambling industries and other legitimate elements of commercial private enterprise. Most recently, the SCI completed the first stage of a comprehensive, ongoing investigation into the growth, proliferation and increasing sophistication of the most serious criminal threat to the public in New Jersey today – organized criminal street gangs. Our initial focus was the deleterious impact of these violent criminal entities on the state prison system. And, rest assured, we will have much more to report about the impact of gangs and their organized criminal activities in the communities of our State. This is just one of a significant number of active investigations now under way by our office.

Madam Chairwoman, members of the Committee, eight years ago, the Legislature and the Governor – acting in a bipartisan fashion – invested their trust and confidence in the future of the SCI by enacting legislation to make the agency a permanent part of State government.

Since then, the value and intent of that permanency has been vindicated repeatedly and that trust has been fulfilled time and again.

Besides ranging far and wide with the hard work of investigative fact-finding, we are results-oriented. Beyond saving actual dollars for taxpayers as I have already described, we develop sensible, practical recommendations to fix the broad array of systemic problems that we regularly identify through our investigations.

And you, the Legislature, along with succeeding Governors, have responded repeatedly to those recommendations in ways that serve the public well. To review just a portion of this record:

- In 2003, legislation recommended by the SCI was enacted revising New Jersey’s computer crime law for the first time in two decades.
• In 2004, the Commission’s investigation of the flawed E-ZPass electronic toll system set the stage for enactment of legislation overhauling the State’s contract procurement process.

• In 2005, the Governor signed an Executive Order implementing key recommendations from the SCI’s probe of new-home construction and inspection abuses.

• In 2006, the SCI’s revelations that unregulated lethal handgun ammunition was readily being purchased by known criminals, including gang members, led to the enactment of legislation tightening ammo sales.

• In 2007, legislation was signed implementing new budget accountability measures for public schools, an outgrowth of the SCI’s investigation of questionable and hidden compensation for public school administrators.

• Also in 2007, the findings of the SCI’s investigation into abuse of New Jersey’s hospital Charity Care program resulted in the enactment of new fraud-detection laws.

• And in 2009, landmark legislation was signed into law incorporating key recommendations made by the SCI to restore accountability, transparency and oversight to the governance of public higher education in New Jersey.

As you can easily see from all of this, the SCI has become more productive over the years, not less. And given the range of active investigations now under way in every area of our statutory purview – organized crime, taxpayer waste and corruption – we are bound to become even more productive going forward – if we have the chance.

And that brings me to the crucial point – the presumed wisdom of consolidating the State’s watchdog agencies into a single entity under sole control of the Executive Branch.

On the surface, considering the State’s dire fiscal condition, this may sound like a sensible option. The problem is that it’s grounded in false and misleading assumptions.

First of all, by definition, consolidation assumes New Jersey has too many watchdogs looking out for the taxpayers, and that’s just plain silly. Why? Because today in this State, there is more public money vulnerable to waste and abuse than ever before in its history. New Jersey taxpayers now spend a combined sum of more than $80 billion a year – that’s billion with a B – to fund
state, county and local governments. And that’s a conservative estimate. Throw in federal money, and it’s well over $100 billion. In stark contrast, less than $20 million is devoted to the vital watchdog role, an amount shared by just four entities: the SCI, the Auditor, the Comptroller and the Inspector General. $20 million is nothing to sniff at either, but compared to the big picture, it is ridiculously minute, not even a speck in the entire scheme of things – about one one-hundredth of a percent of the overall expenditure.

That’s way out of balance. And it’s unfair to the taxpayers. I’ve been in and around government all of my adult life, and if there’s one thing I’ve learned, it’s that you can never have enough expert eyes and ears to hold government accountable and to look out for the public’s best interests.

It has also been suggested that the few watchdog agencies that do exist trip over each other in a dance of redundancy and duplication. In reality, that is simply not true. In fact, just over a year ago or so, I appeared before the Senate Urban and Community Affairs Committee along with the Comptroller, the Inspector General and the State Auditor, and we all addressed this issue. And it quickly became clear that it is a non-issue, a myth. And it remains a myth.

We talk to each other, assist each other, coordinate and communicate. Indeed, as the old kid on the watchdog block, it was the SCI that helped the new kids, the Comptroller and the Inspector General, get up and running. That’s not a boast. I tell you that because it’s emblematic of a cooperative spirit that gives us all the ability to maximize limited public resources to serve the public across a wide spectrum of oversight responsibilities.

Trust me: In the watchdog world, there is more than enough work to go around. This stuff you hear about duplication is a complete red herring. Especially given the fact that there are things we do at the SCI – on the criminal and law enforcement side, for example – that are clearly exclusive to our core mission.

In closing, I would urge you to tread carefully here, very carefully. The SCI is an independent agency in the Legislature. It has a stellar track record of saving taxpayer money. It does important work in support of law enforcement in this State. If the ultimate goal is genuine public service – and it certainly should be – then simply shredding the already-diminished budget of a proven watchdog for no good reason and moving what’s left of it somewhere else won’t get the job done.

Thank you. We’d be happy to address any questions you might have.
STATEMENT BY

JOHN J. FARMER, JR.

FORMER NEW JERSEY ATTORNEY GENERAL
John J. Farmer, Jr.
12 Cherryville Road
Flemington, NJ 08822

June 1, 2010

Honorable Barbara Buono
Senate Majority Leader
Chair, NJ Senate Legislative Oversight Committee

Dear Senator Buono and Members of the Committee:

Please accept this letter in lieu of more formal testimony.

I am writing to support the continued existence of the SCI as a vital and independent voice in shaping legislative policy and promoting governmental integrity. Over the course of its history, but particularly over the past decade under the leadership of W. Cary Edwards, the SCI has paid for itself many times over with recommendations that have been enacted into law that have saved the State and Local governments tens of millions of dollars. Indeed, many of the proposals to address the property tax issue have had their origins in SCI reports, such as the report on local government corruption in 1992.

While I recognize the importance of fiscal prudence and the attractiveness of integrating agency efforts, in my view the SCI holds a uniquely important place as a creature of the Legislative Branch of government. This independence from Executive Branch pressures is absolutely vital, in my opinion, to assuring that the Legislature provides the kind of balance of perspective that our constitutional order demands.

Having served as an SCI Commissioner, as the State Attorney General, as Chief Counsel to the Governor, and as a Federal Prosecutor, I have witnessed first-hand the effectiveness of the SCI in identifying potential areas for reform.

The SCI is effective because its independence affords it a unique perspective. That independence should be preserved.

I add, in conclusion, that these are my personal views, based on personal experience; I do not purport to speak on behalf of Rutgers School of Law or the larger Rutgers University community. Thank you for your time and attention to this matter.

Thank you,

/John J. Farmer, Jr./

John J. Farmer, Jr.
STATEMENT BY

Michael B. Ward

Special Agent in Charge

Federal Bureau of Investigations
U.S. Department of Justice
Federal Bureau of Investigation

In Reply, Please Refer to
File No.

11 Centre Place
Newark, NJ 07102
June 1, 2010

Mr. Alan A. Rockoff, Executive Director
State of New Jersey Commission of Investigation
28 West State Street
PO Box 045
Trenton, NJ 08625

Dear Mr. Rockoff:

I am writing this letter to express my sincere appreciation for the support and cooperation my office has enjoyed with the New Jersey State Commission of Investigation (SCI) for the last five years. During that time the SCI has provided an investigator, William (Bill) Quandt, to the Federal Bureau of Investigation's Organized Crime Task Force. Bill has worked on dozens of cases including as a primary investigator of a New Jersey based organized crime crew that was committing violent home invasions, robberies, extortions, and other crimes. His work helped to convict eight subjects, all of whom were sentenced to lengthy prison sentences, including the capo who received life in prison for murder. He testified at two trials in this major investigation. Bill is the FBI Newark Division's subject matter expert for the Decalante Organized Crime family. He recently investigated Decavalcante members who were extorting a restaurant owner. Bill testified in the grand jury and arrested three subjects.

The SCI has provided my office with valuable intelligence regarding organized crime's illegal influence and control of the construction, carting, demolition industries and related labor unions. The SCI also shares important information with the FBI's gang task force, which helps and enhances our investigations.

The SCI has been a valuable partner and I hope we can continue to work together in the future.

Sincerely,

Michael B. Ward
Special Agent in Charge

By: Aaron T. Ford
Assistant Special Agent in Charge
STATEMENT BY

HECTOR RAMOS, STATE PRESIDENT

NATIONAL LATINO PEACE OFFICERS ASSOCIATION
June 1, 2010

On behalf of the National Latino Peace Officers Association, (NLPOA) I am writing in support of the State Commission of Investigations.

The NLPOA was founded in 1972 and is the largest Latino Law Enforcement Organization in the United States with over 100 chapters nationwide, including eight active chapters in New Jersey as well as Puerto Rico and the Dominican Republic.

The NLPOA has a membership of approximately 40,000 members including Chief Law Enforcement Executives, Chiefs of Police, Sheriff’s Officers, Police Officers, Parole Agents, Federal Officers, all of who are employed at a local, state and federal capacity.

SCI was created to investigate organized crime to learn the methods of operation and monitor new trends, identify those involved in organized crime, and recommend legislative and economic action to curtail its criminal activity.

The SCI and the NLPOA are strategic partners working together to strengthen our communities. Through the outstanding work and valuable information produced by SCI; NLPOA members are better equipped as they have working knowledge of the trends in organized crime and can create strategies and address issues their communities face, proactively rather than reactive.

One of SCI’s staff members is Agent Edwin Torres. Agent Torres is a nationally recognized gang expert and serves as the Second Vice President of NLPOA. He alone has conducted public forums and educated more than 20,000 people in New Jersey about gangs. He is only one of the outstanding members of the dynamic operation.

We sincerely hope that you and the committee members will continue to support the State Commission of Investigations and its work in combating crime in the state of New Jersey.

Sincerely,

Hector Ramos
State President

7 Glenwood Ave., Suite 203 • East Orange, NJ • 07017
Office: 877. 4. LPOANJ • Fax 877. 500.5751 • E-mail: lpoanj@gmail.com • www.lpoanj.org
STATEMENT BY

PATRICIA A. BORRELLI, EXECUTIVE DIRECTOR

MIDDLE ATLANTIC-GREAT LAKES ORGANIZED CRIME ENFORCEMENT NETWORK
May 28, 2010

Honorable Barbara Buono
Senate Majority Leader
Chair, New Jersey Senate Legislative Oversight Committee
Two Lincoln Highway
Suite 401
Edison, NJ 08820

Re: Support for the Restoration of Fiscal Year 2011 Funding for the New Jersey State Commission of Investigation

Dear Madam Chair and Members of the Committee:

Thank you for this opportunity to provide written testimony in support of the restoration of state funding for the New Jersey State Commission of Investigation in Fiscal Year 2011.

My name is Patricia A. Borrelli and I serve as the Executive Director of the Middle Atlantic – Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN). As a brief background, MAGLOCLEN is one of six federally-funded multi-state Regional Information Sharing Systems (RISS) centers that provides services to support the investigative and prosecution efforts of law enforcement and criminal justice agencies. In 1974, the United States Congress initiated an effort to aid state and local law enforcement agencies by establishing the RISS Program. The RISS Program is designed to enhance the ability of local, state, federal, and tribal law enforcement member agencies to identify, target, arrest, and prosecute criminal conspirators and support investigation and prosecution efforts against terrorism, narcotics trafficking, organized crime, criminal gangs, and violent crime that span multijurisdictional boundaries. MAGLOCLEN is the youngest of the RISS Centers established in 1981 by eleven charter agencies, with the New Jersey State Commission of Investigation being one of the original founding member agencies. Today MAGLOCLEN represents 1,744 law enforcement and criminal justice agencies in an eight-state region.
MAGLOCLEN and its members have benefited from the solid professional working partnership with the New Jersey State Commission of Investigation (SCI) for close to 30 years. In that time, SCI has greatly enhanced efforts to combat illegal and organized criminal activity within New Jersey’s state jurisdictional boundaries and beyond. A summary of the measurable results and the impact of the organizational success MAGLOCLEN witnessed with its partnership with SCI follows.

- **Valuable Information Sharing with Other Law Enforcement Agencies** – As an independent investigative body, the SCI has developed key information-sharing partnerships with federal, state and local law enforcement agencies. The SCI has provided gang expertise to MAGLOCLEN and its member agencies, has made hundreds of formal referrals of evidence to state and federal authorities; and has provided testimony of a high-level Blood gang member to assist in the federal prosecution of the leadership of a violent Bloods set. The SCI report, Gangland Behind Bars, demonstrated the link between illicit prison activity and criminal gang activity on the street.

The SCI is dependable in responding quickly to the needs and requests of law enforcement within and outside the State of New Jersey. In a post 9-11 world, it is clear that more support for critical criminal information and intelligence sharing is needed, not less.

- **Subject Matter Experts for Training and Education** – MAGLOCLEN has depended consistently on the use of SCI’s knowledgeable staff with over hundreds of years of law enforcement experience to train and educate law enforcement about the activities of organized criminal groups such as La Cosa Nostra and criminal gangs. SCI Gang Expert Edwin Torres is a nationally recognized gang expert who has instructed for MAGLOCLEN at regional and national conferences. Agent Torres has educated over 20,000 people in New Jersey alone on the serious threat of criminal gangs plaguing society. Agent Torres is a member of the State Gangland Task Force and he serves on the East Coast Gang Investigators Association Executive Board. It’s critical for law enforcement officers to stay at the forefront of the ever-changing gang trends and identifiers.

MAGLOCLEN members and the law enforcement community in general would suffer if SCI staff would not be available to lend its expertise, knowledge and skills that it has accumulated over the last 40 years.
May 28, 2010

Page three

In closing, MAGLOCLEN strongly supports the restoration of funding for the New Jersey State Commission of Investigation. It is hoped that this written testimony will shed some light on the importance of New Jersey State Commission of Investigation to MAGLOCLEN and its unquestionable positive impact on strengthening law enforcement partnerships, criminal information sharing and successful criminal prosecutions within MAGLOCLEN’s region.

Respectfully Submitted,

[Signature]

PATRICIA A. BORRELLI
Executive Director
STATEMENT BY

GARY HILTON

FORMER COMMISSIONER OF THE DEPARTMENT OF CORRECTIONS
My name is Gary J. Hilton, and I served with the New Jersey Department of Corrections for more than 28 years in positions ranging from corrections officer to Commissioner. After I retired from the state I was appointed Director of Corrections for Monmouth County.

During this long tenure in government, I had many opportunities to work closely with the State Commission of Investigation (SCI), an agency that I believe plays a unique and valuable role in the service of the citizens of this state. I can assure you from personal experience that New Jersey would be a poorer place without this watchdog agency and without the credibility and expertise it brings to its work. The law enforcement community, in particular, would suffer the loss of a very important partner if the SCI were to be eliminated or combined with another entity in such a way as to subvert its independence.

What I think is most valuable about the SCI is its ability to conduct in-depth fact-finding inquiries into significant issues that traditional law enforcement may not be inclined or equipped to examine. A prime example is the investigation carried out by the SCI last year into the proliferation of violent criminal street gangs in the prisons of our state. That unprecedented inquiry provided stark evidence detailing how gang-affiliated inmates have subverted the prison system to their advantage. More importantly, besides bringing public awareness to this vital matter, the SCI produced a series of sensible recommendations for reforming the system going forward. Some of those key recommendations have been transformed into legislation. Others await your consideration. They are all important, and no other agency in New Jersey could have accomplished such an undertaking because of the realistic pressures of evolving criminality and associated prosecutions. The more traditional law enforcement agencies do not have the time or resources to conduct these in-depth systemic inquiries. The SCI also demonstrated its value to the law enforcement community at-large during this investigation by sharing significant information and data developed by its investigative staff.

Taxpayers in New Jersey spends billions of dollars annually on government at the state, county and local levels. Very little of that money is invested in
protecting this taxpayer stake through proper oversight. The SCI is a prime example of how government oversight can and should work effectively and efficiently. It value to the law enforcement community is an essential part of this equation, and I would urge you to strengthen, not weaken, this very important independent watchdog.
STATEMENT BY

MICHAEL W. MCLAUGHLIN

FORMER CAMDEN COUNTY SHERIFF
May 28, 2010

Hon. Barbara Buono
Senate Majority Leader
Chair, NJ Senate Legislative Oversight Committee

Dear Senator Buono,

My name is Michael McLaughlin and I served as the Camden County Sheriff for 12 years following 28 years with the New Jersey State Police, primarily as an organized crime and intelligence officer.

I have attached for your review a letter that I have sent to Governor Christie in support of the State Commission of Investigation. I had numerous opportunities to interact with agents and lawyers of the SCI. I have personally observed the unique nature of the agency and its value to the law enforcement community and I would urge you to strengthen, not weaken, this very important independent investigative agency.

Thank You

Michael W. McLaughlin
May 28, 2010

Governor Chris Christie
Office of the Governor
PO Box 001
Trenton, New Jersey 08625

Dear Governor Christie,

I met you on numerous occasions at press conferences while you were serving as U.S. Attorney for New Jersey and I was serving as Sheriff of Camden County. The purpose of this letter is to support the retention of the State Commission of Investigation as an integral and important component of the law enforcement community. I cannot emphasize enough the void that would be created should this agency be eliminated or morphed into some other area which I believe would limit its overall effectiveness.

In the forty plus years that I spent in law enforcement, twelve as Sheriff in Camden County, and twenty eight in the New Jersey State Police, primarily as an organized crime and intelligence officer, I interacted constantly with agents and lawyers of the Commission to the benefit of the citizens of New Jersey. I have personally observed the unique nature of the agency and the investigative tools available to it filling gaps which led to successful prosecutions of significant criminal enterprises as well as legislation which thwarted the criminal element from successfully infiltrating the casino industry, racetracks, unions and many other legitimate enterprises. During your tenure as U.S. Attorney, I was impressed by the fact that you seemed willing to do whatever it took to tackle the various criminal problems that we faced, whether it was the drug problem in Camden or political corruption throughout the state. That took intestinal fortitude. I am asking you to display this same fortitude in allowing this important agency to continue its good work and to effect the needed budget cuts in some less critical area.

Thank You

Michael W. McLaughlin
STATEMENT BY

CHARLES A. KUYL

CHIEF OF DETECTIVES

OCEAN COUNTY PROSECUTOR’S OFFICE
Statement of Charles A. Kuyl  
Chief of Detectives  
Ocean County Prosecutor’s Office

I have been a part of the New Jersey law enforcement community for more than 45 years, most of which, has been spent fighting various iterations of organized crime. Based on this experience, it is my belief that weakening the SCI could hinder our fight against gangs, the La Cosa Nostra (LCN) and other forms of organized crime in this state. The SCI is an integral component in the law enforcement fight to eradicate organized crime in New Jersey. I have firsthand experience with the SCI’s organized crime expertise.

In 1969, as a young detective in the New Jersey State Police, I was hand-selected to serve on its newly formed Organized Crime Task Force, created to target the LCN. We worked closely with the SCI and developed a symbiotic relationship. Not strictly concerned with criminal prosecutions, the SCI was able to develop sources and share statewide organized crime intelligence. Conversely, as we examined evidence, systemic weaknesses in regulatory or administrative systems became evident and ripe for SCI inquiry. SCI hearings and encyclopedic reports provided useful hierarchal information that aided our ability to monitor to LCN members and associates. Finally, I developed a great respect for the skills and talents of SCI investigative staff - former SCI staffers Justin Dintino, Robert T. Buccino and Jim Sweeney provided a wealth of knowledge about the LCN.

In the early 1990’s I served in the Ocean County Prosecutor’s Office in several capacities including Deputy Chief of Investigations. In 1993, the SCI, leveraged its statewide jurisdiction to conduct our state’s first statewide gang assessment. At the prosecutor’s office level, we used the report to identify gangs and gang activity in our local area. Shortly after the report, the prosecutor’s office established a small gang unit to investigate gang-related crime. Ocean County, like many other bedroom communities, began to see the migration of gangs into our area from the urban centers. At the same time, I continued to work with the SCI on LCN issues. As gambling, loan sharking, labor racketeering and narcotics distribution continued to be LCN money-makers, the SCI was a consistent source of intelligence.

In November 1999, after working closely with the Commission for several decades, I chose to work for the SCI as a Special Agent. The majority of my work for the SCI focused on organized crime. For example, as part of a larger SCI inquiry, we conducted a detailed financial examination of several made LCN members and associates. Our work uncovered evidence of criminal wrongdoing that was provided to several prosecutors’ offices that ultimately helped prosecute several ranking LCN members and associates. In another inquiry, our investigation of the Decavalcante organized crime family led to a successful spin-off investigation by the Union County Prosecutors Office, New Jersey State Police and other law enforcement agencies. Lastly, and another SCI agent and myself were assigned to an investigation of Cuban organized crime in New Jersey. As part of the SCI surveillance team working with Ocean County Prosecutor’s Office, we located our target’s driver, who later turned state’s evidence and became a witness in a large Cuban organized crime prosecution.
Today, I am the Chief of Detectives for Prosecutor Marlene Lynch-Ford in Ocean County and the SCI is one of our key law enforcement partners. We have 32 organized police departments plus State Police in our jurisdiction. Our office consists of 82 investigators, 9 agents and 40 attorneys. Our office serves the people of Ocean County by, in part, making arrests, prosecuting cases and working joint investigations with a myriad of law enforcement agencies. The SCI compliments that core mission by: (1) investigating law enforcement issues from statewide perspective; (2) being a non-prosecutorial agency, so there is no agency competition; (3) being a source for organized crime intelligence. I meet with SCI staff regularly to exchange information; (4) conducting long-term systemic investigations that cannot be investigated at the prosecutor office level without taking substantial resources from our core public safety mandate. Lastly, I use SCI reports as references. I referred to the SCI report on the sale of gun ammunition as recently as last week. The SCI continues to do excellent work that aids the challenging work of law enforcement in New Jersey.

In conclusion, the SCI is a valuable law enforcement resource. I have worked with and in the agency for my entire 40 plus year career. Thus, it is my opinion that the SCI's work eradicating organized crime cannot be performed by any other entity in state government. To continue to perform this function, the SCI must remain a properly funded independent investigative body.
STATEMENT BY

Richard Norcross

Executive Director, East Coast Gang Investigator’s Association
June 1, 2010

Senator Barbara Buono
Two Lincoln Highway, Suite 401,
Edison, N.J. 08820

Chair, Senate Legislative Oversight Committee

Dear Senator Buono,

Please accept this brief letter of SUPPORT for the New Jersey State Commission of Investigation (SCI). I have had the honor of interacting with them in their official duties on a number of investigations during my law enforcement career and in my leadership roles with the East Coast Gang Investigator’s Association. This has included collaboration on a variety of Organized Crime and Gang investigations that they have conducted.

Additionally, the SCI has the unique mission of investigating things that other agencies cannot and in some instances will not investigate. At this juncture in the history of the State of New Jersey, the role that this agency serves is to investigate instances of fraud, waste and corruption in our government is paramount. Their purpose is to investigate issues that may be otherwise ignored and not addressed. One only has to look at their lengthy list of investigative reports to understand fully the importance of how they oversee and investigate government agencies. They were investigating issues such as pension abuse that dominates today’s headlines nearly 12 years ago.

Personally, I was shot in the line of duty in 1995 as a police officer. My partner was killed and my younger brother who was also an officer and responded to the officer down call was also killed. We later learned that the suspect, who was legally allowed to possess firearms in New Jersey, could in fact legally buy the thousands of rounds of ammunition that were used for training prior to the incident and the incident itself. The SCI investigated this loophole in our laws and is helping to close these holes so that criminals cannot legally purchase ammunition to commit violent crimes on our streets.

I know that the financial times we are in are dire; however, the government cannot forsake its primary mission of keeping its citizens safe. As I said before, the SCI does investigations into the worst elements of our society and regretfully, the people who would use their government authority to line their own pockets or cause harm from within.

Regards,

Richard Norcross
Executive Director, ECGIA
New Jersey Office of the Inspector General  
as of May 2010

Refer to Pages 16 and 17 of OIG's 2009 Five Year Review for the Savings  
Provided to the State by OIG staff in executing their functions

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**Inspector General**

- **Chief of Staff**
  - **First Assistant Inspector General**
  - **Public Information Officer/Assistant to the Inspector General**
    - **10 Assistant Inspector Generals***:  
      - 5 Attorneys; 5 Investigators/CPAs
    - **2 SDA Assistant Inspector Generals****:  
      - 2 Attorneys

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* Functional Titles only. Official State titles are "Government Representative 1, 2, or 3".

** SDA Assistant Inspector General Positions created through Memorandum of Understanding between OIG and SDA. All costs associated with these positions are reimbursed by SDA to OIG.
State of New Jersey
Office of the Inspector General
Mary Jane Cooper, Inspector General

2009 Annual Report: Five Year Review
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1. Message from the Inspector General

The Office of the Inspector General’s (OIG) 2009 Annual Report is slightly different from years past in that this report serves as a retrospective of some of the most significant accomplishments of this office newly created in early 2005. I present this with immense pride as I near the end of my five year term.

Under my direction, the talented and dedicated OIG staff assembled during my tenure has conducted numerous investigations and reviews of varying scale with findings and recommendations that have been implemented and provided great monetary and accountability benefit to the State. As you will read later in this report, OIG has already identified over $49 million dollars in rescued State funds and witnessed the justified removal of high-level management in several State departments, agencies, and authorities as a result of our work. The latter could only be accomplished with the detailed comprehensive investigations that OIG conducts and the accumulation of verifiable evidence that results from this type of investigation. The work continues with ongoing investigations and reports in the pipeline.

Whether it is actual dollars saved from being misspent or recouped after the fact as a result of OIG identified patterns of misuse; managers who have been held accountable for improper conduct and are no longer employed by the State; identified weaknesses in an entities’ internal control system making it ripe for compromise and recommendations for immediate corrective action to ensure protection of State dollars and assets; or internal control training administered to state, county, and local recipients of Federal Recovery Act dollars, OIG has provided a collection of valuable work. I am pleased to share those highlights with you in this five-year look-back.

New Jersey was one of the early states to recognize the necessity for the independent, investigative function Inspector General offices perform. In addition to the work OIG has conducted here in New Jersey, the office has served as a model for other states following this growing trend and desiring to establish both departmental and independent statewide Inspector General offices. I have spoken with administrations from various states and provided them with useful information and planning strategies for their consideration when creating Inspector General offices.

I am ever mindful of the privilege it has been to serve three governors and the people of New Jersey as the State’s first Inspector General, and I am proud to present this report.

Very truly yours,

Mary Jane Cooper
Inspector General of New Jersey
II. Office of the Inspector General Overview

The Office of the Inspector General (OIG) was created by Executive Order in 2004 and by statute in 2005 to serve as the Governor’s investigatory body. In creating this office the Legislature declared, to paraphrase, that there was a need for an executive branch investigative body that would report directly to the Governor to ensure that public officers and employees discharge their duties and responsibilities in a lawful, ethical and transparent manner, while conserving the fiscal resources entrusted to them. To that end, OIG has the statutory authority to seek out waste, mismanagement, and fraud where State funds are spent with the goal of providing increased accountability, integrity and oversight of all recipients of State funds.

OIG’s authority extends to all levels of government where State funds are spent – including but not limited to State departments and agencies, independent authorities, county and municipal government and boards of education – and is not limited in terms of the substantive matters the office may investigate. While much of OIG’s work has consisted of allegation based investigations of improper conduct, mismanagement, and waste of State funds, unlike other executive branch investigators, OIG can conduct a review of an entity absent an allegation of criminal conduct. Accordingly, OIG is often the only executive branch entity with jurisdiction over matters that involve allegations of civil and not criminal wrongdoing, and that require investigation. This flexibility enables OIG to proactively identify problems before the loss of State dollars occurs, is recognized, or is full blown. Because OIG reports directly to the Governor and is staffed with highly skilled professionals, perhaps its greatest value is its ability to tell the chief executive whether a concern is truly a problem, and if so, how significant.

Regardless of the project, the end result of OIG’s investigations has been beneficial change. Whether the result has been specific accountability of management and employees - several high level State employees are no longer employed; millions of dollars of state funds recouped or rescued from misuse; entities reorganized with new management; and revision of policies and procedures to increase oversight, OIG’s work has had a positive, visible impact on State government.

- OIG’s findings result in meaningful consequences: financial recoveries, personal accountability and improved government operations.
- OIG recovers State funds by identifying fraud, waste and mismanagement.
- OIG is the Governor’s investigative arm.
- OIG’s investigation stopped EnCap in its tracks and paved the way for a recovery of over $100 million from AIG.
- OIG’s investigation led to the closing of SCC and the creation of SDA.
- OIG’s review of State Authority benefits is the road map to the “shadow government”.
- The Authorities’ Benefits Review is relied on by the Governor to cut the size and spending of State Authorities.
Due to the unique nature of OIG’s work, it is imperative that the staff possess a variety of qualifications including strong analytical skills with a balanced professional skepticism and a sharp attention to details as they apply to the overall environment. To that end, OIG’s 16 person staff, including the Inspector General, is comprised of attorneys, accountants, investigators and professionals who possessed years of experience in both the public and private sectors prior to joining OIG. Most of OIG’s accomplished professionals are members of one or more professional organizations in their related field including the Association of Inspectors General, State and County Bar Associations, the Association of Government Accountants, the Association of Certified Fraud Examiners and the American Institute of Certified Public Accountants.

OIG has proven to be an important and effective tool in the Governor’s arsenal. The Governor may learn of or receive an allegation of a problem within an agency or a project, such as happened with the $8.6 billion School Construction Corporation that was found to be wasting millions of State funds essentially without oversight or controls or the EnCap/Meadowlands Redevelopment and Remediation Project (where a private entity was attempting to use public funds to finance its personal development project). Other complaints were brought to the attention of the Governor’s Chief Counsel or his Treasurer: for example, concerning the Department of Corrections (a vendor expressed concerns to the Governor’s Counsel about the Department’s inmate dental health services contract), and the Division of Addiction Services within the Department of Human Services (a former employee lodged complaints by way of a letter concerning the operations of the Division and its Director and the Commissioner and Governor’s Counsel asked OIG to investigate).

The Governor and his Counsel must understand whether the allegations are true and warrant action. If when received, the complaints do not appear to involve obvious criminal wrongdoing, OIG is the appropriate entity to examine these matters and provide answers to crucial questions before action can be taken. OIG keeps Governor’s Counsel informed of the status of the matter so that corrective actions can be taken – a manager or a vendor can be removed before more harm is done, procedures can be implemented – as required rather than waiting until the end of an investigation.

In fact, in each of the above-referenced cases, OIG’s investigation revealed a serious problem, executive branch actions were taken during and after OIG’s investigation, and OIG’s investigation led to the recovery of State funds, personnel actions, or numerous other remedial actions. In many other matters, OIG has similarly identified failures or omissions that require corrective actions, and as noted, OIG has worked with State entities where appropriate, to fashion necessary remedial measures of various types including procedural reforms designed to prevent transgressions and operational failures in the future. Without OIG’s investigations and the agreed upon resolutions, the inappropriate or impermissible activities could conceivably have continued indefinitely.

Since OIG’s creation just over five years ago as the investigatory arm of the Governor, it has served its role bringing to light a variety of deficiencies in government. Armed with subpoena power and the authority to administer oaths, OIG has conducted numerous investigations and reviews varying in scope and scale. OIG has prepared a number of detailed self-proving reports of its investigations with a full analysis of the facts and OIG’s conclusions. By statute, the final
public reports are provided to the Governor, the President of the Senate, the Speaker of the Assembly, and the entity at issue.

OIG’s reports have been the impetus for a variety of reforms; executive branch entities have initiated numerous corrective actions in response to OIG’s recommendations; and the Governor has signed legislation and executive orders that were in direct response to OIG’s findings. While audits raise red flags, only investigations finding evidence of individual wrongdoing can be used to hold individuals accountable. That is why when OIG finds an individual responsible, supportable personnel action can and has been taken. The cancer can be excised and a government agency can continue to function with new management and fortified policies and procedures.

Among the government entities in which OIG has investigated or reviewed matters are the following:
- Meadowlands Commission (EnCap project)
- Schools Construction Corporation (several reports)
- Schools Development Authority (multiple investigations)
- Department of Corrections (two reports)
- Department of Human Services – Division of Addiction Services (two reports)
- Department of the Treasury – Division of Pensions
- Department of the Treasury – Division of Taxation
- Department of the Treasury – Lottery
- Department of Transportation
- Sports & Exposition Authority (NJSEA)
- New Jersey Network (NJN)
- Casino Reinvestment Development Authority (CRDA)
- South Jersey Transportation Authority (SJTA)
- Higher Education Student Assistance Authority (HESAA)
- Cherry Hill School District
- Passaic Valley Sewerage Commission
- West Atlantic City Public Works
- Department of Banking and Insurance
- Victims of Crime Compensation Agency
- Annual Comprehensive Authorities Benefits Review (50 State authorities; four annual reports)
Demonstrating OIG's versatility, the office simultaneously conducted an across the board review of State authority benefits and a top-to-bottom intensive look at certain authorities. Both resulted in cost savings and other corrective actions. Recently, OIG created and administered a statewide internal control initiative that has trained more than 1,600 recipients of federal Recovery Act funds that has been positively recognized by the federal Government Accountability Office and welcomed by State administrators at all levels.

In early January 2010, OIG provided the Governor-Elect with a series of Proposals of Reform and Financial Benefit. Many of them have been implemented in some form.

Most OIG projects are referrals from the Governor's Office, State entities, or legislative offices and have involved a wide variety of subjects and government entities. From its beginning, OIG also received citizen concerns. OIG set up a "hot-line" and a program for addressing these concerns. Since 2005, OIG has acknowledged, reviewed, determined the appropriate course of action for, and tracked approximately 700 concerns.
III. Office of the Inspector General Investigatory Work

$8.66 Billion New Jersey Schools Construction Corporation
(Project halted to prevent waste of remaining $4 billion; entire management replaced)

Highlights: OIG’s review of the School Construction Corporation (SCC) began in early 2005 at a point when it had already dispersed half of the initial $8.6 billion in State funding, including the approval of approximately $540 million in change orders. OIG quickly determined the authority had weak financial controls, glaring internal control deficiencies, and lax or nonexistent oversight and accountability. Within weeks, based on OIG’s initial findings, construction was halted until the entire management team was replaced and a new Chairman of the Board seated.

In 2007, following several OIG reports detailing mismanagement, ineffective oversight, and poor organization as a whole, SCC was dissolved and replaced with the newly structured Schools Development Authority (SDA), and at the recommendation of OIG, a unit within OIG dedicated to investigating SDA-related matters was established. This dedicated unit has continued under all SDA administrations as they have found it to provide a valuable function and beneficial to the overall integrity of the organization. SDA OIG has issued several reports of findings that are highlighted later in this report. These investigations and their reports of findings to SDA management have identified cost saving actions, misconduct by employees and others providing the basis for personnel actions and referrals to appropriate governmental agencies, and have provided the basis for other corrective actions.

$200 Million Public/Private Project
Meadowlands Remediation and Redevelopment Project (EnCap)
$40 million prevented from misuse

Highlights: Beginning in 2007, OIG conducted an unprecedented, year-long investigation into the nine-year history of the Meadowlands Remediation and Redevelopment project’s financing following the concern that towns specifically impacted by the Meadowlands Project could be at financial risk as a result of their agreements with EnCap, the Project’s developer. In the course of its investigation, OIG conducted interviews of more than 75 individuals, (some on multiple occasions) and collected and analyzed over 60,000 documents.

Shortly after OIG’s investigation commenced, the Inspector General met with Governor’s Counsel to share OIG’s early shocking findings including:

- the Project’s due diligence at the outset was woefully deficient, and did not pick up EnCap representatives deliberate attempts to mislead the State and other public entities; and,
- since the Project’s inception, it was plagued by miscommunication, misrepresentation, and mismanagement by EnCap representatives.
As a result, the Project was halted, and state funds in excess of $40 million were protected from being misspent. Additionally, the Governor was provided with tools to enforce the State’s rights under its contract with EnCap and to gain access to a performance bond that provided funds to complete the project.

An Executive Order imposing new bans on pay-to-play for redevelopment contracts was issued, and legislation has been enacted to prevent similar failures from occurring in these projects in the future. OIG has also referred this matter to the appropriate federal and state criminal investigative authorities and has continually cooperated with these agencies as the criminal investigation continues.

Department of Corrections Inmate Health Services Contract
$4.7 million identified for recovery; Deputy Commissioner removed from service

Highlights: OIG’s review beginning in 2006 revealed that the Department of Corrections (DOC) failed to accurately monitor its inmate dental health services contract requirements resulting in DOC’s inability to guarantee that DOC was receiving services for which it paid and whether or not it was paying undue compensation to Correctional Medical Services (CMS). OIG further concluded that DOC had not calculated nor assessed liquidated damages against CMS for its failure to comply with contractual requirements to provide dental services.

OIG’s continued investigation, concluded in 2008, into the DOC Inmate Health Services Contract revealed:

- an improper agreement between a DOC Deputy Commissioner and a CMS Vice President had been the cause of DOC’s failure to assess liquidated damages;
- the Deputy Commissioner had misled two successive Commissioners of DOC regarding the applicability of liquidated damages and had provided false information to OIG during its investigation; and,
- significant weaknesses in DOC’s fiscal management department and brought them to the attention of the Commissioner of Corrections.

As a result of OIG’s findings, the Deputy Commissioner is no longer employed by the State.

OIG expanded its review to include medical services in addition to dental services, resulting in a finding that approximately $4 million in liquidated damages should have been assessed against CMS for failure to meet contract specifications. OIG’s continuing investigation also revealed that CMS had overcharged DOC approximately $700,000 in improper management fees. Of this amount, CMS has acknowledged and repaid the State approximately $430,000 and some of the liquidated damages. OIG’s report has been recognized by the Court as a reasonable basis for the State’s withholding final payments from CMS pending resolution of litigation and OIG continues to assist the Attorney General’s efforts in obtaining reimbursement of funds.
**Investigation of Division of Addiction Services**

**Assistant Commissioner removed from service**

*Highlights:* OIG’s 2006 investigation revealed that the Assistant Commissioner of the Division of Addiction Services (DAS) in the Department of Human Services (DHS):

- secured unwarranted benefits for organizations with which she had a long standing professional relationship before her appointment;
- created an appearance of conflict when exercising her official duties regarding matters concerning these organizations and their representatives;
- was responsible for undermining DAS internal controls in place to protect DAS grant funds, ultimately weakening the award, oversight, and monitoring functions of DAS; and,
- allowed a significant amount of DAS funds to be misused by her favored organizations during her tenure.

The DHS Commissioner terminated the Assistant Commissioner’s employment during OIG’s investigation and took corrective action to fortify DAS internal controls and the DAS internal audit function. OIG referred the matter to the Division of Criminal Justice to determine whether further action was warranted.

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**DAS Grant Compliance and Performance Review, Associated Treatment Providers Management Services Network, Inc.**

$1.76 million identified for recovery; $2.3 million not spent

*Highlights:* OIG conducted a line-item financial review to determine almost exactly to the penny how the grant funds were used and to determine if the expenditures claimed were in accordance with State and federal grant requirements. This analysis included an examination of whether or not grant performance was reported accurately and properly and resulted in a finding that in fact, many of the documents submitted to DAS by the grant recipient were false or misleading.

OIG’s investigation concluded that, at a minimum, $1.76 million of misspent or unused State funds provided to the grant recipient should be returned to the State, and recommended that another $4.4 million be reviewed by DHS to determine whether the use of those funds was acceptable to DAS or should be returned as well. Moreover, as a result of the evidence uncovered by OIG’s investigation, DAS terminated the 2006 grant early and $2.3 million in State funds were rescued from a well-established pattern of misuse by the grantee.

The findings and conclusions of this investigation were forwarded to the Division of Criminal Justice, Department of Labor and Workforce Development to determine whether there were wage and hour violations, and the Division of Taxation to determine whether there were tax reporting violations.
Annual Authorities' Benefit Review

Authorities' benefits reduced to level of State benefits

Highlights: OIG has undertaken extensive reviews, both an across the board review of state authority benefits and a top-down intensive look at certain authorities pursuant to its directive in Executive Order Number 41 (Codey 2005). OIG's initial across the board review revealed that the benefits provided to authority employees often varied from the benefits provided to non-authority State employees, and in most cases where there was a difference, the benefits provided to authority employees were superior to those provided to employees of the State departments and agencies.

Since OIG's first benefits report in 2006, the office has annually reported on the benefits provided to State authority employees noting where discrepancies exist, uncovered conflicts of interest, and other authority specific reviews resulting in reports concerning:

- ethics fines paid to the State (the former President and Chief Executive Officer of the New Jersey Sports and Exposition Authority);
- possible pension abuses and associated false record keeping (outside counsel to South Jersey Transportation Authority); and,
- and other internal control deficiencies in the State's authorities, boards and commissions.

To date, substantial corrective action has been taken in response to OIG's findings and recommendations. Where possible, many authorities have brought their employee benefits into line with benefits provided to State employees. OIG's 2009 Authority Benefits Review was released in February and included newly requested information from the authorities - specifically, does the authority, if not required to, still impose the State's Fiscal Year 2010 furlough program or any other authority-implemented cost-saving measures? OIG's review revealed that in fact, approximately half of the authorities included in OIG's annual review were not required to, and did not participate in, the State Furlough Program. OIG's 2010 review will include new information including authority Executive and Board compensation.

Possible Ethics Violations by NJ Sports and Exposition Authority President and Chief Executive Officer

President/CEO resigns; signs ethics consent letter; pays fine

Highlights: While conducting its work related to EO No. 41 in 2007, OIG initiated a specific review of the internal controls in place at State authorities whose enabling legislation allows for the retention of outside legal counsel, including the New Jersey Sports and Exposition Authority (NJSEA). During its review, OIG became aware of relationships between the NJSEA President/Chief Executive Officer (CEO) and the law firm who served as outside general counsel to NJSEA after the CEO's appointment. The CEO frequently conferred with members of the firm on NJSEA matters and voted monthly with NJSEA Board members to approve payment of the law firm invoices.
OIG’s investigation revealed that:

- the CEO had a longstanding personal friendship and professional relationship with a partner in the firm, who had represented the CEO in both his personal and personal business legal matters;
- the CEO’s son was employed by the firm as a summer intern and upon graduation from law school, continuing through the time of OIG’s investigation, as an associate;
- the CEO had not advised the NJSEA Board, NJSEA in-house legal staff, NJSEA Ethics Officer, or the State Ethics Commission (SEC) of his relationships with the firm; and,
- had not recused himself from NJSEA matters involving the firm.

During OIG’s investigation the CEO resigned from his position at the NJSEA. OIG referred its findings to the State Ethics Commission (SEC). The former NJSEA CEO signed a consent letter with the SEC agreeing to pay a fine.

**State Public Employees’ Retirement System Abuses**

*Potential savings of $1 million to State pension system*

**Highlights:** A 2009 OIG report questioned the over 27 year State pension enrollment of a lawyer/partner in a law firm individual simultaneously retained by multiple government entities to provide legal services, specifically questioning the appropriateness of classifying him as an employee eligible for pension credits, rather than as an independent contractor. Over his career, the individual was accruing pension credits and associated benefits potentially worth over a million dollars in State pension benefits.

OIG referred its findings to the Division of Pensions and Benefits to determine whether the credits accumulated under these payment arrangements are warranted. OIG also referred the conduct of the individuals and entities described in its report to the Division of Criminal Justice, State Ethics Commission, Division of Taxation, Department of Labor and Workforce Development, Division of Local Government Services, and the Office of Attorney Ethics to determine whether any action is warranted by them. Treasury recently reported that it is reviewing the Pension eligibility of those individuals. Moreover, OIG is reviewing the conduct of individuals at another authority who appear to have engaged in similar conduct and will refer its findings to the Division of Pensions and other appropriate State agencies for their review.

Many of these individuals ignored the laws passed in 2007 intended to put an end to these pension abuses and have continued to engage in the pension abuses. Their flagrant abuse of the system demonstrates the need to strengthen pensions investigative and enforcement staff.
Internal Controls and Compliance with State Regulations and Executive Orders: South Jersey Transportation Authority and South Jersey Transportation Planning Organization
Immediate savings of $600,000 identified

Highlights: OIG’s two-year review of the South Jersey Transportation Review conducted pursuant to Executive Order No. 41 revealed an absence of, outdated, and noncompliance with existing internal controls leading to wasteful spending and practices including among other things:
- personal use of authority assets;
- lack of an inventory system;
- failure to appoint an Ethics Liaison Officer and other ethics lapses; and
- paying outside counsel exorbitant fees for minimal work.

As deficiencies were identified, OIG advised authority management and the Governor’s Authorities Unit. New board and executive management were appointed, and they in turn took immediate action to address OIG concerns. OIG’s review exemplifies how OIG’s process, in conjunction with an entities’ cooperation, can work and lead to effective, positive change in government on a real-time basis.

Review of Higher Education Student Assistance Authority

Highlights: Authority responsible for $1.3 billion in grants and scholarships and a $6 million reserve has no internal audit function, does not issue an annual report, fails to comply with numerous executive orders and functions with minimal oversight. Despite prior findings by the State Auditor and the Attorney General, the managers continue in place year-after-year. Numerous findings indicate the agency requires a stronger board, a reorganization study, and more oversight, including an internal audit function.

New Jersey Department of Transportation
Employee-Assigned Equipment Review

Highlights: Former Commissioner of the Department of Transportation (DOT) Kris Kolluri asked OIG to assist DOT in its effort to determine whether DOT’s resources were being used efficiently. He also requested OIG’s assistance in determining whether DOT mileage reimbursement for use of personal vehicles as an alternative to utilization of State-owned vehicles has been appropriate or excessive. OIG reported the results of the analysis to Commissioner Kolluri with proposed action items for his consideration intended to assist DOT management in ensuring proper support for issuance of communication devices, equipment and mileage reimbursements. During the course of OIG’s review, Commissioner Kolluri worked to correct certain potential abuses of the mileage reimbursements implementing a new policy that allows for vehicle mileage reimbursement of a personally-owned vehicle only when a State-assigned or pool car is not available.
Letter to Attorney General Anne Milgram
Victims of Crime Compensation Agency (VCCA)

Highlights: In 2008, OIG had been requested to review the VCCA’s operations by the Department of Treasury (Treasury) which had expressed concerns to OIG that VCCA was not following sound fiscal policies and procedures. While conducting its review of VCCA operations, OIG identified substantial items that it believed would be of immediate concern to the Attorney General. OIG wrote to the Attorney General to detail certain initial findings and concerns regarding potentially inappropriate awards of payments to claimants.

After the Attorney General became responsible for VCCA, the Attorney General assigned staff to review the agency’s operations and processes and to identify possible improper payments. The then-Executive Director was terminated and the Attorney General assigned a temporary Executive Director and has since assigned a permanent Executive Director. OIG has met with the United States Department of Justice Inspector General on two occasions and the New Jersey Division of Criminal Justice on two occasions to assist in their review of the program, and cooperated with the State Ethics Commission.

Schools Development Authority Office of the Inspector General

As mentioned earlier in this report, an important recommendation for further improvement of the SCC’s internal controls and efficient construction of schools included in OIG’s 2006 Update Report was for SCC to establish an SCC OIG to help restore the SCC’s overall fiscal integrity. New SCC management welcomed this recommendation, and OIG and SCC entered into a Memorandum of Understanding (MOU) in 2006 to create two additional Assistant Inspector General positions within OIG. This unit is staffed with two experienced attorneys who report directly to, and work at the direction of, the Inspector General but work exclusively on SCC-related issues. The SDA (the SCC replacement authority) has continued that MOU every year as it has been found to provide a valuable function to the leadership and been beneficial to the overall integrity of the organization.

SDA OIG responsibilities include investigating and examining various operations of the SDA to assist in ensuring that the activities of the SDA are performed in an economical, effective, ethical, and efficient manner, to help guard against waste, fraud, abuse and mismanagement, and to identify opportunities for cost savings for SDA’s consideration. These Assistant Inspectors General enjoy full and complete access to SDA records and conduct interviews with SDA staff and entities doing business with the SDA. The Inspector General and two SDA OIG Assistant Inspector Generals have a standing meeting every other week with the Chief Executive Officer (CEO) of the SDA and selected members of SDA staff to discuss ongoing investigations and other matters of concern or interest to SDA OIG or SDA CEO. The meetings have been very productive in bringing important concerns to the surface in identifying possible weaknesses.
SDA OIG work over the last several years includes:

- Removal of the Manager of Design and Construction and one of four Regional Directors for changing the terms of a contract without Board approval to significantly benefit a project management firm.

- Investigation substantiating fraudulent actions by a tenant who submitted a falsified lease to the SDA, causing SDA to overpay a rent supplement to the tenant. SDA OIG referred the results of its investigation to the New Jersey Division of Criminal Justice (DCJ) for further action. DCJ subsequently obtained a three count indictment against the former tenant and the tenant entered a guilty plea to one of the three counts; he was sentenced to three years’ probation and was ordered to pay $10,080 in restitution to the SDA.

- Investigation substantiating allegations that a former SDA employee attempted to represent his new employer, an SDA project management firm (PMF), on a matter in which he had been directly involved while employed at SDA, to obtain payment of a change order worth approximately $600,000. Before negotiations on the change order had concluded, and without the knowledge of SDA management, the individual sought and secured employment with the PMF. When resigning from SDA, the individual misled SDA management into believing that he was going to work for another public agency rather the PMF with whom he had negotiated. Inspector General Cooper referred the matter to the SEC and the Division of Criminal Justice for their review.

- Investigation substantiating an allegation that an SCC employee had invited several SCC vendors with whom he had a professional working relationship with to participate in a golf outing the SCC employee had organized for the benefit of the employee’s church. OIG’s findings and report to management provided the basis for SCC to take disciplinary action against the SCC employee including a two day suspension without pay.

- Numerous investigations substantiating allegations of false certifications made by general contractors to the SDA regarding payments the contractor had made, or would soon make, to subcontractors when in fact the payments were never made to the sub-contractors. SDA OIG refers these matters to DCJ for determination as to whether or not the conduct described warrants further action.

- Investigation substantiating an allegation that an SDA employee misused an SDA-owned E-Z Pass and in doing so, incurred unallowable toll charges while commuting between his residence and the SDA office. The conclusions of SDA OIG’s investigation enabled the SDA to take personnel action against the employee.

- Investigation uncovering an incorrect charge to the SDA of approximately $200,000 by an engineering firm. SDA OIG brought this charge to the attention of SDA management who have begun efforts to recover monies for this “errors and omissions” charge against the engineer.
• Substantiation of an allegation that a then SDA Vice President/COO had made false sworn material statements to the New Jersey State Ethics Commission during an investigation of ethics violations by him directly related to his SDA position. The results of the investigation were referred to the Division of Criminal Justice for a determination of whether further action was warranted.

• Implementation of an individual “Absence of Benefits Certification” by all members of SDA staff, whereby each staff member certifies that he or she has neither sought, nor received, any item or other thing of value in the past calendar year from an interested party. If an employee has received an item that has not been previously reviewed and approved for acceptance by the Authority’s Ethics Liaison Officer, that employee is required to list all such items or things of value on the Absence of Benefits Certification. OIG made this recommendation to SDA and has subsequently recommended that staff at other Authorities who deal with outside vendors sign a similar annual absence of benefits.

• SDA posting at all of its construction sites signage displaying the OIG Hotline number and encouraging the public to contact the Hotline to report suspicions of waste, fraud or abuse in connection with the use of funding for a school construction project.
IV. American Recovery and Reinvestment Act: Federal Stimulus Funds to New Jersey

The Inspector General is a member of the New Jersey Recovery Accountability Task Force, which is charged with assuring transparency and accountability in the distribution of over $17 billion of federal stimulus funds in New Jersey on the state and local level.

The Inspector General and dedicated staff have met with the GAO, attended regularly scheduled Task Force meetings and the Inspector General has established communications with several state and federal agencies to take advantage of training and programs and open lines of communication for best practices.

*Internal Control Training Initiative*

Because of Inspector General Cooper’s experience in the private sector, she realized the importance of adherence to a strong set of internal controls by the recipients of ARRA funds in order to protect these at-risk funds. The Inspector General initiated an aggressive state wide internal control training effort on behalf of the Recovery Accountability Task Force. The Task Force Internal Control sub-group initially included Medicaid Inspector General Mark Anderson and former State Auditor Richard Fair.

First steps taken by the Internal Control sub-group included meeting with the Commissioners at State Departments & Heads of Agencies receiving ARRA funds and/or their top level managers to reinforce the importance of setting the appropriate tone at the top; working with them to identify potential areas of risk of waste and abuse; collaborating with their staff to create an appropriate curriculum; and delivering training to identified individuals charged with spending ARRA funds. These sessions also emphasized evolving issues recently identified by state and federal oversight agencies, including GAO and OMB, concerning the expenditure of ARRA funds.

The sub-group had its first training session in mid-May 2009 and since that time, has met in over 40 sessions and reached over 1,600 individuals representing ARRA recipients at state, county, and local entities. In addition, Task Force Member NJ Chief Technology Officer Adel Ebeid arranged for his staff to record the training sessions and create a training resource library including video recordings of several training sessions, as well as other resources. The training resource library can currently be accessed on OIG’s website: http://www.state.nj.us/oig/ and the Task Force Website: http://www.nj.gov/taskforceresources/

The foresight of the early decision to emphasize internal controls has been reinforced by GAO’s reports where it has been positively mentioned. As a result of these training sessions, the Inspector General has recognized a need for comprehensive, easily referenced internal control guidance for entities. OIG has created an internal control resource guide available on OIG’s website that is constantly updated with new and useful materials.
V. Office of the Inspector General Operational Information

OIG's current FY10 appropriation is approximately $1.677 million and its recommended FY11 appropriation is $1.566. At OIG's inception in 2005, the original appropriation was $2.5 million and the office was approved for 20 FTEs. Since that time, OIG has reduced its annual appropriation by nearly one million dollars and eliminated full-time positions through attrition in order to reach required budget reductions, and still each year realized a surplus of funds that is provided back to the General Treasury funds. Since OIG's creation in 2005, the office has conducted numerous large-scale and small-scale investigations and reviews that have resulted in money rescued\(^1\) as a result of OIG's investigative findings and every year OIG has identified recovery or saving opportunities for the State that in total, far exceed OIG's annual appropriation.

While many of OIG's findings cannot always be easily translated into specific cost savings, the financial benefit to the state is usually clear. For instance, OIG's investigation into the then New Jersey Schools Construction Corporation, now SDA, prevented additional millions of dollars from being wasted and/or mismanaged. OIG's SCC investigation quickly identified an $8.66 billion agency nearly devoid of internal controls and made an immediate recommendation to then Governor Codey to put a halt to spending until SCC could ensure the proper expenditure of the remaining $4 billion of the funds entrusted to it. OIG then monitored the agency as it implemented a robust internal control structure, hiring of new management, and as spending resumed. Although OIG cannot place a specific dollar figure on the amount OIG's SCC investigation protected from waste or mismanagement, it is clearly in the tens of millions of dollars given the speed, magnitude, and haphazard manner in which money was flowing from SCC prior to OIG's investigation.

Perhaps more importantly, OIG's investigations name managers who are responsible for the wrongdoing, mismanagement, and erosion of a government agency's internal control system and provide the evidence to support the removal of several of these managers. OIG has provided this service to State government numerous times thereby putting an end to the incalculable loss associated with the improper activities of these managers.

\[
\begin{array}{c}
\text{OIG Cost Benefit Analysis} \\
\text{\$7,100,000} \\
\text{Rescued \$ (approximate)} \\
\text{\$49,365,000} \\
\text{OIG Expended \$ FY05} \\
\text{FY10 (approximate)}
\end{array}
\]

\(^1\) Rescued funds include but are not limited to the following: funds that have been reimbursed to the State; disbursements prevented and/or stopped due to contract cancellations, project cancellations, or the cessation of grants; and, funds where reimbursement is being sought and pending.
Still, OIG has been able to specifically identify over $49 million that it has rescued in its just over five years of existence including approximately:

- **$40 million** in State funds prevented from being misspent on the EnCap project as the project was halted;
- **$4 million** in liquidated damages that should have been assessed but were not by DOC against the vendor CMS, for failure to meet contract requirements;
- **$700,000** in overcharges to DOC by CMS for improper management fees;
- **$2.3 million** in DAS grant funds rescued from a pattern of misuse by the grantee due to DAS’ early termination of the grant;
- **$1.76 million** in misspent or unused grant funds provided to DAS grant recipient recommended for reimbursement;
- **$600,000** in immediate savings due to the reduced cash waiver of benefits and longevity pay benefit and elimination of attorney retainers at SJTA initiated in response to OIG’s findings; and
- **$5,000** ethics fine paid to the State by former NJSEA President/CEO.

These recognized rescued funds more than justify OIG’s budget and represent a significant benefit, with a negligible cost, to the State. As the above figure shows, the total amount of funds expended on OIG in the five years of its existence is a mere fraction of the amount rescued. Indeed, this partial picture of the benefits of OIG’s work means that for every $1 spent on OIG operational costs, approximately $7 of state money is being rescued with an even larger amount being protected from future waste or mismanagement.
May 27, 2010

Senator Barbara Buono
Two Lincoln Highway
Suite 401
Edison, NJ 08820

Dear Senator Buono:

Thank you for the opportunity to address the Governor's proposed consolidation plan. Ultimately, whether our office is consolidated under the State Comptroller is a policy decision to be determined by the Governor and the Legislature. As such, I can only comment on our role as an oversight agency. Additionally, I do not have information available to me regarding the potential cost savings that the consolidation may achieve.

As you know, the Office of the Medicaid Inspector General is the only state-wide agency charged with preventing, detecting, and investigating Medicaid fraud, waste, and abuse: Given our specific focus, there is little to no overlap with other state oversight agencies with respect to investigations, audits and recoveries. Our office has four units: Investigative (25 people), Third-Party Liability (8 people), Recovery, Auditing and Data Mining (9 people), and Regulatory (1 person). The Governor's proposed budget has our office expanding to include three additional people in fiscal year 2011. Because these units work in tandem, it is not possible to breakdown how each of these individual units leads to cost savings for the State. Collectively, however, these units provided recoveries and cost avoidance in the amount of approximately $269 million in 2009. Approximately half of those savings directly benefitted the State because the other half was returned to the federal government which provides partial funding for the Medicaid program.

As further background on our office, I enclose a copy of our FY 2009 Annual Report. Our annual report reflects our work from March 2009, when our office started, through October 2009. Please do not hesitate to contact me with any questions you have.
Again, thank you for the opportunity to address the Committee.

Sincerely yours,

OFFICE OF THE MEDICAID INSPECTOR GENERAL

BY: [Signature]
Mark Anderson

MA/dmd
Enc.
Senate Legislative Oversight Committee
Consolidation Hearing
June 2, 2010
Opening Statement

Good morning Chairwoman Buono and distinguished members of this Committee.

I am Mark Anderson, Medicaid Inspector General. With me today is my First Assistant Medicaid Inspector General, Mark Moskovitz, and my Chief of Staff, Niki A. Trunk. Thank you very much for the opportunity to appear before you today to discuss the Governor’s proposed consolidation plan. Let me say at the outset, that ultimately, the decision to consolidate our office under the Office of State Comptroller is a policy decision to be made by the Governor and the Legislature. Additionally, I do not have information available to me regarding the potential cost savings that the consolidation may achieve. Accordingly, I view as my job today to simply provide information to the Committee about the Office of Medicaid Inspector General.
Our office is charged with oversight of New Jersey’s $10 billion Medicaid program, approximately $4-5 billion of which is contributed by the State, and the remainder by the federal government. Specifically, our office is the only state-wide civil agency that is statutorily authorized to prevent, detect, and investigate Medicaid fraud, waste and abuse and recover monies owed back to the state as a result. As such, there is little to no overlap with other state oversight agencies with respect to our investigations, audits and recoveries. Our work last year, our first year in operation, yielded recoveries and cost savings of $269 million, approximately half of which is returned to the federal government.

Perhaps the only state agency which also investigates Medicaid providers is the Medicaid Fraud Control Unit within the Attorney General’s office. That Unit is tasked with pursuing provider Medicaid fraud criminally. We have daily and weekly interaction with the Medicaid Fraud Control Unit on pending cases, as well as discussing potential new fraud schemes. In fact, our offices often work side-by-side in seeking both civil and criminal remedies against an unscrupulous provider. Both our office and the Medicaid Fraud Control Unit are partially funded by the federal government. The federal government funds the salaries of the majority of our employees at 50%-75%. I believe they fund 75% of the Medicaid Fraud Control Unit staff. As a result of this funding structure, the federal government would not fund our
employees working on assignments that do not achieve or enhance Medicaid program integrity.

Given the enormity of the dollars at stake, as well as the one million vulnerable New Jersey residents who are Medicaid recipients, our investigations, our audits, and our data mining efforts all require specific working knowledge of Medicaid rules and regulations. We meet periodically with senior personnel at Departments that receive Medicaid money for their programs including: Health and Senior Services; Human Services; and Children and Families. We have received investigative referrals from each one of these departments. These referrals have resulted in joint investigations with these Departments.

As a result of our meetings with the Commissioner of Human Services, and the Director of the Medicaid Division, we have identified certain specific Medicaid program integrity functions, previously handled by the Department of Human Services, that are better suited for our office. For example, Section 6032 of the Federal Deficit Reduction Act of 2005 requires entities that make or receive annual Medicaid payments of $5 million or more to certify annually that they have written policies regarding the Federal False Claims Act and its availability for use by employees, contractors and agents of the entities. The entities must also certify that they have written policies regarding the civil and criminal penalties pertaining to making false claims and statements, and policies on whistleblower protection. Entities who receive over $10 million annually in
payments have to provide additional documentation to support the certification. Because this is a compliance function, we thought the monitoring of this statutory requirement should be in our hands.

Additionally, we now make the initial decisions on whether certain categories of providers will be permitted to enter the Medicaid program based on our background checks, and whether providers will be excluded from the program based on fraudulent behavior. Previously, the initial decisions on these actions rested within the Medicaid Division. As the independent oversight agency of the Medicaid program, we felt it best, and the Medicaid Division agreed, that the initial decisions on these types of actions should be made by our office.

We also serve as the watchdog over the Charity Care program. We work with an outside vendor to proactively and retroactively address Charity Care third party liability issues. This new program became active beginning in 2010, and through April, there have been over $700,000 in additional recoveries.

Other areas that require our expertise include our Data Mining and Third Party Liability staff. In addition to running federally-mandated reports, our data miners run reports to identify outliers in the Medicaid program. For example, in reaction to a federal report on false ultrasound reporting, our data mining medical review analysts ran reports specific to New Jersey, and identified new potential areas of fraud and abuse. Specifically, they identified suspect billing practices by providers, such as a
provider billing for more than four ultrasounds for the same patient on the same day. Obviously, we are pursuing these providers, and, in fact, based on our investigation, hope to issue a report soon on our findings and total amount of recovery. Our Third Party Liability unit initiated an investigation of pharmacies who were using an override edit to bill Medicaid first, instead of billing the contractually responsible third party. Working with the state’s Medicaid Fiscal Intermediary, our Third Party Liability unit is in the process of identifying recovery amounts for these pharmacies.

As a new office, we felt it important to expend significant efforts to raise our visibility. I believe our efforts have resulted in unquantifiable deterrence for potential fraudsters, as well as increased referrals from numerous sources throughout the state for follow-up investigation or audit. We are also in the process of finalizing our first OMIG workplan. The workplan will provide a guide for Medicaid stakeholders throughout the state of what we will focus on from an auditing and investigative perspective for fiscal year 2011. Simply put, it is our Medicaid risk assessment for the state. We have also implemented a self-disclosure policy which allows for providers to report their own errors. We have received three self-disclosure reports to date, one for $1 million dollars. While we investigate these self-disclosures to confirm the amount owed, this policy encourages compliance with hospitals and providers throughout the state because under such circumstances, we may waive penalties and fees when the disclosure proves accurate. Additionally, we work with these providers to improve
their billing procedures to prevent these errors from occurring again. Finally, we are working with the Medicaid Fiscal Intermediary to conduct provider training to correct abusive and wasteful billing practices.

Our 2009 recoveries and cost savings amount of $269 million represented a 34% increase over the previous year. I believe that this increase is attributed in part to the independent nature of our office, and the specific focus that it is has with respect to the Medicaid program. Our enabling statute in many ways mirrors New York OMIG's enabling statute. The independent nature of that office, and its reporting structure has enabled that office to bring hundreds of millions dollars back to New York State. Accordingly, I believe maintaining staff dedicated to the specific mission of the Medicaid program is crucial to our continued success.

With that, I welcome any questions the committee may have.
STATE OF NEW JERSEY
OFFICE OF THE MEDICAID INSPECTOR GENERAL

Mark Anderson, Medicaid Inspector General

2009
Annual Report

Jon S. Corzine
Governor
October 30, 2009

The Honorable Jon S. Corzine
Governor, State of New Jersey
State House
Trenton, NJ 08625

Dear Governor Corzine:

Enclosed is the first Annual Report for the Office of the Medicaid Inspector General summarizing the highlights of our agency since we began operations in March 2009. The Office of the Medicaid Inspector General appreciates the opportunity to address New Jersey's Medicaid fraud, waste, and abuse problems. Our staff has identified numerous new strategies to control and prevent fraud, waste, and abuse in the Medicaid program. We have also recovered funds and provided costs savings for this period in the amount of $193,317,604, a 14.87% increase over this same period last year.

This report includes information about investigations, audits, administrative actions, referrals, and civil actions initiated and completed by the Office of the Medicaid Inspector General.

It is an honor and privilege to serve as the Medicaid Inspector General for the State of New Jersey and I am proud of our office's accomplishments and look forward to continuing the valuable services our office provides.

Respectfully,

Mark Anderson
Medicaid Inspector General

cc: Edward McBride, Chief Counsel, Office of the Governor
The Honorable Richard J. Codey, Senate President, New Jersey State Senate
The Honorable Joseph J. Roberts, Jr., Speaker, New Jersey General Assembly
Statement from the Medicaid Inspector General

It is an honor to present the first Annual Report for the Office of the Medicaid Inspector General (OMIG) introducing our Office and highlighting the major accomplishments and investigations conducted by our staff since we opened our doors on March 16, 2009, including a 14.87% increase of recoveries and cost savings over the same period last year.

In order to achieve our objectives of detecting, preventing, and investigating fraud and abuse in the Medicaid, FamilyCare, and Charity Care programs, we have begun to implement a number of initiatives. One of those initiatives is to reach out to all 21 counties in the State of New Jersey to coordinate with them on recipient fraud issues and to discuss the problems they face. We have met with over half of the 21 counties to date and continue to receive fraud and abuse referrals from the counties as a result of our efforts.

We are also focused on marketing our office through various tools, including the recent launch of our website which includes additional ways to report fraud, waste, and abuse to our office, a Medicaid fraud poster for providers to download and display in their offices, and a listserv so that the public can track our accomplishments.

We also meet regularly with the Departments of Human Services, Health and Senior Services, and Children and Families to discuss case referrals and proposed regulations affecting both recipients and providers and recent fraud and abuse trends in Medicaid, FamilyCare and Charity Care, among other things. It is OMIG's goal to work
closely with these Departments as an independent partner in ferreting out Medicaid fraud and abuse.

We are meeting with provider groups across the state in order to educate them about our office. We hope these meetings will facilitate effective communication about Medicaid fraud and abuse and give providers an opportunity to refer potential fraud and abuse cases in their industry to our office.

As part of our investigative role, we are conducting surveillance work on both providers and recipients based on, among other things, tips we receive. This type of work has and will continue to yield fruit, resulting in increased recoveries and criminal referrals. Additionally, we are in the process of establishing our Audit and Regulatory Units. Our Audit Unit will be reviewing cost reports and claims submitted by providers in order to determine whether there is overbilling and possible indicia of fraud. Our Regulatory Unit will work very closely with the Attorney General’s office on cases that go to litigation as well as the various departments that administer the Medicaid programs to recommend proposed regulatory changes to the programs.

We regularly communicate with the Attorney General’s office regarding whistleblower cases involving Medicaid fraud filed under the Federal and New Jersey False Claims Acts. We also coordinate with the U.S. Attorney’s office on cases that may have both federal and state implications. Lastly, we are meeting with other Offices of Medicaid Inspector Generals to share information on Medicaid fraud and abuse, in the hopes of being less reactive and more proactive.

In this Annual Report, you will find further information on the background of our office, our staff, and some of our investigations, as well as ways to contact our office. It is our honor to serve you and to ensure that, especially in these difficult
financial times, that the State's Medicaid program dollars are being spent appropriately, not wastefully, and that the people who need the program most are benefitting.

Very truly yours,

Mark Anderson

Medicaid Inspector General
Office of the Medicaid Inspector General Mission and Background

Signed into law on March 16, 2007, the Medicaid Program Integrity and Protection Act (The Act) established the Office of the Medicaid Inspector General. On December 15, 2008, Mark Anderson was confirmed as the first Medicaid Inspector General for the State of New Jersey. Administratively, OMIG’s Chief of Staff, Niki A. Trunk, and First Assistant Medicaid Inspector General, Mark Moskovitz, provide assistance to the Medicaid Inspector General and our team of investigators, specialists, and analysts ensure the successful daily operation and long-term functioning of the office. Our mission: To improve and enhance the efficiency of the New Jersey Medicaid, FamilyCare, and Charity Care Programs by preventing, detecting and investigating fraud and abuse in these programs.

The Act provides that OMIG be independent so that it can function as a “watchdog” over the State’s Medicaid programs. Efforts were undertaken, by creating our office, to separate the administrative functions and program integrity while still preserving the single state agency structure required by Federal law. Therefore, while the OMIG still makes recommendations to the Department of Human Services’ Division of Medical Assistance and Health Services (DMAHS) regarding enrollment and regulations, OMIG is an independent agency.

The OMIG staff of 45 full-time employees, is comprised of investigators, physician specialists, nurses, and claims reviewers. Our staff, many of whom were transferred from DMAHS, are dedicated and committed to ferreting out fraud, waste, and abuse in the Medicaid system. The New Jersey “Medicaid Program Integrity and Protection Act”, N.J.S.A. §30:4D-53 et al., defines fraud as:
An intentional deception or misrepresentation made by any person with the knowledge that the deception could result in some unauthorized benefit to that person or another person, including any act that constitutes fraud under applicable federal or state law.

N.J.S.A. §30:4D-55. "Abuse" is defined:

Provider practices that are inconsistent with sound fiscal, business, or medical practices and result in unnecessary costs to Medicaid or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. The term also includes recipient practices that result in unnecessary costs to Medicaid.

The federal Government Accountability Office defines waste as "a transgression that is less than fraud and abuse. Further, most waste does not involve a violation of law, but rather related primarily to mismanagement, in appropriate actions, or inadequate oversight." The National Health Care Anti-Fraud Association (NHCAA) illustrates examples of Medicaid fraud, waste and abuse:

- Billing for services never rendered, either by using genuine salient information, sometimes obtained through identity theft, to fabricate claims or by padding claims with charges for procedures or services that did not take place.
- Billing for more expensive services or procedures than were actually provided, or performed, commonly known as "upcoding" — i.e., falsely billing for a higher-priced treatment than was actually provided.
- Performing medically unnecessary services solely for the purpose of generating payments:
Office of the Medicaid Inspector General

2009 Annual Report

- Misrepresenting non-covered treatments as medically necessary covered treatments for purposes of obtaining insurance.
- Falsifying a patient's diagnosis to justify tests, surgeries, or other procedures that are not medically necessary.
- Unbundling, or billing each step of a procedure as if it were a separate procedure.

OMIG Units

Some of the functions, generally, of the OMIG are: pursuing civil and administrative enforcement actions against those who engage in fraud, waste, or abuse or other illegal or inappropriate acts perpetrated within the Medicaid program; and apprising the Governor and the heads of agencies with responsibility for the administration of the Medicaid, Family Care and Charity Care programs of efforts to prevent, detect, investigate, and prosecute fraud, waste and abuse within the Medicaid system. Consistent with the obligations of the office's enabling legislation, the Office of the Medicaid Inspector General is currently in the process of drafting regulations and creating compliance guidelines to assist providers in the development and implementation of their own compliance programs. OMIG is seeking input from key stakeholders to provide guidance that will be sufficiently comprehensive and useful.

OMIG has four units: Data Mining; Investigations; Recovery; and Third Party Liability.

Data Mining

The Data Mining Unit looks for unusual patterns in claim reimbursement from providers and refers findings to the Investigations Unit. This Unit also works with the
Investigations Unit and meets with other states’ Medicaid Inspector General data mining units staff to identify new schemes to generate data reports and potentially identify different fraud and abuse patterns to refer to our investigators.

OMIG also works with state, local, and federal entities to acquire non-Medicaid data, such as vital statistics, and Medicare data from additional sources to maximize the utility of these tools and improve our ability to expose anomalous behavior.

Investigations

The Investigations Unit is charged with looking into various medical providers including, but not limited to, adult medical daycare centers (AMDCs), pharmacies, laboratories, and durable medical equipment providers. It conducts investigations of Medicaid, FamilyCare, and Charity Care providers and recipients. When fraud and abuse is discovered, we initiate administrative action or refer it to the state Attorney General for criminal prosecution.

Administrative actions include the exclusion or termination of providers from the Medicaid Program, monetary penalties, suspension of Medicaid privileges for a specified period of time, and the restriction of a Medicaid recipient to a single provider of a particular service.

Provider issues that could result in criminal prosecution are referred to the New Jersey Office of the Attorney General’s Medicaid Fraud Control Unit (MFCU) for possible criminal prosecution. In order for the OMIG to be truly effective, it is vital that a high level of cooperation and coordination exists between the MFCU and the OMIG. Established by State law and federal regulations, MFCU is the first referral destination for all cases of suspected provider fraud, where there is potential criminal liability.
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Our Investigators receive allegations of fraud, waste, and abuse from many sources including, but not limited to: the New Jersey Medicaid fraud hotline (1.888.937.2835); other state and federal agencies; the New Jersey Departments of Human Services and Health and Senior Services; state agency websites; in-house referrals; Explanation of Medical Benefits (EOMB) responses; written correspondence; information brought to the attention of an investigator during the course of unrelated investigations; media; county welfare agencies; and Medicaid recipients.

Hotline contact information is disseminated to the public through a number of avenues including the distribution of posters and the OMIG website. Calls to the hotline are reviewed by OMIG staff for assignment and investigation.

Recovery

Our Recovery Unit sends out Notices of Claims and Notices of Demands, works with federal authorities to ensure that the federal government receives its monetary share of a recovery once a recovery is identified and/or received, works with DMAHS to ensure fraudulent providers are terminated, and recovers the money from providers and recipients on behalf of the State of New Jersey.

Third Party Liability (TPL)

Medicaid is the payor of last resort, but providers often do not bill the responsible third party insurer. A significant amount of the State’s Medicaid recoveries are the result of the OMIG’s efforts to obtain payments from third party insurers responsible for services inappropriately reimbursed by Medicaid funds. Since Medicaid is the payor of last resort, the Third Party Liability Unit (TPL), working with an outside
vendor, seeks to determine whether Medicaid recipients have other insurance. If the beneficiary has other insurance, TPL recovers money from the private insurer.

There are two main methods for determining if a recipient has third party insurance coverage: identification of insurance during the Medicaid eligibility intake process at the local county welfare agency (CWA); and a state contractor identifies the client's third party's insurance not reported during intake.

Third party insurance coverage, Medicare and/or commercial, should be identified during the intake process at the CWA. Applicants for Medicaid services complete paperwork at these agencies and identify any third party health insurance coverage they have, including policy information. In addition, the state contractor routinely processes matches with the Centers for Medicare and Medicaid Services (CMS) and commercial insurance carriers to identify third party insurance coverage. Additional third party information identified by the contractor is used to update the client eligibility file. As a result of our contract with our current state vendor, we have recovered and provided cost savings to the State in the amount of $176,662,042, through October 2009.

Highlights

Overview

The Office ends its first seven months having identified numerous new strategies to control and prevent fraud, waste, and abuse in the Medicaid program. The Office obtained recoveries and cost savings of $193,317,604 through October 2009.
Our first days and weeks in operation consisted of establishing Memorandums of Understanding with other State Agencies, meeting with the counties to educate them on our office and offer our services, and implementing new marketing tools such as the launch of our website.

Additionally, the Center for Medicare and Medicaid Services (CMS) conducted a previously scheduled audit of our Investigations Unit. We are proud to report that CMS was so impressed with the practices of our Special Projects Unit (SPU) within the Investigations Unit that CMS is going to recommend these practices be utilized in other Investigation units across the country. The SPU conducts background checks to ensure the integrity of the enrollment process into the Medicaid Program. Since March, our SPU staff has prevented 14 pharmacies from enrolling in the Medicaid program because of various concerns including: pending licensing actions by the Board of Pharmacy, failing to disclose required information on applications, pending criminal investigations or actions, and filing applications on behalf of non-operational pharmacies. By preventing these pharmacies from becoming Medicaid providers, we have avoided potential fraud, waste and abuse. Below are some of the investigations we have conducted, and the recoveries we have made in our short time of operation.

Investigations and Recoveries

In both coordination with and independent of the Department's of Human Services and Health and Senior Services, our Investigations Unit has conducted extensive investigations of numerous providers and recipients.

For example, one recipient became a subject of investigation by our office when she drastically under-reported her income. She stated she had a household income of $15,000 but neglected to put on her Family Care application that she was living with her
children's father in a house valued at $900,000. When contacted by one of our investigators, she refused to provide copies of prior years' tax returns and disenrolled from Family Care. She received the benefit coverage for herself and her child in the amount of $9,034.62. We recovered a compromised amount of $6,500 on June 17, 2009.

Our investigations of providers include pharmacists and pharmacies that employ them. For example, our Special Projects Unit performed a background check of a pharmacy in Colts Neck, NJ. During the course of this investigation, our SPU investigators discovered that the owner's husband was working at another New Jersey pharmacy as a pharmacist even though he has been federally excluded for 13 years because of a conviction in New York in 2005. In order to obtain employment with this pharmacy, the excluded pharmacist failed to answer an employment application seeking to know whether the applicant had ever been federally excluded from participating in any federal health care programs. Our SPU unit is currently seeking revocation of this pharmacist's pharmacy license from the Board of Pharmacy. This case has additionally been referred to our Recovery Unit and we are seeking recovery of approximately $3,000,000.00.

Our investigators also ensure all providers are properly credentialed. For example, Comm-Unity, a Partial Care Provider, operated with a Clinical Director who did not meet credentialing standards as required by regulations. As a result of an investigation conducted by our staff, we recovered $71,140.87 through settlement on May 15, 2009 because this Director was not properly credentialed.

Similarly, our investigators revealed that Medi Taxi, a medical transportation provider, billed Medicaid for trips where recipients were driven to their destinations by unlicensed drivers in violation of state law. Investigators referred this case to our
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Recovery Unit which filed a Notice of Claim on July 20, 2009 for $60,202.50 including principal and interest. This claim is still pending.

Likewise, our Recovery Unit recently filed a Notice of Claim against Delta Invalid Coach, Inc., another transportation provider, for $289,483 in principal and $29,390.26 in interest for a total claim of $318,893.26 because our Investigations Unit uncovered that Delta operated from April 3, 2007, through January 30, 2008, without possessing valid liability insurance as required by regulation. To date, our Recovery Unit has withheld $25,891.25 in Medicaid payments to this provider and will continue to withhold payments on a weekly basis.

Finally, our investigators identified $204,313.44 in false claims from Drug Fair Group who provided services for Medicaid, PAAD and FamilyCare recipients at its Bridgewater Pharmacy, not an approved Medicaid provider, but billed using the provider number of other Drug Fair pharmacies which were approved providers. Our Recovery Unit has filed a Notice of Claim and this case is also currently pending.

Our office also receives referrals from other federal, state and local entities. For example, based on a phone call from the Department of Agriculture advising our staff that one or more owners of Horizon Adult Medical Day Care in Patterson would be pleading guilty for fraud and settling a case with the U.S. Attorney's Office, we found that Horizon routinely overbilled for beneficiaries who were either out on specific days, attended intermittently, or never attended at all, thus inflating the payments this center received. We recovered $401,054.88.

As a result of these and other efforts as well as through the success of our TPL unit, we have recovered and provided cost savings amounting to a total of $193,317,604
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from March 16, 2009 through October 20, 2009, an increase of 14.87% over last year for the same period.

Because of his role as Medicaid Inspector General, Mark Anderson was also appointed by Governor Jon S. Corzine to serve on the Governor’s ARRA Task Force which oversees the receipt of federal ARRA stimulus dollars by the State of New Jersey. Mr. Anderson also serves on the Task Force’s Internal Control’s subcommittee where he, along with the Inspector General Mary Jane Cooper, educates state agencies on their internal controls and shows them how to prevent fraud, waste and abuse in their receipt of these funds. For more information on the Task Force or these internal controls training, please visit www.nj.gov/recovery.

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If you suspect fraud, waste or abuse in the Medicaid, Family Care and/or Charity Care programs, please call our hotline at 1.888.937.2835, email us at njmedicaidfraud@omig.state.nj.us or submit a form electronically on our website:

www.nj.gov/njomig