

SENATE, No. 1424

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Expands audit powers of State Auditor; requires online publication of certain materials; requires performance review audits of certain business incentive programs.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the powers and duties of the State Auditor,
2 amending R.S.52:24-4, and supplementing Title 52 of the
3 Revised Statutes.

4

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

7

8 1. R.S.52:24-4 is amended to read as follows:

9 52:24-4. a. It shall be the duty of the State Auditor to conduct
10 post-audits of all transactions and accounts kept by or for all
11 departments, offices and agencies of the State Government, to
12 report to the Legislature or to any committee thereof and to the
13 Governor, and to the Executive Director of the Office of Legislative
14 Services, as provided by this chapter and as shall be required by
15 law, and to perform such other similar or related duties as shall,
16 from time to time, be required by law.

17 b. The State Auditor shall personally or by any duly authorized
18 assistants, or by contract with independent public accountant firms,
19 examine and post-audit all the accounts, reports and statements and
20 make independent verifications of all assets, liabilities, revenues
21 and expenditures of the State, its departments, institutions, boards,
22 commissions, officers, and any and all other State agencies, now in
23 existence or hereafter created, hereinafter in this chapter called
24 "accounting agencies."

25 c. The State Auditor shall conduct, at the direction of the
26 Legislative Services Commission or of the presiding officer of
27 either house of the Legislature or on the State Auditor's own
28 initiative, a performance review audit of any program of any
29 accounting agency, any independent authority, or any public entity
30 or grantee that receives State funds or funds from a political
31 subdivision of the State, in a manner that is consistent with the
32 Government Auditing Standards for performance audits utilized by
33 the United States Government Accountability Office or its
34 successor.

35 d. When the State Auditor conducts any audit or performance
36 review audit, the accounting agency, or authority, entity or grantee,
37 shall respond in writing to each item in the State Auditor's report
38 and the State Auditor, at an appropriate time determined by the
39 State Auditor, shall conduct a post-audit review of the accounting
40 agency's, **[or]** authority's, entity's, or grantee's **[,]** compliance with
41 the State Auditor's recommendations.

42 e. The officers and employees of each accounting agency, **[or]**
43 authority, entity, or grantee **[,]** shall assist the State Auditor, when
44 and as required by the State Auditor, and provide the State Auditor
45 with prompt access to all records necessary for the State Auditor to

EXPLANATION – Matter enclosed in bold-faced brackets **[thus] in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 perform the duties of the State Auditor, notwithstanding any
2 statutory or regulatory requirements of confidentiality with regard
3 to the records, for the purpose of carrying out the provisions of this
4 chapter. The State Auditor shall report the failure of any
5 accounting agency, or authority, entity, or grantee **[,]** to provide
6 prompt access to any relevant record to the presiding officer of each
7 house of the Legislature. The State Auditor shall not disclose a
8 confidential record provided by an accounting agency, **[or]**
9 authority, entity, or grantee, except as may be necessary for the
10 State Auditor to fulfill any constitutional or statutory
11 responsibilities. Working papers prepared by the State Auditor
12 shall be confidential and shall not be considered government
13 records under P.L.1963, c.73 (C.47:1A-1 et seq.).

14 f. The State Auditor shall conduct audits of the New Jersey
15 Transit Corporation in accordance with the requirements of
16 subsection a. of section 6 of P.L.2018, c.162 (C.27:25-5.24).

17 g. Notwithstanding any law to the contrary, post-audits and
18 performance review audits shall be conducted within the limits of
19 the resources and personnel available to the State Auditor. If
20 resources and personnel are insufficient to conduct all such required
21 post-audits and performance review audits, the State Auditor may
22 prioritize certain audits and forgo others upon notice to the
23 Governor and the presiding officer of each house of the Legislature.

24 h. The State Auditor shall prominently publish on the
25 homepage of the Legislature's Internet website, for a period of at
26 least 14 calendar days immediately following public release, each
27 report and the results of each audit and performance review audit
28 prepared by the State Auditor. The State Auditor shall also publish
29 each report and the results of each audit and performance review
30 audit prepared by the State Auditor on an Internet webpage
31 maintained by the State Auditor.

32 (cf: P.L.2018, c.162, s.11)

33

34 2. (New section) a. In addition to the powers and duties of
35 the State Auditor described in R.S.52:24-4, at least once every two
36 years, the State Auditor shall, in a manner that is consistent with the
37 Government Auditing Standards for performance audits utilized by
38 the United States Government Accountability Office or its
39 successor, conduct a performance review audit encompassing a
40 review of each business assistance or incentive program
41 administered or provided by the New Jersey Economic
42 Development Authority, established pursuant to section 4 of
43 P.L.1974, c.80 (C.34:1B-4), that provides monetary or financial
44 assistance in any form including, but not limited to, a grant, loan,
45 loan guarantee, tax credit, tax exemption, or other monetary or
46 financial benefit awarded to a person or entity to assist the person
47 or entity in the conduct or operation of any trade, occupation,

1 profession, or business, including, but not limited to, film and
2 digital media production businesses, in the State.

3 b. Within six months of completing a performance review audit
4 required pursuant to subsection a. of this section, the State Auditor
5 shall prepare a report on the findings of the performance review
6 audit. The State Auditor shall, pursuant to section 2 of
7 P.L.1991, c.164 (C.52:14-19.1), transmit a copy of the report to the
8 Legislature.

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10 3. This act shall take effect immediately.

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13 STATEMENT

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15 This bill relates to the powers and duties of the State Auditor.
16 Under the bill, the State Auditor is granted the authority to audit
17 certain entities that receive funds from political subdivisions of the
18 State and is required to conduct certain performance review audits.

19 The bill requires the State Auditor to prominently publish on the
20 Legislature's Internet homepage, for a period of at least 14 calendar
21 days, each report and the results of each audit and performance
22 review audit prepared by the State Auditor. The State Auditor is
23 also required to publish these documents on an Internet webpage
24 maintained by the State Auditor.

25 The bill requires the State Auditor to conduct a performance
26 review audit of New Jersey Economic Development Authority
27 (EDA) business assistance or incentive programs, at least once
28 every two years. The bill requires the State Auditor to transmit a
29 copy of the report to the Legislature. The bill specifies that
30 performance review audits are required to be conducted for any
31 program or incentive administered or provided by the EDA that
32 provides monetary or financial assistance in any form including, but
33 not limited to, a grant, loan, loan guarantee, tax credit, tax
34 exemption, or other monetary or financial benefit awarded to a
35 person or entity to assist the person or entity in the conduct or
36 operation of any trade, occupation, profession, or business,
37 including, but not limited to, film and digital media production
38 businesses, in the State.