

52:15C-1 to 52:15C-16

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 52
NJSA: 52:15C-1 to 52:15C-16 (Establishes an independent Office of State Comptroller and consolidates financial audit and performance reviews of State and local government units)

BILL NO: A2 (Substituted for S15)

SPONSOR(S) Watson Coleman and others

DATE INTRODUCED: January 4, 2007

COMMITTEE: **ASSEMBLY:**

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 29, 2007

SENATE: January 25, 2007

DATE OF APPROVAL: March 15, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (First reprint enacted)

A2

[SPONSOR'S STATEMENT:](#) (Begins on page 22 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

LEGISLATIVE FISCAL NOTE: No

S15

[SPONSOR'S STATEMENT:](#) (Begins on page 22 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL NOTE:](#) [Yes](#)

VETO MESSAGE: No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Corzine signs first batch of major tax reform bills," Burlington County Times, March 16, 2007, p.B-1

"Corzine signs first batch of tax reform legislation," Courier News, March 16, 2007, p.A-3

"Corzine signs reform bills aimed at saving money," The Record, March 16, 2007, p.A04

"Corzine signs first batch of tax-reform legislation," The Press, March 16, 2007, p.A4

"Corzine signs first batch of major tax reform bills," The Trentonian, March 16, 2007, p.8

"N.J. getting fiscal watchdog," Home News Tribune, March 16, 2007, p.A5

"Comptroller, 2 other bills in tax-reform effort signed," Asbury Park Press, March 16, 2007, p. A1

"Corzine signs bills liked to tax reform," Courier-Post, March 16, 2007, p.3B

"Corzine signs three key bills," The Times, March 16, 2007, p.01

"Corzine enacts 3 pieces of tax reform," The Star-Ledger, March 16, 2007, p.19

RWH 4/11/08

Title 52.
Chapter 15C
(New)
State Comptroller
§§1-15, 33 -
C.52:15C-1 to
52:15C-16
§34 - Note to
§§1-33

P.L. 2007, CHAPTER 52, *approved March 15, 2007*
Assembly, No. 2 (*First Reprint*)

1 **AN ACT** establishing an independent Office of State Comptroller,
2 consolidating financial audit and performance reviews of State
3 and local government units, revising various parts of statutory
4 law and supplementing Title 52 of the Revised Statutes.

5

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

8

9 1. (New section) The Legislature finds and declares that:

10 As the size of State and local government agencies and
11 authorities have grown over the last several decades to meet
12 growing demands for governmental assistance and programs to
13 meet new and growing societal needs, the State's ability to manage
14 the various governmental systems of public financial control and
15 accountability have not matched the State Government's
16 responsibility to subject governmental financial activities to
17 uniform, meaningful, and systematic public scrutiny;

18 Meeting the responsibility for overseeing and promoting the
19 professional conduct of internal audits, providing assurance on the
20 adequacy of internal financial controls within agencies of
21 government, including assessing the adequacy of controls over
22 financial management, contracting, financial reporting and the
23 delivery of government programs and activities with due regard to
24 efficiency, effectiveness and economy is a fundamental duty of
25 governmental officials to the taxpayers and public whom they
26 serve;

27 The Governor has the responsibility to manage the operations of
28 the Executive branch of State government, including oversight of
29 all entities exercising executive branch authority, public institutions
30 of higher education, units of local government and boards of
31 education, efficiently and effectively supported by audit and
32 oversight functions that strengthen public accountability with the
33 goal of increasing public trust and confidence that every tax dollar
34 collected by government is spent wisely and well;

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted January 25, 2007.

1 There is a compelling need for State government to put into
2 practice the presumption that there will be independence and
3 integrity in the financial oversight of the discharge of its duties and
4 responsibilities carried out in a manner and under a structure that
5 safeguards the fiscal resources with which it has been entrusted; and

6 There is a need, therefore, to establish an independent Office of
7 the State Comptroller which will report directly to the Governor, to
8 ensure that these responsibilities are met.

9
10 2. (New section) a. There is established an Office of the State
11 Comptroller. The office shall be established in the Executive
12 Branch of the State government and for the purposes of complying
13 with the provisions of Article V, Section IV, paragraph 1 of the
14 New Jersey Constitution, the office shall be allocated in, but not of,
15 the Department of the Treasury. Notwithstanding this allocation,
16 the office shall be independent of any supervision or control by the
17 State Treasurer, or the department or by any division, board, office,
18 or other officer thereof.

19 b. The State Comptroller shall report directly to the Governor.

20 c. The State Comptroller shall submit requests for the budget
21 of the office directly to the Governor who shall review the requests
22 and forward them to Division of Budget and Accounting in the
23 Department of the Treasury.

24
25 3. (New section) a. The Office of the State Comptroller shall
26 be administered by the State Comptroller. The State Comptroller
27 shall be appointed by the Governor with the advice and consent of
28 the Senate. The State Comptroller shall be a person qualified by
29 education, training, and prior work experience to direct the work of
30 the office and to perform the duties and functions and fulfill the
31 responsibilities of the position.

32 b. The State Comptroller shall serve for a term of six years and
33 until a successor is appointed and has qualified. No person who has
34 served as State Comptroller for two successive terms, including an
35 unexpired term, shall again be eligible to serve in the Office of the
36 State Comptroller or in that position until the expiration of six years
37 following the second successive term served by that person.

38 c. The State Comptroller shall devote full time to the duties
39 and responsibilities of the office and shall receive a salary as shall
40 be provided pursuant to law.

41 d. During the term of office, the State Comptroller may be
42 removed by the Governor only for cause upon notice and
43 opportunity to be heard.

44 e. A vacancy in the position of State Comptroller due to a
45 cause other than the expiration of the term shall be filled for the
46 unexpired term only in the same manner as the original
47 appointment.

1 4. (New section) a. A person who holds the position of State
2 Comptroller shall not be a candidate for, or hold, elective public
3 office for a period of two years immediately following the
4 termination of that person's service as State Comptroller.

5 b. No person who holds the position of State Comptroller, or
6 any position of employment as professional staff in the Office of
7 State Comptroller, while holding any such office or position, shall:
8 (1) be a candidate for election to, or hold, any elective public office
9 or any office or position with any political party or club, or (2) in
10 connection with another individual's candidacy for public office,
11 sign or authorize the use of that person's name in connection with
12 political or campaign literature or material, or print, publish or
13 distribute such political or campaign literature or material.

14
15 5. (New section) a. The Office of the State Comptroller shall
16 be responsible for conducting¹, in accordance with section 8 of this
17 act,¹ routine, periodic and random audits of the Executive branch of
18 State government, including all entities exercising executive branch
19 authority, public institutions of higher education, independent State
20 authorities, units of local government and boards of education and
21 for conducting assessments of the performance and management of
22 programs of the Executive branch of State government, including
23 all entities exercising executive branch authority, public institutions
24 of higher education, independent State authorities, units of local
25 government and boards of education and the extent to which they
26 are achieving their goals and objectives. The Office of the State
27 Comptroller shall also serve as the office in which the Office of the
28 State Inspector General, which shall be responsible for all the duties
29 assigned pursuant to P.L.2005, c.119 (C.52:15B-1 et seq.), is
30 allocated within the Department of the Treasury.

31 b. (1) The State Comptroller shall establish the internal
32 organizational structure of the office and the bureaus therein in a
33 manner appropriate to carrying out the duties and functions, and
34 fulfilling the responsibilities, of the office. The State Comptroller
35 shall have the power to appoint, employ, promote, and remove such
36 assistants, employees, and personnel as the State Comptroller deems
37 necessary for the efficient and effective administration of the office.
38 All such assistants, employees and personnel shall be deemed
39 confidential employees for purposes of the "New Jersey Employer-
40 Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.) and
41 shall serve in the unclassified service of the Civil Service.

42 (2) The Office of the State Inspector General shall be allocated
43 within the Office of the State Comptroller, and the individual first
44 appointed State Inspector General under P.L.2005, c.119, shall
45 continue as State Inspector General for the first full term to which
46 that individual was appointed pursuant to P.L.2005, c.119, and shall
47 be eligible to serve in that position thereafter.

48 c. Within the limits of funds appropriated for such purposes,
49 the State Comptroller may obtain the services of certified public

1 accountants, qualified management consultants, and other
2 professionals necessary to independently perform the duties and
3 functions of the office.

4
5 6. (New section) The State Comptroller is authorized to call
6 upon any department, office, division, agency or independent
7 authority of State government to provide such information,
8 resources, or other assistance deemed necessary to discharge the
9 duties and functions and to fulfill the responsibilities of the State
10 Comptroller under this act. Each department, office, division,
11 agency or independent authority of this State shall cooperate with
12 the State Comptroller and furnish the office with the assistance
13 necessary to accomplish the purposes of this act.

14
15 7. (New section) The State Comptroller shall consolidate
16 within the Office of the State Comptroller the coordination of the
17 internal and external audit functions, including but not limited to
18 economy and efficiency audits in the Executive branch of State
19 government, including all entities exercising executive branch
20 authority, public institutions of higher education, independent State
21 authorities, units of local government and boards of education. The
22 State Comptroller is authorized to:

23 a. establish a full-time program of audit and performance
24 review¹, in accordance with section 8 of this act.¹ designed to
25 provide increased accountability, integrity, and oversight of the
26 Executive branch of State government, including all entities
27 exercising executive branch authority, public institutions of higher
28 education, independent State authorities, units of local government
29 and boards of education; and

30 b. audit and monitor the process of soliciting proposals for, and
31 the process of awarding, contracts made by the Executive branch of
32 State government, including all entities exercising executive branch
33 authority, public institutions of higher education, independent State
34 authorities, units of local government and boards of education that
35 involve a significant consideration or expenditure of funds or are
36 comprised of complex or unique components, or both, as
37 determined by the State Comptroller; provided however, for the
38 purposes of the duties of the Office of the State Comptroller,
39 "contract" or "contracts" shall not include public employer-
40 employee labor collective bargaining agreements.

41
42 8. (New section) a. The State Comptroller shall have all the
43 powers necessary to carry out the duties and functions and to fulfill
44 the responsibilities described in this act, including the power to
45 conduct audits ¹**[, evaluations, inspections,]**¹ and ¹**[other]**¹ reviews
46 and propose and enforce remediation plans for the Executive branch
47 of State government, including all entities exercising executive
48 branch authority, public institutions of higher education,
49 independent State authorities, units of local government and boards

1 of education that are found by the State Comptroller to have
2 deficient practices or procedures. The State Comptroller shall,
3 pursuant to the provisions of the "Administrative Procedure Act,"
4 P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations
5 necessary to effectuate the purposes of this act.

6 b. The State Comptroller and the Office of 'the' State
7 Comptroller shall conduct audits and '[performance]' reviews in
8 accordance with prevailing national and professional standards,
9 rules, and practices relating to such audits and reviews in
10 government environments, 'including the standards for performance
11 reviews utilized by the United States Government Accountability
12 Office or its successor.' and the State Comptroller shall ensure that
13 the office remains in compliance with such standards, rules, and
14 practices.

15 c. '(1) As to entities that are not required by law to undergo
16 periodic certified financial audits, the State Comptroller shall
17 determine the frequency with which financial audits shall be
18 conducted of such entities by the State Comptroller by establishing
19 objective criteria, which criteria shall weigh relevant risk factors,
20 including, but not limited to, the size of the entity's budget and the
21 entity's past performance.'

22 '(2) As to entities that are required by law to undergo periodic
23 certified financial audits, the State Comptroller shall undertake
24 analysis and review of the certified financial audits of such entities
25 and of the procedures used to conduct those audits. When the State
26 Comptroller's analysis and review identifies weaknesses,
27 inadequacies or failures in the entity's financial controls or
28 concerns about the quality or independence of the audits, the State
29 Comptroller shall be authorized to undertake a financial audit or
30 such other steps as the State Comptroller deems appropriate. In
31 determining when to proceed with a financial audit, the State
32 Comptroller may also take into account information obtained
33 pursuant to section 10 of this act; referrals or recommendations
34 from Executive branch departments or agencies; or assessments or
35 evaluations of the entity's management, performance or financial
36 condition from federal or State government agencies, such as those
37 undertaken as part of the New Jersey Quality Single Accountability
38 Continuum for school districts.'

39 '(3)' The State Comptroller shall establish 'objective' criteria for
40 '[determining the frequency of financial audits and] undertaking'
41 performance 'and other' reviews 'authorized by this act', which
42 criteria shall weigh relevant risk factors, '[such as] including, but
43 not limited to: (a)' the size of the 'entity's' budget '[and], (b) the
44 entity's' past performance '[of], (c) the frequency, scope, and
45 quality of any audits or reviews that have been performed regarding
46 the entity's financial condition or performance, (d) assessments or
47 evaluations of the entity's management, performance or financial
48 condition such as those undertaken as part of the New Jersey

1 Quality Single Accountability Continuum for school districts, and
2 (e) other credible information which suggests the necessity of a
3 review.

4 (4) For purposes of this subsection, “entity” means any unit in¹
5 the Executive branch of State government, including all entities
6 exercising executive branch authority, public institutions of higher
7 education, independent State authorities, units of local government
8 and boards of education or their vendors. ¹[Notwithstanding the
9 criteria, the State Comptroller shall perform financial audits at least
10 every two years for any unit in the Executive branch of State
11 government, including any entity exercising executive branch
12 authority, public institution of higher education, independent State
13 authority, unit of local government and board of education that has
14 expended in excess of \$100,000,000 in an immediately preceding
15 annual budget cycle.] For purposes of this subsection, “certified
16 financial audits” does not include audits conducted by the State
17 Auditor.¹

18 d. ¹[The State Comptroller shall conduct performance reviews
19 of units in the Executive branch of State government at the request
20 of the Governor and financial audits of units in the Executive
21 branch of State government, independent State authorities, public
22 institutions of higher education, units of local government and
23 boards of education at the request of the Governor or the Speaker of
24 the General Assembly or the President of the Senate.

25 e.]¹The State Comptroller shall provide guidance to units in the
26 Executive branch of State government, independent State
27 authorities, units of local government and boards of education units
28 that are required to engage outside auditors regarding procurement
29 of their services, the rotation of the providers of such services, and
30 the avoidance of possible conflicts of interest in the hiring of
31 outside auditors.

32 ¹e. In carrying out the duties, functions and responsibilities of
33 the Office of the State Comptroller under this act, the State
34 Comptroller shall not charge any costs incurred by the office
35 against a unit of local government or board of education.¹

36
37 9. (New section) a. The State Comptroller shall establish a
38 system that shall ensure that any officers and employees of the
39 Office of the Inspector General, the Department of Law and Public
40 Safety, the Department of Education, the Department of the
41 Treasury, the Department of Transportation, the Division of Local
42 Government Services in the Department of Community Affairs, the
43 Local Finance Board, and the Office of the State Auditor who
44 perform audits, investigations, and performance reviews similar or
45 identical to those authorized to be performed by the State
46 Comptroller shall conduct their audits, investigations and reviews
47 with the consultation of, and in coordination and cooperation with,
48 the State Comptroller.

1 b. For the purpose of establishing and maintaining this system,
2 the State Comptroller shall meet at periodic intervals, but at least
3 four times annually, with the Attorney General, the State Treasurer,
4 the State Inspector General, the Commissioner of Education, the
5 Commissioner of Transportation, the Director of the Division of
6 Local Government Services in the Department of Community
7 Affairs, staff of the Local Finance Board, the State Auditor, and any
8 other public officers or employees deemed necessary who perform
9 audits, investigations, and performance reviews. The responsibility
10 of all parties during these meetings shall be to: facilitate
11 communication and exchange information on completed, current,
12 and future audits, investigations, and reviews; avoid duplication and
13 fragmentation of efforts; optimize the use of resources; avoid
14 divisiveness and organizational uncertainty; promote effective
15 working relationships; and avoid the unnecessary expenditure of
16 public funds.

17 c. To further ensure the consultation of, and coordination and
18 cooperation with, the State Comptroller, the Commissioner of
19 Education, the Director of the Division of Local Government
20 Services in the Department of Community Affairs, and the staff of
21 the Local Finance Board shall promptly notify the State
22 Comptroller of any local audits that have been submitted to them
23 that reveal any significant deficiencies.

24

25 10. (New section) a. In furtherance of the duty of the State
26 Comptroller to audit and monitor the process of soliciting proposals
27 for, and the process of awarding, contracts by contracting units
28 which contracts involve a significant consideration or expenditure
29 of funds, a contracting unit shall provide notice to the State
30 Comptroller no later than 20 business days after the award of a
31 contract involving consideration or an expenditure of more than
32 \$2,000,000 but less than \$10,000,000.

33 As used in this section, "contracting unit" means the principal
34 departments in the Executive Branch of the State Government, and
35 any division, board, bureau, office, commission or other
36 instrumentality within or created by such department, any
37 independent State authority, commission, instrumentality and
38 agency, and any State college or university, any county college, and
39 any unit of local government including a county, municipality,
40 board of education and any board, commission, committee,
41 authority or agency, thereof which has administrative jurisdiction
42 over any project or facility, included or operating in whole or in
43 part, within the territorial boundaries of any county, municipality or
44 board of education which exercises functions which are appropriate
45 for the exercise by one or more units of local government, and
46 which has statutory power to make purchases and enter into
47 contracts for the provision or performance of goods or services.

48 ¹As used in this section, "contract" shall not include developers
49 agreements entered into in conjunction with an approval granted

1 under the "Municipal Land Use Law," P.L.1975, c. 291 (C.40:55D-
2 1 et seq.), redevelopment agreements entered into under the "Local
3 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1
4 et seq.), financial agreements entered into under the "Long Term
5 Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.),
6 agreements entered into under the "Five-Year Exemption and
7 Abatement Law," P.L.1991, c.441 (C.40A:21-1 et seq.), agreements
8 entered into under section 7 of P.L.1989, c.207 (C.54:4-3.145),
9 agreements entered into under sections 34 through 39 of P.L.1997,
10 c.278 (C.58:10B-26 through 58:10B-31), and agreements entered
11 into under the "Municipal Landfill Site Closure, Remediation and
12 Redevelopment Act," P.L.1996, c.124 (C.13:1e-116.1 et seq.).¹

13 b. (1) A contracting unit shall inform the State Comptroller in
14 writing, in a form to be determined by the State Comptroller, of the
15 commencement of any procurement process involving consideration
16 or an expenditure of \$10,000,000 or more at the earliest time
17 practicable as the contracting unit commences the procurement
18 process, but no later than the time the contracting unit commences
19 preparation of: any bid specification or request for proposal;
20 concession offering; proposal to purchase, sell, or lease real estate;
21 or other related activities and contracts.

22 (2) Unless waived by the State Comptroller upon request of the
23 contracting unit, at least 30 days shall elapse from the time the
24 contracting unit informs the State Comptroller pursuant to
25 paragraph (1) of this subsection and the time the contracting unit
26 may issue any public advertising, notice of availability of a request
27 for proposals or any other public or private solicitation of a contract
28 for a procurement that is subject to this subsection in order that the
29 State Comptroller may complete a review that may be undertaken
30 pursuant to paragraph (4) of this subsection.

31 (3) At any time during that 30 days, or on a date thereafter, but
32 no later than 15 business days before the date of a planned issuance
33 of any public advertising, notice of availability of a request for
34 proposals or any other public or private solicitation of a contract
35 involving consideration or an expenditure of \$10,000,000 or more,
36 the contracting unit shall provide notice to the State Comptroller, in
37 a form to be determined by the State Comptroller and to include
38 such documents and information as determined by the State
39 Comptroller, of the planned action.

40 (4) Upon receipt of the notice and any accompanying documents
41 and information required pursuant to paragraph (3) of this
42 subsection, the State Comptroller may review such submission and
43 provide a written determination to the contracting unit regarding
44 whether the procurement process complies with applicable public
45 contracting laws, rules, and regulations. The State Comptroller's
46 review is not for the purpose of reviewing the contracting unit's
47 decision to undertake the procurement or to otherwise supplant the
48 contracting unit's authority to create or implement public policy. If
49 the State Comptroller determines that the procurement process does

1 not comply with applicable public contracting laws, rules, and
2 regulations, the State Comptroller shall direct the contracting unit
3 not to proceed with the procurement. In such an instance, the State
4 Comptroller shall state the reasons for such determination and may
5 include in its determination guidance to the contracting unit
6 regarding an appropriate procurement process. A contracting unit
7 may proceed with a planned procurement that is subject to this
8 subsection after the expiration of the 30 day period or the granting
9 of a waiver as provided in paragraph (2), unless it receives a written
10 determination not to proceed from the State Comptroller within 15
11 business days of the date the contracting unit provided written
12 notice to the State Comptroller pursuant to paragraph (3) of this
13 subsection.

14 (5) Information communicated by or between a contracting unit
15 and the State Comptroller pursuant to this subsection shall be
16 considered advisory, consultative, or deliberative material for
17 purposes of P.L.1963, c.73 (C.47:1A-1 et seq.), as amended and
18 supplemented, except for written determinations designated by the
19 State Comptroller as public records.

20 c. Provided however, that the notice and review provided for in
21 subsection b. of this section shall not apply to the award of any
22 contract issued pursuant to section 6 of P.L.1971, c.198 (C.40A:11-
23 6) or N.J.S.18A:18A-7, or under a public exigency requiring the
24 immediate delivery of articles or performance of service under a
25 contract issued pursuant to section 5 of P.L.1954, c.48 (C.52:34-
26 10), or issued pursuant to any similar provisions of law and
27 regulations thereunder applicable for a respective contracting unit.
28 Notice of the award of any such contract shall be provided to the
29 State Comptroller no later than 30 business days after the award.

30 d. The State Comptroller, in consultation with the Department of
31 the Treasury, shall, no later than March 1, 2010, and March 1 of
32 every fifth year thereafter, adjust the threshold amounts set forth in
33 subsections a. and b. of this section, or the threshold amounts
34 resulting from any adjustment under this subsection, in direct
35 proportion to the rise or fall of the index rate as that term is defined
36 in section 2 of P.L.1971, c.198 (C.40A:11-2), and shall round the
37 adjustment to the nearest \$100,000. The State Comptroller shall, no
38 later than June 1, 2010, and June 1 of every fifth year thereafter,
39 notify contracting units of the adjustment. The adjustment shall
40 become effective on July 1 of the year in which it is made.

41
42 11. (New section) a. The State Comptroller shall report the
43 findings of audits and reviews performed by the office, and issue
44 recommendations for corrective or remedial action, to the Governor,
45 the President of the Senate and the Speaker of the General
46 Assembly and to the unit in the Executive branch of State
47 government, including any entity exercising executive branch
48 authority, independent State authority, public institution of higher
49 education, or unit of local government or board of education at

1 issue. The unit in the Executive branch of State government,
2 independent State authority, public institution of higher education,
3 or unit of local government or board of education shall fully
4 cooperate with the State Comptroller to develop recommendations
5 for a corrective or remedial action plan. The State Comptroller
6 shall monitor the implementation of those recommendations and
7 shall conduct a subsequent review to determine whether there has
8 been full implementation and continued compliance with those
9 recommendations.

10 b. The State Comptroller shall report promptly to the Governor,
11 the President of the Senate and the Speaker of the General
12 Assembly if a unit in the Executive branch of State government,
13 independent State authority, public institution of higher education,
14 or unit of local government or board of education refuses to
15 cooperate in development of a corrective or remediation plan or to
16 comply with a plan.

17 c. The State Comptroller shall recommend that the Governor
18 initiate disciplinary proceedings against any official or employee of
19 a unit in the Executive branch of State government, including any
20 entity exercising executive branch authority, or independent State
21 authority who impedes an audit, or who fails or refuses to cooperate
22 in the development of a corrective or remedial action plan or to
23 comply with a plan. The Governor may cause an investigation to be
24 made of the conduct of any such official or employee and may
25 require such official to submit to the Governor a written statement
26 or statements, under oath, of such information as the Governor may
27 call for relating to the official's or the employee's conduct alleged
28 by the State Comptroller. After notice, the service of charges and an
29 opportunity to be heard at public hearing, the Governor may remove
30 any such official or employee for cause. Such official or employee
31 shall have the right of judicial review, on both the law and the facts,
32 in such manner as may be provided by law.

33 d. If the State Comptroller is advised by the Commissioner of
34 Education, the Director of the Division of Local Government
35 Services in the Department of Community Affairs, staff of the
36 Local Finance Board, or the State Auditor that a unit of local
37 government or board of education or any official or employee
38 thereof has impeded an audit, or has failed or refused to cooperate
39 in the development of a corrective or remedial action plan or to
40 comply with a plan recommended by such State official or
41 employee thereof, the State Comptroller is authorized to
42 recommend that the Governor (1) withhold the expenditure of State
43 funds that may be due to be paid to that unit of local government or
44 board of education, and (2) request the Commissioner of Education,
45 the Director of the Division of Local Government Services in the
46 Department of Community Affairs, or staff of the Local Finance
47 Board, as may be appropriate for that unit of local government or
48 board of education, to impose a corrective or remedial action plan

1 that may include the prior approval by the State Comptroller of that
2 local unit's or board's contracts and expenditures.

3 e. The State Comptroller shall provide periodic reports to the
4 Governor, and shall issue an annual report to the Governor and
5 submit that report to the Legislature pursuant to section 2 of
6 P.L.1991, c.164 (C.52:14-19.1), which shall be available to the
7 public. The reports shall include but shall not be limited to the
8 reporting of any programmatic deficiencies and weaknesses that the
9 State Comptroller's audits, investigations, and reviews have found,
10 and detailing the efforts by, or the failure of, any unit in the
11 Executive branch of State government, including any entity
12 exercising executive branch authority, independent State authority
13 or unit of local government or board of education to implement a
14 recommended plan for corrective or remedial action.

15

16 12. (New section) The State Comptroller is authorized to refer
17 findings that may constitute alleged criminal conduct to the
18 Attorney General or other appropriate prosecutorial authority. In
19 the course of conducting audits and performance reviews, the State
20 Comptroller may refer matters for investigation to the State
21 Inspector General or to the Attorney General or other appropriate
22 authorities for further civil or administrative action, with
23 recommendations to initiate actions to recover monies, to terminate
24 contracts, or temporarily or permanently debar any person from
25 contracting with or receiving funds from any unit in the Executive
26 branch of State government, including any entity exercising
27 executive branch authority, independent State authority or unit of
28 local government or board of education.

29

30 13. (New section) a. When the State Comptroller or the State
31 Inspector General refers a complaint alleging criminal conduct to
32 the Attorney General or other appropriate prosecutorial authority
33 and the Attorney General or prosecutorial authority decides not to
34 investigate or prosecute the matter, the Attorney General or the
35 prosecutorial authority shall promptly notify the State Comptroller
36 and the State Inspector General. The Attorney General or the
37 prosecutorial authority shall inform the State Comptroller and the
38 State Inspector General as to whether an investigation is ongoing
39 with regard to any matter so referred. The State Comptroller and
40 the State Inspector General shall preserve the confidentiality of the
41 existence of any ongoing criminal investigation.

42 If the Attorney General or the prosecutorial authority decides not
43 to investigate or act upon the matter referred by the State
44 Comptroller or the State Inspector General, the State Comptroller
45 shall refer the matter to the State Inspector General after the receipt
46 of such a notice.

47 Upon completion of an investigation or, in a case where the
48 investigation leads to prosecution, upon completion of the
49 prosecution, the Attorney General or the prosecutorial authority

1 shall report promptly the findings and results to the State
2 Comptroller and the State Inspector General. In the course of
3 informing the State Comptroller and the State Inspector General,
4 the Attorney General or prosecutorial authority shall give full
5 consideration to the authority, duties, functions, and responsibilities
6 of the State Comptroller and the State Inspector General, the public
7 interest in disclosure, and the need for protecting the confidentiality
8 of complainants and informants.

9 b. With respect to referrals to the State Inspector General, the
10 State Inspector General shall report to the State Comptroller
11 promptly when a final determination is made to not investigate or
12 act upon the matter referred, or promptly upon completion of the
13 investigation or action taken. The State Inspector General shall
14 inform the State Comptroller as to whether an investigation is
15 ongoing with regard to any matter so referred.

16 In the course of informing the State Comptroller, the State
17 Inspector General shall give full consideration to the authority,
18 duties, functions, and responsibilities of the State Comptroller, the
19 public interest in disclosure, and the need for protecting the
20 confidentiality of complainants and informants.

21 If the State Inspector General decides not to investigate or act
22 upon the matter referred, the State Comptroller is authorized to
23 continue an investigation after the receipt of such a notice.

24 c. The State Comptroller shall maintain a record of all matters
25 referred and the responses received and shall be authorized to
26 disclose information received as appropriate and as may be
27 necessary to resolve the matter referred, to the extent consistent
28 with the public interest in disclosure and the need for protecting the
29 confidentiality of complainants and informants and preserving the
30 confidentiality of ongoing criminal investigations.

31
32 14. (New section) a. All units in the Executive branch of State
33 government, including entities exercising executive branch
34 authority, independent State authorities, public institutions of higher
35 education, units of local government and boards of education and
36 their employees shall provide full assistance and cooperation with
37 any audit, performance review or contract review by the State
38 Comptroller.

39 b. The State Comptroller shall have complete access to all
40 "government records" of "public agencies," as those terms are
41 defined pursuant to section 1 of P.L.1995,c.23 (C.47:1A-1.1),
42 including all information listed as confidential and specifically
43 excluded as a "government record," in section 1 of P.L.1995,c.23
44 (C.47:1A-1.1). Provided however, that any information listed as
45 confidential and specifically excluded as a "government record," in
46 that section, to which the State Comptroller shall have access, shall
47 directly relate to a program or expenditure that is the subject of an
48 audit, performance review or contract review by the State
49 Comptroller, and provided further that if a public agency provides

1 the State Comptroller with access to information that is subject to a
2 confidentiality agreement, the public agency shall promptly notify
3 the parties to the agreement that the information being provided to
4 the State Comptroller.

5 c. Whenever a person requests access to a government record
6 that the State Comptroller or the State Inspector General, during the
7 course of an audit, investigation, performance review or contract
8 review obtained from another public agency, which record was
9 open for public inspection, examination or copying before the audit,
10 investigation or review commenced, the public agency from which
11 the State Comptroller or the State Inspector General obtained the
12 record shall comply with the request if made pursuant to P.L.1963,
13 c.73 (C.47:1A-1 et seq.), provided that the request does not in any
14 way identify the record sought by means of a reference to the State
15 Comptroller's audit or review or to an investigation by the State
16 Inspector General or any other public agency, including, but not
17 limited to, a reference to a subpoena issued pursuant to such
18 investigation.

19 d. Private vendors or other persons contracting with or
20 receiving funds from a unit in the Executive branch of State
21 government, including an entity exercising executive branch
22 authority, independent State authority, public institution of higher
23 education, or unit of local government or board of education shall
24 upon request by the State Comptroller provide the State
25 Comptroller with prompt access to all relevant documents and
26 information as a condition of the contract and receipt of public
27 monies. The State Comptroller shall not disclose any document or
28 information to which access is provided that is confidential or
29 proprietary. If the State Comptroller finds that any person receiving
30 funds from a unit in the Executive branch of State government,
31 including an entity exercising executive branch authority,
32 independent State authority, public institution of higher education,
33 or unit of local government or board of education refuses to provide
34 information upon the request of the State Comptroller, or otherwise
35 impedes or fails to cooperate with any audit or performance review,
36 the State Comptroller may recommend to the contracting unit that
37 the person be subject to termination of their contract, or temporarily
38 or permanently debarred from contracting with the contracting unit.

39
40 15. (New section) The State Comptroller shall provide technical
41 assistance and training to units in the Executive branch of State
42 government, including entities exercising executive branch
43 authority, independent State authorities, public institutions of higher
44 education, and units of local government and boards of education
45 regarding best practices in developing and implementing financial
46 management systems that will strengthen internal control
47 procedures and prevent the misuse of public funds.

1 16. Section 1 of P.L.2005, c.119 (C.52:15B-1) is amended to
2 read as follows:

3 1. The Legislature finds and declares that:

4 the State of New Jersey expends more than \$28 billion in
5 taxpayer funds each year, and agencies at other levels of
6 government expend billions more;

7 it is fundamental that all government officials be publicly
8 accountable for such expenditures;

9 promoting integrity in the administration and operations of
10 government and improving public accountability are the
11 cornerstones of government;

12 one of the remedial actions that can be taken to improve such
13 accountability is to identify areas where State spending is wasteful
14 or inefficient;

15 the Governor has the responsibility to ensure a balanced budget,
16 manage the operations of State government effectively and
17 efficiently, and maintain necessary government programs and
18 assistance to the public;

19 it is the duty of the Governor to guard against extravagance,
20 waste, or fiscal mismanagement in the administration of any State
21 appropriation;

22 it is critically important that public officers and employees, at all
23 levels of government, discharge their duties and responsibilities in a
24 lawful and ethical manner, while conserving the fiscal resources
25 that have been entrusted to the government's care by the taxpayers;

26 there is a compelling need to centralize the responsibility for
27 reviewing, auditing, evaluating, and overseeing investigating
28 allegations of the improper discharge of these duties and
29 responsibilities concerning the expenditure of State funds by, and
30 the procurement process of, all State departments and agencies,
31 independent authorities, county and municipal governments, and
32 boards of education; and

33 there is a need, therefore, to create the Office of the Inspector
34 General, which will report directly to the Governor, to ensure that
35 these responsibilities are met.

36 (cf: P.L.2005, c.119, s.1)

37

38 17. Section 7 of P.L.2005, c.119 (C.52:15B-7) is amended to
39 read as follows:

40 7. The Inspector General is authorized to~~[:]~~ establish a full-
41 time program of ~~[audit,]~~ investigation ~~[, and performance review]~~,
42 to receive and investigate complaints concerning alleged fraud,
43 waste, abuse, or mismanagement of State funds, designed to provide
44 increased accountability, integrity, and oversight of:

45 all recipients of State funds, including, but not limited to, State
46 departments and agencies, independent authorities, county and
47 municipal governments, and boards of education~~].~~

48 ~~audit and monitor];~~

1 the awarding and the execution of contracts awarded by the
2 State, or any of its independent authorities, commissions, boards,
3 agencies, or instrumentalities, which contracts involve a significant
4 expenditure of public funds or are comprised of complex or unique
5 components, or both, as determined by the Inspector General[.

6 investigate]; and

7 the performance of governmental officers, employees,
8 appointees, functions, and programs in order to promote efficiency,
9 to identify cost savings, and to detect and prevent misconduct
10 within the programs and operations of any governmental agency
11 funded by, or disbursing, State funds.

12 [receive and investigate complaints concerning alleged fraud,
13 waste, abuse, or mismanagement of State funds.]

14 (cf: P.L.2005, c.119, s.7)

15
16 18. Section 8 of P.L.2005, c.119 (C.52:15B-8) is amended to
17 read as follows:

18 8. a. The Inspector General shall have all the powers necessary
19 to carry out the duties and functions and to fulfill the
20 responsibilities described in this act, including the power to conduct
21 investigations, [audits,] and in pursuit thereof, evaluations,
22 inspections, and other reviews.

23 b. The Inspector General and the office shall conduct [audits,]
24 investigations [, and performance reviews] in accordance with
25 prevailing national and professional standards, rules, and practices
26 relating to such [audits,] investigations [, and reviews] in
27 government environments, and the Inspector General shall ensure
28 that the office remains in compliance with such standards, rules,
29 and practices.

30 c. In furtherance of an investigation, the Inspector General may
31 compel at a specific time and place, by subpoena, the appearance
32 and sworn testimony of any person whom the Inspector General
33 reasonably believes may be able to give information relating to a
34 matter under investigation. For this purpose, the Inspector General
35 is empowered to administer oaths and examine witnesses under
36 oath, and compel any person to produce at a specific time and place,
37 by subpoena, any documents, books, records, papers, objects, or
38 other evidence that the Inspector General reasonably believes may
39 relate to a matter under investigation.

40 If any person to whom such subpoena is issued fails to appear or,
41 having appeared, refuses to give testimony, or fails to produce the
42 books, papers or other documents required, the Inspector General
43 may apply to the Superior Court and the court may order the person
44 to appear and give testimony or produce the books, papers or other
45 documents, as applicable. Any person failing to obey the court's
46 order may be punished by the court as for contempt.

47 d. A person compelled to appear by the Inspector General and
48 provide sworn testimony shall have the right to be accompanied by

1 counsel, who shall be permitted to advise the witness of his or her
2 rights. A witness compelled to appear and testify shall be accorded
3 all due process rights.

4 (cf: P.L.2005, c.119, s.8)

5

6 19. Section 15 of P.L.2005, c.119 (C.52:15B-15) is amended to
7 read as follows:

8 15. The Inspector General shall report the findings of [audits,]
9 investigations [, and reviews] performed by the office, and issue
10 recommendations for corrective or remedial action, to the Governor,
11 the President of the Senate and the Speaker of the General
12 Assembly and to the entity at issue. The Inspector General shall
13 monitor the implementation of those recommendations.

14 (cf: P.L.2005, c.119, s.15)

15

16 20. Section 70 of P.L.2000, c.72 (C.18A:7G-43) is amended to
17 read as follows:

18 70. There is established in the Office of the Attorney General
19 the Office of Fiscal Integrity in School Construction. The office
20 shall perform its duties under the direction of the Attorney General
21 and shall cooperate and coordinate the performance its duties with
22 the Office of the State Comptroller. The Attorney General or his
23 representative, in cooperation and coordination with the State
24 Comptroller or his representatives, may investigate, examine, and
25 inspect the activities of the authority and districts related to the
26 financing and construction of school facilities and the
27 implementation of the provisions of P.L.2000, c.72 (C.18A:7G-1 et
28 al.). The Attorney General and the State Comptroller may require
29 the submission of duly verified reports from the authority and
30 districts, which include such information in such form as the
31 Attorney General and the State Comptroller may require. The
32 Attorney General or the State Comptroller or [his] a representative
33 of either, may also consult with the authority on issues and
34 procedures related to the exercise of its duties and responsibilities
35 under P.L.2000, c.72 (C.18A:7G-1 et al.). The Legislature shall
36 annually appropriate such funds as may be necessary to finance the
37 operations of the office.

38 (cf: P.L.2005, c.155, s.105)

39

40 21. Section 4 of P.L.2006, c.15 (C.18A:7A-57) is amended to
41 read as follows:

42 4. a. The Office of the State Auditor, or the Office of the State
43 Comptroller, in cooperation with the State Auditor, shall conduct a
44 forensic audit of the fiscal operations of any school district which
45 has a year-end general fund deficit and also meets one of the other
46 criteria in subsection a. of section 2 of this act. The audit shall be
47 of the fiscal year in which the general fund deficit occurred and
48 shall be in addition to the audit required of school districts pursuant
49 to N.J.S.18A:23-1.

1 b. Notwithstanding the provisions of R.S.52:24-1 et seq., or
2 any other law to the contrary, the Office of the State Auditor or the
3 Office of the State Comptroller shall submit the audit to the
4 commissioner, the Governor, and the Legislature. The Office of the
5 State Auditor or the Office of the State Comptroller shall also
6 present the audit to the district's board of education and the public
7 at the board's next regularly scheduled monthly meeting.

8 c. The Office of the State Auditor or the Office of the State
9 Comptroller shall forward any findings of fraudulent activities
10 discovered as a result of the audit to the appropriate law
11 enforcement agency.

12 d. Within 30 days of the presentation of the audit by the Office
13 of the State Auditor or the Office of the State Comptroller to the
14 board of education, the board shall submit to the commissioner a
15 plan that addresses all of the findings, conclusions, and
16 recommendations of the Office of the State Auditor or the Office of
17 the State Comptroller which have not been previously addressed by
18 the school district.

19 (cf: P.L.2006, c.15, s.4)

20
21 22. R.S.52:14-3 is amended to read as follows:

22 52:14-3. When such an agreement has been made between two
23 departments, the heads thereof shall, from time to time, certify to
24 the **【state comptroller】** Director of the Division of Budget and
25 Accounting the sum or sums due from the one to the other on
26 account of such work, and the **【state comptroller】** director shall
27 thereupon cause to be paid such sum or sums to the creditor
28 department. Payment may be by check, as other state bills are paid,
29 or by a system of debits and credits, as the **【state comptroller】**
30 director may determine. All sums so received by or credited to any
31 department shall be added to the current appropriation made for the
32 support of said department, to the end that its appropriation may not
33 be depleted by reason of the work done for another department.

34 (cf: R.S.52:14-3)

35
36 23. R.S.52:14-4 is amended to read as follows:

37 52:14-4. Two or more departments may unite in co-operative
38 work in lines germane to the duties of said departments, and the
39 heads thereof may agree between themselves for the distribution of
40 the expense to be incurred. The agreement may include the
41 payment or transfer from one department to another of a lump sum,
42 and the payment, by the department receiving the same, of all
43 expenses incurred in such co-operative work. The **【state**
44 **comptroller】** Director of the Division of Budget and Accounting
45 shall, upon due notification of the agreement, make the necessary
46 payments, or credits and debits, from sums not otherwise under
47 requisition by the co-operating departments.

48 (cf: R.S.52:14-4)

1 24. Section 7 of P.L.1948, c.92 (C.52:18A-7) is amended to read
2 as follows:

3 7. The office of State Comptroller, also designated and referred
4 to as "Comptroller of the Treasury," **[is] as** continued **[**, but such
5 office is hereby] **and** transferred to and constituted an office within
6 the Division of Budget and Accounting in the Department of the
7 Treasury **[established hereunder.] pursuant to the "Department of**
8 **the Treasury Act of 1948, P.L.1948, c.92 (C.52:18A-1 et seq.), is**
9 **abolished.** **[The] and the** Director of the Division of Budget and
10 Accounting **[is hereby constituted the State Comptroller and**
11 **comptroller of the treasury and, as such,]** shall exercise the powers
12 and perform the functions and duties concerning accounting and
13 financial management vested in, or imposed upon, the **[State**
14 **Comptroller or]** comptroller of the treasury, as may be established
15 by law.

16 (cf: P.L.1948, c.92, s.7)

17

18 25. Section 12 of P.L.1948, c.92 (C.52:18A-12) is amended to
19 read as follows:

20 12. Wherever a provision of law relating to the presentation of
21 claims or bills for approval, the drawing of warrants, the
22 countersigning of receipts and checks, the administration of petty
23 cash funds, the apportionment of taxes on railroad and canal
24 property, **[applies] applied** to the Comptroller, or to the State
25 Commissioner of Taxation and Finance from July 1, 1948, the
26 effective date of the "Department of the Treasury Act of 1948,"
27 P.L.1949, c.92 (C.52:18A-1 et seq.), until the effective date of
28 P.L. , c. (C.)(now pending before the Legislature as this
29 bill), such provision of law **[shall when this act takes effect apply]**
30 shall be construed as having applied instead to the director of the
31 Division of Budget and Accounting.

32 (cf: P.L.1948, c.92, s.12)

33

34 26. Section 13 of P.L.1948, c.92 (C.52:18A-13) is amended to
35 read as follows:

36 13. The Secretary of State shall, when the offices of State
37 Treasurer **[and] or** director of the Division of Budget and
38 Accounting **[and State Comptroller or either of them]** shall become
39 vacant or the officers or either of them shall no longer be authorized
40 to act as such, respectively, give written notice forthwith to all
41 national banks located in this State and institutions authorized by
42 the State to carry on a banking business of such vacancy or
43 termination of power. No bank shall thereafter pay any check or
44 draft of the State Treasurer, signed or countersigned by any person
45 after his office shall become vacant or after he shall no longer be
46 authorized to act.

47 (cf: P.L.1948, c.92, s.13)

1 27. Section 46 of P.L.1948, c.92 (C.52:18A-46) is amended to
2 read as follows:

3 46. Whenever the term "State Treasurer" occurs or any reference
4 is made thereto in any law, contract or document, the same shall be
5 deemed to mean or refer to the State Treasurer designated as the
6 head of the Department of the Treasury established hereunder.

7 Whenever the term "State Director of the United New Jersey
8 Railroad and Canal Company" occurs or any reference is made
9 thereto in any law, contract or document, the same shall be deemed
10 to mean or refer to the State Treasurer designated as the head of the
11 Department of the Treasury established hereunder.

12 Whenever the term "State Comptroller" or "Comptroller of the
13 Treasury" occurs or any reference is made thereto in any law,
14 contract or document, the same, from July 1, 1948, the effective
15 date of the "Department of the Treasury Act of 1948," P.L.1949,
16 c.92 (C.52:18A-1 et seq.), until the effective date of P.L. ,
17 c. (C.) (now pending before the Legislature as this bill), shall
18 be deemed to mean or refer to the Director of the Division of
19 Budget and Accounting in the Department of the Treasury
20 established **[hereunder]** pursuant to P.L.1949, c.92 (C.52:18A-1 et
21 seq.).

22 Whenever the term "Division of Purchase and Property in the
23 State Department of Taxation and Finance" occurs or any reference
24 is made thereto in any law, contract or document, the same shall be
25 deemed to mean or refer to the Division of Purchase and Property in
26 the Department of the Treasury established hereunder.

27 Whenever the term "Director of the Division of Purchase and
28 Property in the State Department of Taxation and Finance" occurs
29 or any reference is made thereto in any law, contract or document,
30 the same shall be deemed to mean or refer to the Director of the
31 Division of Purchase and Property in the Department of the
32 Treasury established hereunder.

33 Whenever the term "Division of Local Government in the State
34 Department of Taxation and Finance" occurs or any reference is
35 made thereto in any law, contract or document, the same shall be
36 deemed to mean or refer to the Division of Local Government
37 Services in the Department of Community Affairs established
38 hereunder.

39 Whenever the term "Director of the Division of Local
40 Government in the State Department of Taxation and Finance"
41 occurs or any reference is made thereto in any law, contract or
42 document, the same shall be deemed to mean or refer to the
43 Director of the Division of Local Government Services in the
44 Department of Community Affairs.

45 Whenever the term "Local Government Board of the Division of
46 Local Government in the State Department of Taxation and
47 Finance" occurs or any reference is made thereto in any law,
48 contract or document, the same shall be deemed to mean or refer to

1 the Local Finance Board of the Division of Local Government
2 Services in the Department of Community Affairs.

3 Whenever the term "Division of Taxation in the State
4 Department of Taxation and Finance" occurs or any reference is
5 made thereto in any law, contract or document, the same shall be
6 deemed to mean or refer to the Division of Taxation in the
7 Department of the Treasury established hereunder.

8 Whenever the term "Director of the Division of Taxation in the
9 State Department of Taxation and Finance" occurs or any reference
10 is made thereto in any law, contract or document, the same shall be
11 deemed to mean or refer to the Director of the Division of Taxation
12 in the Department of the Treasury established hereunder.

13 Whenever the term "New Jersey Racing Commission" occurs or
14 any reference is made thereto in any law, contract or document, the
15 same shall be deemed to mean or refer to the New Jersey Racing
16 Commission constituted the Division of the New Jersey Racing
17 Commission established hereunder in the Department of the
18 Treasury.

19 Whenever the term "State Commission of Taxation and Finance"
20 occurs or any reference is made thereto in any law, contract or
21 document, the same shall be deemed to mean or refer to the State
22 Treasurer designated as the head of the Department of the Treasury
23 established hereunder.

24 (cf: P.L.1983, c.36, s.8)

25

26 28. R.S.52:19-10 is amended to read as follows:

27 52:19-10. The **【state comptroller】** State Treasurer shall:

28 a. Superintend the collection of the revenue;

29 b. Take general charge and supervision of all rights, interest
30 and property of the state;

31 c. Institute and direct prosecution against delinquent officers of
32 the revenue, and for just claims and debts due to the state; and

33 d. Draw all warrants on the treasurer in favor of such public
34 officers as receive salaries from the state and for the payment of all
35 moneys directed by law to be paid out of the treasury, and such
36 warrants shall designate the purpose for which they are drawn.

37 (cf: R.S.52:19-10)

38

39 29. R.S.52:20-1 is amended to read as follows:

40 52:20-1. The State House Commission shall consist of the
41 Governor, who shall be the presiding officer, the State Treasurer,
42 and the **【Comptroller】** Director of the Division of Budget and
43 Accounting in the Department of the Treasury, or the persons upon
44 whom shall devolve by law the powers, duties and emoluments of
45 said offices respectively, for the time being, and 2 members of the
46 Senate appointed by the President thereof and 2 members of the
47 General Assembly appointed by the Speaker thereof, no more than
48 one of either group of 2 being of the same political party. The
49 members of the commission shall serve without pay in connection

1 with all such duties as are prescribed in this chapter. The appointed
2 members of the commission shall serve as members thereof for
3 terms co-extensive with their respective terms as members of the
4 Houses of the Legislature from which they were appointed.
5 (cf: P.L.1963, c.180, s.1)

6
7 30. Section 1 of P.L.1940, c.35 (C.52:22-16.1) is amended to
8 read as follows:

9 1. The **【Comptroller】** Director of the Division of Budget and
10 Accounting in the Department of the Treasury is hereby authorized
11 to transfer by debit and credit, upon request in writing for that
12 purpose by the head of any department or spending agency of the
13 State government, monies appropriated to any such department or
14 spending agency, to enable any such department or spending agency
15 to pay telephone, telegraph, postage and rent charges.
16 (cf: P.L.1940, c.35, s.1)

17
18 31. Section 2 of P.L.1940, c.35 (C.52:22-16.2) is amended to
19 read as follows:

20 2. Whenever it is necessary so to do, the **【Comptroller】**
21 Director of the Division of Budget and Accounting in the
22 Department of the Treasury is hereby authorized to transfer and
23 make the necessary credit directly to the State House Commission.
24 (cf: P.L.1940, c.35, s.2)

25
26 32. R.S.52:19-2 is amended to read as follows:

27 52:19-2. The **【State Comptroller】** Director of the Division of
28 Budget and Accounting in the Department of the Treasury, before
29 entering upon the duties of his office, shall take an oath before one
30 of the justices of the Supreme Court, that he will well, faithfully
31 and impartially discharge all the duties required of him by law, and
32 that he will not allow any claim, charge or account against the State
33 unless satisfied that the same is justly due. Such oath shall be filed
34 in the office of the Secretary of State.
35 (cf: R.S.52:19-2)

36
37 33. (New section) Whenever the term "State Comptroller" or
38 "Comptroller of the Treasury" occurs or any reference is made
39 thereto, in any law enacted, or in any contract or document
40 executed, before the effective date of this P.L. , c. (C.)
41 (pending before the Legislature as this bill), the same shall be
42 deemed to mean or refer to the Director of the Division of Budget
43 and Accounting in the Department of the Treasury.

44
45 34. This act shall take effect on the first day of the sixth month
46 following enactment.

1



2

3

Establishes an independent Office of State Comptroller and

4

consolidates financial audit and performance reviews of State and

5

local government units.

ASSEMBLY, No. 2

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JANUARY 4, 2007

Sponsored by:

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Assemblywoman LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Assemblyman WILLIAM D. PAYNE

District 29 (Essex and Union)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblyman UPENDRA J. CHIVUKULA

District 17 (Middlesex and Somerset)

Co-Sponsored by:

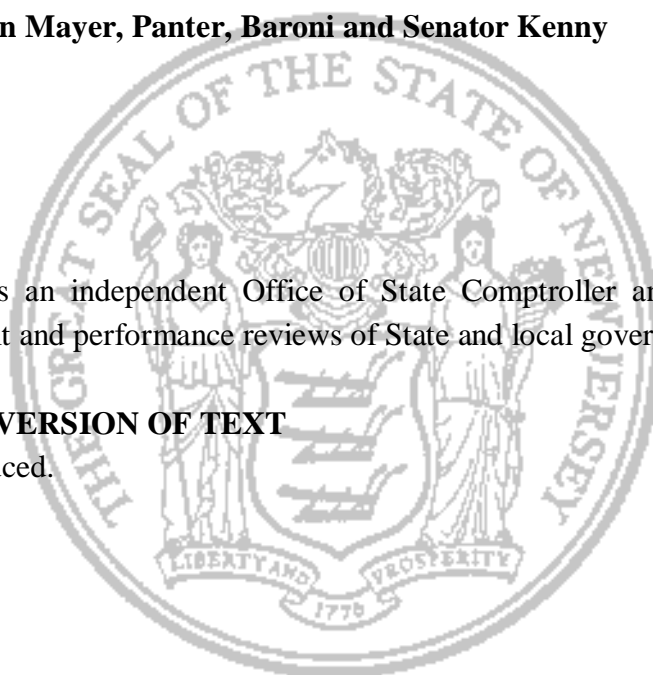
Assemblymen Mayer, Panter, Baroni and Senator Kenny

SYNOPSIS

Establishes an independent Office of State Comptroller and consolidates financial audit and performance reviews of State and local government units.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/26/2007)

1 AN ACT establishing an independent Office of State Comptroller,
2 consolidating financial audit and performance reviews of State
3 and local government units, revising various parts of statutory
4 law and supplementing Title 52 of the Revised Statutes.

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

8
9 1. (New section) The Legislature finds and declares that:
10 As the size of State and local government agencies and
11 authorities have grown over the last several decades to meet
12 growing demands for governmental assistance and programs to
13 meet new and growing societal needs, the State's ability to manage
14 the various governmental systems of public financial control and
15 accountability have not matched the State Government's
16 responsibility to subject governmental financial activities to
17 uniform, meaningful, and systematic public scrutiny;

18 Meeting the responsibility for overseeing and promoting the
19 professional conduct of internal audits, providing assurance on the
20 adequacy of internal financial controls within agencies of
21 government, including assessing the adequacy of controls over
22 financial management, contracting, financial reporting and the
23 delivery of government programs and activities with due regard to
24 efficiency, effectiveness and economy is a fundamental duty of
25 governmental officials to the taxpayers and public whom they
26 serve;

27 The Governor has the responsibility to manage the operations of
28 the Executive branch of State government, including oversight of
29 all entities exercising executive branch authority, public institutions
30 of higher education, units of local government and boards of
31 education, efficiently and effectively supported by audit and
32 oversight functions that strengthen public accountability with the
33 goal of increasing public trust and confidence that every tax dollar
34 collected by government is spent wisely and well;

35 There is a compelling need for State government to put into
36 practice the presumption that there will be independence and
37 integrity in the financial oversight of the discharge of its duties and
38 responsibilities carried out in a manner and under a structure that
39 safeguards the fiscal resources with which it has been entrusted; and

40 There is a need, therefore, to establish an independent Office of
41 the State Comptroller which will report directly to the Governor, to
42 ensure that these responsibilities are met.

43
44 2. (New section) a. There is established an Office of the State
45 Comptroller. The office shall be established in the Executive

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 Branch of the State government and for the purposes of complying
2 with the provisions of Article V, Section IV, paragraph 1 of the
3 New Jersey Constitution, the office shall be allocated in, but not of,
4 the Department of the Treasury. Notwithstanding this allocation,
5 the office shall be independent of any supervision or control by the
6 State Treasurer, or the department or by any division, board, office,
7 or other officer thereof.

8 b. The State Comptroller shall report directly to the Governor.

9 c. The State Comptroller shall submit requests for the budget
10 of the office directly to the Governor who shall review the requests
11 and forward them to Division of Budget and Accounting in the
12 Department of the Treasury.

13

14 3. (New section) a. The Office of the State Comptroller shall
15 be administered by the State Comptroller. The State Comptroller
16 shall be appointed by the Governor with the advice and consent of
17 the Senate. The State Comptroller shall be a person qualified by
18 education, training, and prior work experience to direct the work of
19 the office and to perform the duties and functions and fulfill the
20 responsibilities of the position.

21 b. The State Comptroller shall serve for a term of six years and
22 until a successor is appointed and has qualified. No person who has
23 served as State Comptroller for two successive terms, including an
24 unexpired term, shall again be eligible to serve in the Office of the
25 State Comptroller or in that position until the expiration of six years
26 following the second successive term served by that person.

27 c. The State Comptroller shall devote full time to the duties
28 and responsibilities of the office and shall receive a salary as shall
29 be provided pursuant to law.

30 d. During the term of office, the State Comptroller may be
31 removed by the Governor only for cause upon notice and
32 opportunity to be heard.

33 e. A vacancy in the position of State Comptroller due to a
34 cause other than the expiration of the term shall be filled for the
35 unexpired term only in the same manner as the original
36 appointment.

37

38 4. (New section) a. A person who holds the position of State
39 Comptroller shall not be a candidate for, or hold, elective public
40 office for a period of two years immediately following the
41 termination of that person's service as State Comptroller.

42 b. No person who holds the position of State Comptroller, or
43 any position of employment as professional staff in the Office of
44 State Comptroller, while holding any such office or position, shall:
45 (1) be a candidate for election to, or hold, any elective public office
46 or any office or position with any political party or club, or (2) in
47 connection with another individual's candidacy for public office,
48 sign or authorize the use of that person's name in connection with

1 political or campaign literature or material, or print, publish or
2 distribute such political or campaign literature or material.

3

4 5. (New section) a. The Office of the State Comptroller shall
5 be responsible for conducting routine, periodic and random audits
6 of the Executive branch of State government, including all entities
7 exercising executive branch authority, public institutions of higher
8 education, independent State authorities, units of local government
9 and boards of education and for conducting assessments of the
10 performance and management of programs of the Executive branch
11 of State government, including all entities exercising executive
12 branch authority, public institutions of higher education,
13 independent State authorities, units of local government and boards
14 of education and the extent to which they are achieving their goals
15 and objectives. The Office of the State Comptroller shall also serve
16 as the office in which the Office of the State Inspector General,
17 which shall be responsible for all the duties assigned pursuant to
18 P.L.2005, c.119 (C.52:15B-1 et seq.), is allocated within the
19 Department of the Treasury.

20 b. (1) The State Comptroller shall establish the internal
21 organizational structure of the office and the bureaus therein in a
22 manner appropriate to carrying out the duties and functions, and
23 fulfilling the responsibilities, of the office. The State Comptroller
24 shall have the power to appoint, employ, promote, and remove such
25 assistants, employees, and personnel as the State Comptroller deems
26 necessary for the efficient and effective administration of the office.
27 All such assistants, employees and personnel shall be deemed
28 confidential employees for purposes of the "New Jersey Employer-
29 Employee Relations Act," P.L.1941, c. 100 (C.34:13A-1 et seq.)
30 and shall serve in the unclassified service of the Civil Service.

31 (2) The Office of the State Inspector General shall be allocated
32 within the Office of the State Comptroller, and the individual first
33 appointed State Inspector General under P.L.2005, c.119, shall
34 continue as State Inspector General for the first full term to which
35 that individual was appointed pursuant to P.L.2005, c.119, and shall
36 be eligible to serve in that position thereafter.

37 c. Within the limits of funds appropriated for such purposes,
38 the State Comptroller may obtain the services of certified public
39 accountants, qualified management consultants, and other
40 professionals necessary to independently perform the duties and
41 functions of the office.

42

43 6. (New section) The State Comptroller is authorized to call
44 upon any department, office, division, agency or independent
45 authority of State government to provide such information,
46 resources, or other assistance deemed necessary to discharge the
47 duties and functions and to fulfill the responsibilities of the State
48 Comptroller under this act. Each department, office, division,

1 agency or independent authority of this State shall cooperate with
2 the State Comptroller and furnish the office with the assistance
3 necessary to accomplish the purposes of this act.

4
5 7. (New section) The State Comptroller shall consolidate
6 within the Office of the State Comptroller the coordination of the
7 internal and external audit functions, including but not limited to
8 economy and efficiency audits in the Executive branch of State
9 government, including all entities exercising executive branch
10 authority, public institutions of higher education, independent State
11 authorities, units of local government and boards of education. The
12 State Comptroller is authorized to:

13 a. establish a full-time program of audit and performance
14 review designed to provide increased accountability, integrity, and
15 oversight of the Executive branch of State government, including
16 all entities exercising executive branch authority, public institutions
17 of higher education, independent State authorities, units of local
18 government and boards of education; and

19 b. audit and monitor the process of soliciting proposals for, and
20 the process of awarding, contracts made by the Executive branch of
21 State government, including all entities exercising executive branch
22 authority, public institutions of higher education, independent State
23 authorities, units of local government and boards of education that
24 involve a significant consideration or expenditure of funds or are
25 comprised of complex or unique components, or both, as
26 determined by the State Comptroller; provided however, for the
27 purposes of the duties of the Office of the State Comptroller,
28 "contract" or "contracts" shall not include public employer-
29 employee labor collective bargaining agreements.

30
31 8. (New section) a. The State Comptroller shall have all the
32 powers necessary to carry out the duties and functions and to fulfill
33 the responsibilities described in this act, including the power to
34 conduct audits, evaluations, inspections, and other reviews and
35 propose and enforce remediation plans for the Executive branch of
36 State government, including all entities exercising executive branch
37 authority, public institutions of higher education, independent State
38 authorities, units of local government and boards of education that
39 are found by the State Comptroller to have deficient practices or
40 procedures. The State Comptroller shall, pursuant to the provisions
41 of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
42 1 et seq.), adopt rules and regulations necessary to effectuate the
43 purposes of this act.

44 b. The State Comptroller and the Office of State Comptroller
45 shall conduct audits and performance reviews in accordance with
46 prevailing national and professional standards, rules, and practices
47 relating to such audits and reviews in government environments,

1 and the State Comptroller shall ensure that the office remains in
2 compliance with such standards, rules, and practices.

3 c. The State Comptroller shall establish criteria for determining
4 the frequency of financial audits and performance reviews, which
5 criteria shall weigh relevant risk factors, such as the size of the
6 budget and past performance of the Executive branch of State
7 government, including all entities exercising executive branch
8 authority, public institutions of higher education, independent State
9 authorities, units of local government and boards of education or
10 their vendors. Notwithstanding the criteria, the State Comptroller
11 shall perform financial audits at least every two years for any unit
12 in the Executive branch of State government, including any entity
13 exercising executive branch authority, public institution of higher
14 education, independent State authority, unit of local government
15 and board of education that has expended in excess of \$100,000,000
16 in an immediately preceding annual budget cycle.

17 d. The State Comptroller shall conduct performance reviews of
18 units in the Executive branch of State government at the request of
19 the Governor and financial audits of units in the Executive branch
20 of State government, independent State authorities, public
21 institutions of higher education, units of local government and
22 boards of education at the request of the Governor or the Speaker of
23 the General Assembly or the President of the Senate.

24 e. The State Comptroller shall provide guidance to units in the
25 Executive branch of State government, independent State
26 authorities, units of local government and boards of education units
27 that are required to engage outside auditors regarding procurement
28 of their services, the rotation of the providers of such services, and
29 the avoidance of possible conflicts of interest in the hiring of
30 outside auditors.

31

32 9. (New section) a. The State Comptroller shall establish a
33 system that shall ensure that any officers and employees of the
34 Office of the Inspector General, the Department of Law and Public
35 Safety, the Department of Education, the Department of the
36 Treasury, the Department of Transportation, the Division of Local
37 Government Services in the Department of Community Affairs, the
38 Local Finance Board, and the Office of the State Auditor who
39 perform audits, investigations, and performance reviews similar or
40 identical to those authorized to be performed by the State
41 Comptroller shall conduct their audits, investigations and reviews
42 with the consultation of, and in coordination and cooperation with,
43 the State Comptroller.

44 b. For the purpose of establishing and maintaining this system,
45 the State Comptroller shall meet at periodic intervals, but at least
46 four times annually, with the Attorney General, the State Treasurer,
47 the State Inspector General, the Commissioner of Education, the
48 Commissioner of Transportation, the Director of the Division of

1 Local Government Services in the Department of Community
2 Affairs, staff of the Local Finance Board, the State Auditor, and any
3 other public officers or employees deemed necessary who perform
4 audits, investigations, and performance reviews. The responsibility
5 of all parties during these meetings shall be to: facilitate
6 communication and exchange information on completed, current,
7 and future audits, investigations, and reviews; avoid duplication and
8 fragmentation of efforts; optimize the use of resources; avoid
9 divisiveness and organizational uncertainty; promote effective
10 working relationships; and avoid the unnecessary expenditure of
11 public funds.

12 c. To further ensure the consultation of, and coordination and
13 cooperation with, the State Comptroller, the Commissioner of
14 Education, the Director of the Division of Local Government
15 Services in the Department of Community Affairs, and the staff of
16 the Local Finance Board shall promptly notify the State
17 Comptroller of any local audits that have been submitted to them
18 that reveal any significant deficiencies.

19

20 10. (New section) a. In furtherance of the duty of the State
21 Comptroller to audit and monitor the process of soliciting proposals
22 for, and the process of awarding, contracts by contracting units
23 which contracts involve a significant consideration or expenditure
24 of funds, a contracting unit shall provide notice to the State
25 Comptroller no later than 20 business days after the award of a
26 contract involving consideration or an expenditure of more than
27 \$2,000,000 but less than \$10,000,000.

28 As used in this section, "contracting unit" means the principal
29 departments in the Executive Branch of the State Government, and
30 any division, board, bureau, office, commission or other
31 instrumentality within or created by such department, any
32 independent State authority, commission, instrumentality and
33 agency, and any State college or university, any county college, and
34 any unit of local government including a county, municipality,
35 board of education and any board, commission, committee,
36 authority or agency, thereof which has administrative jurisdiction
37 over any project or facility, included or operating in whole or in
38 part, within the territorial boundaries of any county, municipality or
39 board of education which exercises functions which are appropriate
40 for the exercise by one or more units of local government, and
41 which has statutory power to make purchases and enter into
42 contracts for the provision or performance of goods or services.

43 b. (1) A contracting unit shall inform the State Comptroller in
44 writing, in a form to be determined by the State Comptroller, of the
45 commencement of any procurement process involving consideration
46 or an expenditure of \$10,000,000 or more at the earliest time
47 practicable as the contracting unit commences the procurement
48 process, but no later than the time the contracting unit commences

1 preparation of: any bid specification or request for proposal;
2 concession offering; proposal to purchase, sell, or lease real estate;
3 or other related activities and contracts.

4 (2) Unless waived by the State Comptroller upon request of the
5 contracting unit, at least 30 days shall elapse from the time the
6 contracting unit informs the State Comptroller pursuant to
7 paragraph (1) of this subsection and the time the contracting unit
8 may issue any public advertising, notice of availability of a request
9 for proposals or any other public or private solicitation of a contract
10 for a procurement that is subject to this subsection in order that the
11 State Comptroller may complete a review that may be undertaken
12 pursuant to paragraph (4) of this subsection.

13 (3) At any time during that 30 days, or on a date thereafter, but
14 no later than 15 business days before the date of a planned issuance
15 of any public advertising, notice of availability of a request for
16 proposals or any other public or private solicitation of a contract
17 involving consideration or an expenditure of \$10,000,000 or more,
18 the contracting unit shall provide notice to the State Comptroller, in
19 a form to be determined by the State Comptroller and to include
20 such documents and information as determined by the State
21 Comptroller, of the planned action.

22 (4) Upon receipt of the notice and any accompanying documents
23 and information required pursuant to paragraph (3) of this
24 subsection, the State Comptroller may review such submission and
25 provide a written determination to the contracting unit regarding
26 whether the procurement process complies with applicable public
27 contracting laws, rules, and regulations. The State Comptroller's
28 review is not for the purpose of reviewing the contracting unit's
29 decision to undertake the procurement or to otherwise supplant the
30 contracting unit's authority to create or implement public policy. If
31 the State Comptroller determines that the procurement process does
32 not comply with applicable public contracting laws, rules, and
33 regulations, the State Comptroller shall direct the contracting unit
34 not to proceed with the procurement. In such an instance, the State
35 Comptroller shall state the reasons for such determination and may
36 include in its determination guidance to the contracting unit
37 regarding an appropriate procurement process. A contracting unit
38 may proceed with a planned procurement that is subject to this
39 subsection after the expiration of the 30 day period or the granting
40 of a waiver as provided in paragraph (2), unless it receives a written
41 determination not to proceed from the State Comptroller within 15
42 business days of the date the contracting unit provided written
43 notice to the State Comptroller pursuant to paragraph (3) of this
44 subsection.

45 (5) Information communicated by or between a contracting unit
46 and the State Comptroller pursuant to this subsection shall be
47 considered advisory, consultative, or deliberative material for
48 purposes of P.L.1963, c.73 (C.47:1A-1 et seq.), as amended and

1 supplemented, except for written determinations designated by the
2 State Comptroller as public records.

3 c. Provided however, that the notice and review provided for in
4 subsection b. of this section shall not apply to the award of any
5 contract issued pursuant to section 6 of P.L.1971, c.198 (C.40A:11-
6 6) or N.J.S.18A:18A-7, or under a public exigency requiring the
7 immediate delivery of articles or performance of service under a
8 contract issued pursuant to section 5 of P.L.1954, c.48 (C.52:34-
9 10), or issued pursuant to any similar provisions of law and
10 regulations thereunder applicable for a respective contracting unit.
11 Notice of the award of any such contract shall be provided to the
12 State Comptroller no later than 30 business days after the award.

13 d. The State Comptroller, in consultation with the Department of
14 the Treasury, shall, no later than March 1, 2010, and March 1 of
15 every fifth year thereafter, adjust the threshold amounts set forth in
16 subsections a. and b. of this section, or the threshold amounts
17 resulting from any adjustment under this subsection, in direct
18 proportion to the rise or fall of the index rate as that term is defined
19 in section 2 of P.L.1971, c.198 (C.40A:11-2), and shall round the
20 adjustment to the nearest \$100,000. The State Comptroller shall, no
21 later than June 1, 2010, and June 1 of every fifth year thereafter,
22 notify contracting units of the adjustment. The adjustment shall
23 become effective on July 1 of the year in which it is made.

24

25 11. (New section) a. The State Comptroller shall report the
26 findings of audits and reviews performed by the office, and issue
27 recommendations for corrective or remedial action, to the Governor,
28 the President of the Senate and the Speaker of the General
29 Assembly and to the unit in the Executive branch of State
30 government, including any entity exercising executive branch
31 authority, independent State authority, public institution of higher
32 education, or unit of local government or board of education at
33 issue. The unit in the Executive branch of State government,
34 independent State authority, public institution of higher education,
35 or unit of local government or board of education shall fully
36 cooperate with the State Comptroller to develop recommendations
37 for a corrective or remedial action plan. The State Comptroller
38 shall monitor the implementation of those recommendations and
39 shall conduct a subsequent review to determine whether there has
40 been full implementation and continued compliance with those
41 recommendations.

42 b. The State Comptroller shall report promptly to the Governor,
43 the President of the Senate and the Speaker of the General
44 Assembly if a unit in the Executive branch of State government,
45 independent State authority, public institution of higher education,
46 or unit of local government or board of education refuses to
47 cooperate in development of a corrective or remediation plan or to
48 comply with a plan.

1 c. The State Comptroller shall recommend that the Governor
2 initiate disciplinary proceedings against any official or employee of
3 a unit in the Executive branch of State government, including any
4 entity exercising executive branch authority, or independent State
5 authority who impedes an audit, or who fails or refuses to cooperate
6 in the development of a corrective or remedial action plan or to
7 comply with a plan. The Governor may cause an investigation to be
8 made of the conduct of any such official or employee and may
9 require such official to submit to the Governor a written statement
10 or statements, under oath, of such information as the Governor may
11 call for relating to the official's or the employee's conduct alleged
12 by the State Comptroller. After notice, the service of charges and an
13 opportunity to be heard at public hearing, the Governor may remove
14 any such official or employee for cause. Such official or employee
15 shall have the right of judicial review, on both the law and the facts,
16 in such manner as may be provided by law.

17 d. If the State Comptroller is advised by the Commissioner of
18 Education, the Director of the Division of Local Government
19 Services in the Department of Community Affairs, staff of the
20 Local Finance Board, or the State Auditor that a unit of local
21 government or board of education or any official or employee
22 thereof has impeded an audit, or has failed or refused to cooperate
23 in the development of a corrective or remedial action plan or to
24 comply with a plan recommended by such State official or
25 employee thereof, the State Comptroller is authorized to
26 recommend that the Governor (1) withhold the expenditure of State
27 funds that may be due to be paid to that unit of local government or
28 board of education, and (2) request the Commissioner of Education,
29 the Director of the Division of Local Government Services in the
30 Department of Community Affairs, or staff of the Local Finance
31 Board, as may be appropriate for that unit of local government or
32 board of education, to impose a corrective or remedial action plan
33 that may include the prior approval by the State Comptroller of that
34 local unit's or board's contracts and expenditures.

35 e. The State Comptroller shall provide periodic reports to the
36 Governor, and shall issue an annual report to the Governor and
37 submit that report to the Legislature pursuant to section 2 of
38 P.L.1991, c.164 (C.52:14-19.1), which shall be available to the
39 public. The reports shall include but shall not be limited to the
40 reporting of any programmatic deficiencies and weaknesses that the
41 State Comptroller's audits, investigations, and reviews have found,
42 and detailing the efforts by, or the failure of, any unit in the
43 Executive branch of State government, including any entity
44 exercising executive branch authority, independent State authority
45 or unit of local government or board of education to implement a
46 recommended plan for corrective or remedial action.

1 12. (New section) The State Comptroller is authorized to refer
2 findings that may constitute alleged criminal conduct to the
3 Attorney General or other appropriate prosecutorial authority. In
4 the course of conducting audits and performance reviews, the State
5 Comptroller may refer matters for investigation to the State
6 Inspector General or to the Attorney General or other appropriate
7 authorities for further civil or administrative action, with
8 recommendations to initiate actions to recover monies, to terminate
9 contracts, or temporarily or permanently debar any person from
10 contracting with or receiving funds from any unit in the Executive
11 branch of State government, including any entity exercising
12 executive branch authority, independent State authority or unit of
13 local government or board of education.

14

15 13. (New section) a. When the State Comptroller or the State
16 Inspector General refers a complaint alleging criminal conduct to
17 the Attorney General or other appropriate prosecutorial authority
18 and the Attorney General or prosecutorial authority decides not to
19 investigate or prosecute the matter, the Attorney General or the
20 prosecutorial authority shall promptly notify the State Comptroller
21 and the State Inspector General. The Attorney General or the
22 prosecutorial authority shall inform the State Comptroller and the
23 State Inspector General as to whether an investigation is ongoing
24 with regard to any matter so referred. The State Comptroller and
25 the State Inspector General shall preserve the confidentiality of the
26 existence of any ongoing criminal investigation.

27 If the Attorney General or the prosecutorial authority decides not
28 to investigate or act upon the matter referred by the State
29 Comptroller or the State Inspector General, the State Comptroller
30 shall refer the matter to the State Inspector General after the receipt
31 of such a notice.

32 Upon completion of an investigation or, in a case where the
33 investigation leads to prosecution, upon completion of the
34 prosecution, the Attorney General or the prosecutorial authority
35 shall report promptly the findings and results to the State
36 Comptroller and the State Inspector General. In the course of
37 informing the State Comptroller and the State Inspector General,
38 the Attorney General or prosecutorial authority shall give full
39 consideration to the authority, duties, functions, and responsibilities
40 of the State Comptroller and the State Inspector General, the public
41 interest in disclosure, and the need for protecting the confidentiality
42 of complainants and informants.

43 b. With respect to referrals to the State Inspector General, the
44 State Inspector General shall report to the State Comptroller
45 promptly when a final determination is made to not investigate or
46 act upon the matter referred, or promptly upon completion of the
47 investigation or action taken. The State Inspector General shall

1 inform the State Comptroller as to whether an investigation is
2 ongoing with regard to any matter so referred.

3 In the course of informing the State Comptroller, the State
4 Inspector General shall give full consideration to the authority,
5 duties, functions, and responsibilities of the State Comptroller, the
6 public interest in disclosure, and the need for protecting the
7 confidentiality of complainants and informants.

8 If the State Inspector General decides not to investigate or act
9 upon the matter referred, the State Comptroller is authorized to
10 continue an investigation after the receipt of such a notice.

11 c. The State Comptroller shall maintain a record of all matters
12 referred and the responses received and shall be authorized to
13 disclose information received as appropriate and as may be
14 necessary to resolve the matter referred, to the extent consistent
15 with the public interest in disclosure and the need for protecting the
16 confidentiality of complainants and informants and preserving the
17 confidentiality of ongoing criminal investigations.

18

19 14. (New section) a. All units in the Executive branch of State
20 government, including entities exercising executive branch
21 authority, independent State authorities, public institutions of higher
22 education, units of local government and boards of education and
23 their employees shall provide full assistance and cooperation with
24 any audit, performance review or contract review by the State
25 Comptroller.

26 b. The State Comptroller shall have complete access to all
27 "government records" of "public agencies," as those terms are
28 defined pursuant to section 1 of P.L.1995,c.23 (C.47:1A-1.1),
29 including all information listed as confidential and specifically
30 excluded as a "government record," in section 1 of P.L.1995,c.23
31 (C.47:1A-1.1). Provided however, that any information listed as
32 confidential and specifically excluded as a "government record," in
33 that section, to which the State Comptroller shall have access, shall
34 directly relate to a program or expenditure that is the subject of an
35 audit, performance review or contract review by the State
36 Comptroller, and provided further that if a public agency provides
37 the State Comptroller with access to information that is subject to a
38 confidentiality agreement, the public agency shall promptly notify
39 the parties to the agreement that the information being provided to
40 the State Comptroller.

41 c. Whenever a person requests access to a government record
42 that the State Comptroller or the State Inspector General, during the
43 course of an audit, investigation, performance review or contract
44 review obtained from another public agency, which record was
45 open for public inspection, examination or copying before the audit,
46 investigation or review commenced, the public agency from which
47 the State Comptroller or the State Inspector General obtained the
48 record shall comply with the request if made pursuant to P.L.1963,

1 c.73 (C.47:1A-1 et seq.), provided that the request does not in any
2 way identify the record sought by means of a reference to the State
3 Comptroller's audit or review or to an investigation by the State
4 Inspector General or any other public agency, including, but not
5 limited to, a reference to a subpoena issued pursuant to such
6 investigation.

7 d. Private vendors or other persons contracting with or
8 receiving funds from a unit in the Executive branch of State
9 government, including an entity exercising executive branch
10 authority, independent State authority, public institution of higher
11 education, or unit of local government or board of education shall
12 upon request by the State Comptroller provide the State
13 Comptroller with prompt access to all relevant documents and
14 information as a condition of the contract and receipt of public
15 monies. The State Comptroller shall not disclose any document or
16 information to which access is provided that is confidential or
17 proprietary. If the State Comptroller finds that any person receiving
18 funds from a unit in the Executive branch of State government,
19 including an entity exercising executive branch authority,
20 independent State authority, public institution of higher education,
21 or unit of local government or board of education refuses to provide
22 information upon the request of the State Comptroller, or otherwise
23 impedes or fails to cooperate with any audit or performance review,
24 the State Comptroller may recommend to the contracting unit that
25 the person be subject to termination of their contract, or temporarily
26 or permanently debarred from contracting with the contracting unit.

27
28 15. (New section) The State Comptroller shall provide technical
29 assistance and training to units in the Executive branch of State
30 government, including entities exercising executive branch
31 authority, independent State authorities, public institutions of higher
32 education, and units of local government and boards of education
33 regarding best practices in developing and implementing financial
34 management systems that will strengthen internal control
35 procedures and prevent the misuse of public funds.

36
37 16. Section 1 of P.L.2005, c.119 (C.52:15B-1) is amended to
38 read as follows:

39 1. The Legislature finds and declares that:

40 the State of New Jersey expends more than \$28 billion in
41 taxpayer funds each year, and agencies at other levels of
42 government expend billions more;

43 it is fundamental that all government officials be publicly
44 accountable for such expenditures;

45 promoting integrity in the administration and operations of
46 government and improving public accountability are the
47 cornerstones of government;

1 one of the remedial actions that can be taken to improve such
2 accountability is to identify areas where State spending is wasteful
3 or inefficient;

4 the Governor has the responsibility to ensure a balanced budget,
5 manage the operations of State government effectively and
6 efficiently, and maintain necessary government programs and
7 assistance to the public;

8 it is the duty of the Governor to guard against extravagance,
9 waste, or fiscal mismanagement in the administration of any State
10 appropriation;

11 it is critically important that public officers and employees, at all
12 levels of government, discharge their duties and responsibilities in a
13 lawful and ethical manner, while conserving the fiscal resources
14 that have been entrusted to the government's care by the taxpayers;

15 there is a compelling need to centralize the responsibility for
16 **[reviewing, auditing, evaluating, and overseeing]** investigating
17 allegations of the improper discharge of these duties and
18 responsibilities concerning the expenditure of State funds by, and
19 the procurement process of, all State departments and agencies,
20 independent authorities, county and municipal governments, and
21 boards of education; and

22 there is a need, therefore, to create the Office of the Inspector
23 General, which will report directly to the Governor, to ensure that
24 these responsibilities are met.

25 (cf: P.L.2005, c.119, s.1)

26

27 17. Section 7 of P.L.2005, c.119 (C.52:15B-7) is amended to
28 read as follows:

29 7. The Inspector General is authorized to~~[:]~~ establish a full-
30 time program of **[audit,]** investigation **[, and performance review]** ,
31 to receive and investigate complaints concerning alleged fraud,
32 waste, abuse, or mismanagement of State funds, designed to provide
33 increased accountability, integrity, and oversight of:

34 all recipients of State funds, including, but not limited to, State
35 departments and agencies, independent authorities, county and
36 municipal governments, and boards of education~~].~~

37 **audit and monitor];**

38 the awarding and the execution of contracts awarded by the
39 State, or any of its independent authorities, commissions, boards,
40 agencies, or instrumentalities, which contracts involve a significant
41 expenditure of public funds or are comprised of complex or unique
42 components, or both, as determined by the Inspector General~~].~~

43 **investigate]** ; and

44 the performance of governmental officers, employees,
45 appointees, functions, and programs in order to promote efficiency,
46 to identify cost savings, and to detect and prevent misconduct

1 within the programs and operations of any governmental agency
2 funded by, or disbursing, State funds.

3 [receive and investigate complaints concerning alleged fraud,
4 waste, abuse, or mismanagement of State funds.]

5 (cf: P.L.2005, c.119, s.7)

6

7 18. Section 8 of P.L.2005, c.119 (C.52:15B-8) is amended to
8 read as follows:

9 8. a. The Inspector General shall have all the powers necessary
10 to carry out the duties and functions and to fulfill the
11 responsibilities described in this act, including the power to conduct
12 investigations, [audits,] and in pursuit thereof, evaluations,
13 inspections, and other reviews.

14 b. The Inspector General and the office shall conduct [audits,]
15 investigations [, and performance reviews] in accordance with
16 prevailing national and professional standards, rules, and practices
17 relating to such [audits,] investigations [, and reviews] in
18 government environments, and the Inspector General shall ensure
19 that the office remains in compliance with such standards, rules,
20 and practices.

21 c. In furtherance of an investigation, the Inspector General may
22 compel at a specific time and place, by subpoena, the appearance
23 and sworn testimony of any person whom the Inspector General
24 reasonably believes may be able to give information relating to a
25 matter under investigation. For this purpose, the Inspector General
26 is empowered to administer oaths and examine witnesses under
27 oath, and compel any person to produce at a specific time and place,
28 by subpoena, any documents, books, records, papers, objects, or
29 other evidence that the Inspector General reasonably believes may
30 relate to a matter under investigation.

31 If any person to whom such subpoena is issued fails to appear or,
32 having appeared, refuses to give testimony, or fails to produce the
33 books, papers or other documents required, the Inspector General
34 may apply to the Superior Court and the court may order the person
35 to appear and give testimony or produce the books, papers or other
36 documents, as applicable. Any person failing to obey the court's
37 order may be punished by the court as for contempt.

38 d. A person compelled to appear by the Inspector General and
39 provide sworn testimony shall have the right to be accompanied by
40 counsel, who shall be permitted to advise the witness of his or her
41 rights. A witness compelled to appear and testify shall be accorded
42 all due process rights.

43 (cf: P.L.2005, c.119, s.8)

44

45 19. Section 15 of P.L.2005, c.119 (C.52:15B-15) is amended to
46 read as follows:

47 15. The Inspector General shall report the findings of [audits,]

1 investigations [, and reviews] performed by the office, and issue
2 recommendations for corrective or remedial action, to the Governor,
3 the President of the Senate and the Speaker of the General
4 Assembly and to the entity at issue. The Inspector General shall
5 monitor the implementation of those recommendations.

6 (cf: P.L.2005, c.119, s.15)

7

8 20. Section 70 of P.L.2000, c.72 (C.18A:7G-43) is amended to
9 read as follows:

10 70. There is established in the Office of the Attorney General
11 the Office of Fiscal Integrity in School Construction. The office
12 shall perform its duties under the direction of the Attorney General
13 and shall cooperate and coordinate the performance its duties with
14 the Office of the State Comptroller. The Attorney General or his
15 representative, in cooperation and coordination with the State
16 Comptroller or his representatives, may investigate, examine, and
17 inspect the activities of the authority and districts related to the
18 financing and construction of school facilities and the
19 implementation of the provisions of P.L.2000, c.72 (C.18A:7G-1 et
20 al.). The Attorney General and the State Comptroller may require
21 the submission of duly verified reports from the authority and
22 districts, which include such information in such form as the
23 Attorney General and the State Comptroller may require. The
24 Attorney General or the State Comptroller or [his] a representative
25 of either, may also consult with the authority on issues and
26 procedures related to the exercise of its duties and responsibilities
27 under P.L.2000, c.72 (C.18A:7G-1 et al.). The Legislature shall
28 annually appropriate such funds as may be necessary to finance the
29 operations of the office.

30 (cf: P.L.2005, c.155, s.105)

31

32 21. Section 4 of P.L.2006, c.15 (C.18A:7A-57) is amended to
33 read as follows:

34 4. a. The Office of the State Auditor, or the Office of the State
35 Comptroller, in cooperation with the State Auditor, shall conduct a
36 forensic audit of the fiscal operations of any school district which
37 has a year-end general fund deficit and also meets one of the other
38 criteria in subsection a. of section 2 of this act. The audit shall be
39 of the fiscal year in which the general fund deficit occurred and
40 shall be in addition to the audit required of school districts pursuant
41 to N.J.S.18A:23-1.

42 b. Notwithstanding the provisions of R.S.52:24-1 et seq., or
43 any other law to the contrary, the Office of the State Auditor or the
44 Office of the State Comptroller shall submit the audit to the
45 commissioner, the Governor, and the Legislature. The Office of the
46 State Auditor or the Office of the State Comptroller shall also
47 present the audit to the district's board of education and the public
48 at the board's next regularly scheduled monthly meeting.

1 c. The Office of the State Auditor or the Office of the State
2 Comptroller shall forward any findings of fraudulent activities
3 discovered as a result of the audit to the appropriate law
4 enforcement agency.

5 d. Within 30 days of the presentation of the audit by the Office
6 of the State Auditor or the Office of the State Comptroller to the
7 board of education, the board shall submit to the commissioner a
8 plan that addresses all of the findings, conclusions, and
9 recommendations of the Office of the State Auditor or the Office of
10 the State Comptroller which have not been previously addressed by
11 the school district.

12 (cf: P.L.2006, c.15, s.4)

13

14 22. R.S.52:14-3 is amended to read as follows:

15 52:14-3. When such an agreement has been made between two
16 departments, the heads thereof shall, from time to time, certify to
17 the **[state comptroller]** Director of the Division of Budget and
18 Accounting the sum or sums due from the one to the other on
19 account of such work, and the **[state comptroller]** director shall
20 thereupon cause to be paid such sum or sums to the creditor
21 department. Payment may be by check, as other state bills are paid,
22 or by a system of debits and credits, as the **[state comptroller]**
23 director may determine. All sums so received by or credited to any
24 department shall be added to the current appropriation made for the
25 support of said department, to the end that its appropriation may not
26 be depleted by reason of the work done for another department.

27 (cf: R.S.52:14-3)

28

29 23. R.S.52:14-4 is amended to read as follows:

30 52:14-4. Two or more departments may unite in co-operative
31 work in lines germane to the duties of said departments, and the
32 heads thereof may agree between themselves for the distribution of
33 the expense to be incurred. The agreement may include the
34 payment or transfer from one department to another of a lump sum,
35 and the payment, by the department receiving the same, of all
36 expenses incurred in such co-operative work. The **[state**
37 **comptroller]** Director of the Division of Budget and Accounting
38 shall, upon due notification of the agreement, make the necessary
39 payments, or credits and debits, from sums not otherwise under
40 requisition by the co-operating departments.

41 (cf: R.S.52:14-4)

42

43 24. Section 7 of P.L.1948, c.92 (C.52:18A-7) is amended to read
44 as follows:

45 7. The office of State Comptroller, also designated and referred
46 to as "Comptroller of the Treasury," **[is]** as continued **[,** but such
47 office is hereby] and transferred to and constituted an office within

1 the Division of Budget and Accounting in the Department of the
2 Treasury **[established hereunder.] pursuant to the "Department of**
3 **the Treasury Act of 1948, P.L.1948, c.92 (C.52:18A-1 et seq.), is**
4 **abolished, [The] and the** Director of the Division of Budget and
5 Accounting **[is hereby constituted the State Comptroller and**
6 **comptroller of the treasury and, as such,]** shall exercise the powers
7 and perform the functions and duties concerning accounting and
8 financial management vested in, or imposed upon, the **[State**
9 **Comptroller or]** comptroller of the treasury, as may be established
10 by law.

11 (cf: P.L.1948, c.92, s.7)

12

13 25. Section 12 of P.L.1948, c.92 (C.52:18A-12) is amended to
14 read as follows:

15 12. Wherever a provision of law relating to the presentation of
16 claims or bills for approval, the drawing of warrants, the
17 countersigning of receipts and checks, the administration of petty
18 cash funds, the apportionment of taxes on railroad and canal
19 property, **[applies] applied** to the Comptroller, or to the State
20 Commissioner of Taxation and Finance from July 1, 1948, the
21 effective date of the "Department of the Treasury Act of 1948,"
22 P.L.1949, c.92 (C.52:18A-1 et seq.), until the effective date of
23 P.L. , c. (C.)(now pending before the Legislature as this
24 bill), such provision of law **[shall when this act takes effect apply]**
25 shall be construed as having applied instead to the director of the
26 Division of Budget and Accounting.

27 (cf: P.L.1948, c.92, s.12)

28

29 26. Section 13 of P.L.1948, c.92 (C.52:18A-13) is amended to
30 read as follows:

31 13. The Secretary of State shall, when the offices of State
32 Treasurer **[and] or** director of the Division of Budget and
33 Accounting **[and State Comptroller or either of them]** shall become
34 vacant or the officers or either of them shall no longer be authorized
35 to act as such, respectively, give written notice forthwith to all
36 national banks located in this State and institutions authorized by
37 the State to carry on a banking business of such vacancy or
38 termination of power. No bank shall thereafter pay any check or
39 draft of the State Treasurer, signed or countersigned by any person
40 after his office shall become vacant or after he shall no longer be
41 authorized to act.

42 (cf: P.L.1948, c.92, s.13)

43

44 27. Section 46 of P.L.1948, c.92 (C.52:18A-46) is amended to
45 read as follows:

46 46. Whenever the term "State Treasurer" occurs or any reference
47 is made thereto in any law, contract or document, the same shall be

1 deemed to mean or refer to the State Treasurer designated as the
2 head of the Department of the Treasury established hereunder.

3 Whenever the term "State Director of the United New Jersey
4 Railroad and Canal Company" occurs or any reference is made
5 thereto in any law, contract or document, the same shall be deemed
6 to mean or refer to the State Treasurer designated as the head of the
7 Department of the Treasury established hereunder.

8 Whenever the term "State Comptroller" or "Comptroller of the
9 Treasury" occurs or any reference is made thereto in any law,
10 contract or document, the same, from July 1, 1948, the effective
11 date of the "Department of the Treasury Act of 1948," P.L.1949,
12 c.92 (C.52:18A-1 et seq.), until the effective date of P.L. ,
13 c. (C.) (now pending before the Legislature as this bill), shall
14 be deemed to mean or refer to the Director of the Division of
15 Budget and Accounting in the Department of the Treasury
16 established **[hereunder]** pursuant to P.L.1949, c.92 (C.52:18A-1 et
17 seq.).

18 Whenever the term "Division of Purchase and Property in the
19 State Department of Taxation and Finance" occurs or any reference
20 is made thereto in any law, contract or document, the same shall be
21 deemed to mean or refer to the Division of Purchase and Property in
22 the Department of the Treasury established hereunder.

23 Whenever the term "Director of the Division of Purchase and
24 Property in the State Department of Taxation and Finance" occurs
25 or any reference is made thereto in any law, contract or document,
26 the same shall be deemed to mean or refer to the Director of the
27 Division of Purchase and Property in the Department of the
28 Treasury established hereunder.

29 Whenever the term "Division of Local Government in the State
30 Department of Taxation and Finance" occurs or any reference is
31 made thereto in any law, contract or document, the same shall be
32 deemed to mean or refer to the Division of Local Government
33 Services in the Department of Community Affairs established
34 hereunder.

35 Whenever the term "Director of the Division of Local
36 Government in the State Department of Taxation and Finance"
37 occurs or any reference is made thereto in any law, contract or
38 document, the same shall be deemed to mean or refer to the
39 Director of the Division of Local Government Services in the
40 Department of Community Affairs.

41 Whenever the term "Local Government Board of the Division of
42 Local Government in the State Department of Taxation and
43 Finance" occurs or any reference is made thereto in any law,
44 contract or document, the same shall be deemed to mean or refer to
45 the Local Finance Board of the Division of Local Government
46 Services in the Department of Community Affairs.

47 Whenever the term "Division of Taxation in the State
48 Department of Taxation and Finance" occurs or any reference is

1 made thereto in any law, contract or document, the same shall be
2 deemed to mean or refer to the Division of Taxation in the
3 Department of the Treasury established hereunder.

4 Whenever the term "Director of the Division of Taxation in the
5 State Department of Taxation and Finance" occurs or any reference
6 is made thereto in any law, contract or document, the same shall be
7 deemed to mean or refer to the Director of the Division of Taxation
8 in the Department of the Treasury established hereunder.

9 Whenever the term "New Jersey Racing Commission" occurs or
10 any reference is made thereto in any law, contract or document, the
11 same shall be deemed to mean or refer to the New Jersey Racing
12 Commission constituted the Division of the New Jersey Racing
13 Commission established hereunder in the Department of the
14 Treasury.

15 Whenever the term "State Commission of Taxation and Finance"
16 occurs or any reference is made thereto in any law, contract or
17 document, the same shall be deemed to mean or refer to the State
18 Treasurer designated as the head of the Department of the Treasury
19 established hereunder.

20 (cf: P.L.1983, c.36, s.8)

21

22 28. R.S.52:19-10 is amended to read as follows:

23 52:19-10. The **【state comptroller】** State Treasurer shall:

24 a. Superintend the collection of the revenue;

25 b. Take general charge and supervision of all rights, interest
26 and property of the state;

27 c. Institute and direct prosecution against delinquent officers of
28 the revenue, and for just claims and debts due to the state; and

29 d. Draw all warrants on the treasurer in favor of such public
30 officers as receive salaries from the state and for the payment of all
31 moneys directed by law to be paid out of the treasury, and such
32 warrants shall designate the purpose for which they are drawn.

33 (cf: R.S.52:19-10)

34

35 29. R.S.52:20-1 is amended to read as follows:

36 52:20-1. The State House Commission shall consist of the
37 Governor, who shall be the presiding officer, the State Treasurer,
38 and the **【Comptroller】** Director of the Division of Budget and
39 Accounting in the Department of the Treasury, or the persons upon
40 whom shall devolve by law the powers, duties and emoluments of
41 said offices respectively, for the time being, and 2 members of the
42 Senate appointed by the President thereof and 2 members of the
43 General Assembly appointed by the Speaker thereof, no more than
44 one of either group of 2 being of the same political party. The
45 members of the commission shall serve without pay in connection
46 with all such duties as are prescribed in this chapter. The appointed
47 members of the commission shall serve as members thereof for

1 terms co-extensive with their respective terms as members of the
2 Houses of the Legislature from which they were appointed.

3 (cf: P.L.1963, c.180, s.1)

4

5 30. Section 1 of P.L.1940, c.35 (C.52:22-16.1) is amended to
6 read as follows:

7 1. The **【Comptroller】** Director of the Division of Budget and
8 Accounting in the Department of the Treasury is hereby authorized
9 to transfer by debit and credit, upon request in writing for that
10 purpose by the head of any department or spending agency of the
11 State government, monies appropriated to any such department or
12 spending agency, to enable any such department or spending agency
13 to pay telephone, telegraph, postage and rent charges.

14 (cf: P.L.1940, c.35, s.1)

15

16 31. Section 2 of P.L.1940, c.35 (C.52:22-16.2) is amended to
17 read as follows:

18 2. Whenever it is necessary so to do, the **【Comptroller】**
19 Director of the Division of Budget and Accounting in the
20 Department of the Treasury is hereby authorized to transfer and
21 make the necessary credit directly to the State House Commission.

22 (cf: P.L.1940, c.35, s.2)

23

24 32. R.S.52:19-2 is amended to read as follows:

25 52:19-2. The **【State Comptroller】** Director of the Division of
26 Budget and Accounting in the Department of the Treasury, before
27 entering upon the duties of his office, shall take an oath before one
28 of the justices of the Supreme Court, that he will well, faithfully
29 and impartially discharge all the duties required of him by law, and
30 that he will not allow any claim, charge or account against the State
31 unless satisfied that the same is justly due. Such oath shall be filed
32 in the office of the Secretary of State.

33 (cf: R.S.52:19-2)

34

35 33. (New section) Whenever the term "State Comptroller" or
36 "Comptroller of the Treasury" occurs or any reference is made
37 thereto, in any law enacted, or in any contract or document
38 executed, before the effective date of this P.L. , c. (C.)
39 (pending before the Legislature as this bill), the same shall be
40 deemed to mean or refer to the Director of the Division of Budget
41 and Accounting in the Department of the Treasury.

42

43 34. This act shall take effect on the first day of the sixth month
44 following enactment.

STATEMENT

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This bill consolidates the functions of financial audit and performance reviews for the State government, independent State authorities and local units of government in an independent Office of the State Comptroller. The bill establishes an Office of the State Comptroller in but not of the Department of the Treasury, that will have the status equal to a cabinet level office responsible only to the Governor. The Office of the State Comptroller will be the single Executive branch entity responsible for conducting regular fiscal audits of all State government, independent State authorities and local units of government. The State Comptroller will also develop remediation plans to correct deficiencies in internal control procedures and monitor compliance with those plans.

The Office of the State Comptroller will be responsible for conducting routine, periodic and random audits of the Executive branch of State government, including all entities exercising executive branch authority, public institutions of higher education, independent State authorities, units of local government and boards of education and for conducting assessments of the performance and management of programs of the Executive branch of State government, including all entities exercising executive branch authority, public institutions of higher education, independent State authorities, units of local government and boards of education and the extent to which they are achieving their goals and objectives.

The Office of the State Inspector General, which will remain responsible for all the duties assigned pursuant to P.L.2005, c.119 (C.52:15B-1 et seq.), to receive and investigate complaints concerning alleged fraud, waste, abuse, or mismanagement of State funds will continue to be performed through that office. The Office of the State Inspector General will be allocated within the Office of the State Comptroller, and will coordinate investigations with the audits and performance reviews of the State Comptroller, but will remain an independent officer that is responsible directly to the Governor.

The Governor will appoint the State Comptroller for a six-year term with the advice and consent of the Senate. The appointed State Comptroller will be independent of the Treasurer's control and will be answerable only to the Governor, although the appointed State Comptroller's six-year term will extend beyond a four-year gubernatorial term. An individual serving as State Comptroller will be subject to a consecutive two-term limit, and will not be eligible again to serve in that office until the expiration of six years following a second successive term served by that individual.

The appointed State Comptroller must be qualified by education, training, and prior work experience to direct the office and perform the duties and functions, and fulfill the responsibilities of the

1 position. The State Comptroller and professional staff of the office
2 will be restricted in their political activities.

3 The State Comptroller will coordinate the internal and external
4 audit functions in the Executive branch of State government,
5 including all entities exercising executive branch authority, public
6 institutions of higher education, independent State authorities, units
7 of local government and boards of education, including but not
8 limited to economy and efficiency audits. The State Comptroller
9 will: 1) establish a full-time program of audit and performance
10 review designed to provide increased accountability, integrity, and
11 oversight of the expenditure of public funds, including, but not
12 limited to, the Executive branch of State government, including all
13 entities exercising executive branch authority, public institutions of
14 higher education, independent State authorities, units of local
15 government and boards of education; and 2) audit and monitor the
16 process of soliciting proposals for, and the process of awarding of,
17 government contracts by contacting units as is defined in the bill,
18 which contracts involve a significant expenditure of public funds or
19 are comprised of complex or unique components.

20 The separate budget planning, bookkeeping, accounting, and
21 traditional preaudit financial control functions of the current
22 Division of Budget and Accounting in the Department of the
23 Treasury will be continue to be performed through that division.

24 The functions of the existing Unit of Fiscal Integrity in School
25 Construction in the Office of Government Integrity in the
26 Department of Law and Public Safety will continue to be under the
27 direction of the Attorney General, and the unit will cooperate and
28 coordinate the performance its duties with the Office of the State
29 Comptroller.

30 As the size of State Government and its agencies have grown
31 over the last several decades to meet growing demands for
32 governmental assistance and programs to meet new and growing
33 societal needs, the State's ability to manage its system of public
34 financial controls and accountability have not matched its
35 responsibility to subject its financial activities to uniform,
36 meaningful, and systematic public scrutiny. The State Comptroller,
37 answerable directly to the Governor, will be responsible for
38 overseeing and promoting the professional conduct of internal and
39 external audits. The establishment of this central, responsible
40 officer will provide assurance of the adequacy of internal financial
41 controls within agencies of government. This responsibility will
42 include assessing the adequacy of controls over financial
43 management, financial reporting and the delivery of government
44 programs and activities with due regard to efficiency, effectiveness
45 and economy, which must be reestablished as a fundamental duty of
46 governmental officials to the taxpayers and public whom they serve.

47 Thus, an independent Office of State Comptroller, which will
48 report directly to the Governor, will meet the compelling need for

1 State government to put into practice the presumption that there will
2 be independence and integrity in the financial oversight of the
3 discharge of its duties and responsibilities carried out in a manner
4 and under a structure that safeguards the fiscal resources with which
5 it is entrusted.

6 This bill proposes one of the recommendations of the Joint
7 Legislative Committee on Constitutional Reform and Citizens
8 Property Tax Constitutional Convention set forth in its November
9 15, 2006 report.

STATEMENT TO
ASSEMBLY, No. 2

with Senate Floor Amendments
(Proposed By Senator KENNY)

ADOPTED: JANUARY 25, 2007

The amendments limit the circumstances under which the State Comptroller may conduct financial audits of certain entities that are required by law to undergo periodic certified financial audits.

The amendments set forth a list of factors that will guide the State Comptroller in establishing objective criteria for undertaking performance and other reviews.

The amendments provide that the State Comptroller shall not charge any costs incurred by the Office of the State Comptroller against a unit of local government or board of education in the carrying out the office's duties, functions and responsibilities.

The amendments clarify that a variety of developer agreements under local redevelopment laws are not procurement contracts subject to the Office of the State Comptroller's procurement oversight procedures.

The amendments eliminate a provision that the State Comptroller shall perform performance reviews at the request of the Governor and perform financial audits at the request of the Governor or the Speaker of the General Assembly or President of the Senate.

SENATE, No. 15

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JANUARY 9, 2007

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Establishes an independent Office of State Comptroller and consolidates financial audit and performance reviews of State and local government units.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing an independent Office of State Comptroller,
2 consolidating financial audit and performance reviews of State
3 and local government units, revising various parts of statutory
4 law and supplementing Title 52 of the Revised Statutes.

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

8
9 1. (New section) The Legislature finds and declares that:
10 As the size of State and local government agencies and
11 authorities have grown over the last several decades to meet
12 growing demands for governmental assistance and programs to
13 meet new and growing societal needs, the State's ability to manage
14 the various governmental systems of public financial control and
15 accountability have not matched the State Government's
16 responsibility to subject governmental financial activities to
17 uniform, meaningful, and systematic public scrutiny;

18 Meeting the responsibility for overseeing and promoting the
19 professional conduct of internal audits, providing assurance on the
20 adequacy of internal financial controls within agencies of
21 government, including assessing the adequacy of controls over
22 financial management, contracting, financial reporting and the
23 delivery of government programs and activities with due regard to
24 efficiency, effectiveness and economy is a fundamental duty of
25 governmental officials to the taxpayers and public whom they
26 serve;

27 The Governor has the responsibility to manage the operations of
28 the Executive branch of State government, including oversight of
29 all entities exercising executive branch authority, public institutions
30 of higher education, units of local government and boards of
31 education, efficiently and effectively supported by audit and
32 oversight functions that strengthen public accountability with the
33 goal of increasing public trust and confidence that every tax dollar
34 collected by government is spent wisely and well;

35 There is a compelling need for State government to put into
36 practice the presumption that there will be independence and
37 integrity in the financial oversight of the discharge of its duties and
38 responsibilities carried out in a manner and under a structure that
39 safeguards the fiscal resources with which it has been entrusted; and

40 There is a need, therefore, to establish an independent Office of
41 the State Comptroller which will report directly to the Governor, to
42 ensure that these responsibilities are met.

43
44 2. (New section) a. There is established an Office of the State
45 Comptroller. The office shall be established in the Executive

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 Branch of the State government and for the purposes of complying
2 with the provisions of Article V, Section IV, paragraph 1 of the
3 New Jersey Constitution, the office shall be allocated in, but not of,
4 the Department of the Treasury. Notwithstanding this allocation,
5 the office shall be independent of any supervision or control by the
6 State Treasurer, or the department or by any division, board, office,
7 or other officer thereof.

8 b. The State Comptroller shall report directly to the Governor.

9 c. The State Comptroller shall submit requests for the budget
10 of the office directly to the Governor who shall review the requests
11 and forward them to Division of Budget and Accounting in the
12 Department of the Treasury.

13

14 3. (New section) a. The Office of the State Comptroller shall
15 be administered by the State Comptroller. The State Comptroller
16 shall be appointed by the Governor with the advice and consent of
17 the Senate. The State Comptroller shall be a person qualified by
18 education, training, and prior work experience to direct the work of
19 the office and to perform the duties and functions and fulfill the
20 responsibilities of the position.

21 b. The State Comptroller shall serve for a term of six years and
22 until a successor is appointed and has qualified. No person who has
23 served as State Comptroller for two successive terms, including an
24 unexpired term, shall again be eligible to serve in the Office of the
25 State Comptroller or in that position until the expiration of six years
26 following the second successive term served by that person.

27 c. The State Comptroller shall devote full time to the duties
28 and responsibilities of the office and shall receive a salary as shall
29 be provided pursuant to law.

30 d. During the term of office, the State Comptroller may be
31 removed by the Governor only for cause upon notice and
32 opportunity to be heard.

33 e. A vacancy in the position of State Comptroller due to a
34 cause other than the expiration of the term shall be filled for the
35 unexpired term only in the same manner as the original
36 appointment.

37

38 4. (New section) a. A person who holds the position of State
39 Comptroller shall not be a candidate for, or hold, elective public
40 office for a period of two years immediately following the
41 termination of that person's service as State Comptroller.

42 b. No person who holds the position of State Comptroller, or
43 any position of employment as professional staff in the Office of
44 State Comptroller, while holding any such office or position, shall:
45 (1) be a candidate for election to, or hold, any elective public office
46 or any office or position with any political party or club, or (2) in
47 connection with another individual's candidacy for public office,
48 sign or authorize the use of that person's name in connection with

1 political or campaign literature or material, or print, publish or
2 distribute such political or campaign literature or material.

3
4 5. (New section) a. The Office of the State Comptroller shall
5 be responsible for conducting, in accordance with section 8 of this
6 act, routine, periodic and random audits of the Executive branch of
7 State government, including all entities exercising executive branch
8 authority, public institutions of higher education, independent State
9 authorities, units of local government and boards of education and
10 for conducting assessments of the performance and management of
11 programs of the Executive branch of State government, including
12 all entities exercising executive branch authority, public institutions
13 of higher education, independent State authorities, units of local
14 government and boards of education and the extent to which they
15 are achieving their goals and objectives. The Office of the State
16 Comptroller shall also serve as the office in which the Office of the
17 State Inspector General, which shall be responsible for all the duties
18 assigned pursuant to P.L.2005, c.119 (C.52:15B-1 et seq.), is
19 allocated within the Department of the Treasury.

20 b. (1) The State Comptroller shall establish the internal
21 organizational structure of the office and the bureaus therein in a
22 manner appropriate to carrying out the duties and functions, and
23 fulfilling the responsibilities, of the office. The State Comptroller
24 shall have the power to appoint, employ, promote, and remove such
25 assistants, employees, and personnel as the State Comptroller deems
26 necessary for the efficient and effective administration of the office.
27 All such assistants, employees and personnel shall be deemed
28 confidential employees for purposes of the "New Jersey Employer-
29 Employee Relations Act," P.L.1941, c. 100 (C.34:13A-1 et seq.)
30 and shall serve in the unclassified service of the Civil Service.

31 (2) The Office of the State Inspector General shall be allocated
32 within the Office of the State Comptroller, and the individual first
33 appointed State Inspector General under P.L.2005, c.119, shall
34 continue as State Inspector General for the first full term to which
35 that individual was appointed pursuant to P.L.2005, c.119, and shall
36 be eligible to serve in that position thereafter.

37 c. Within the limits of funds appropriated for such purposes,
38 the State Comptroller may obtain the services of certified public
39 accountants, qualified management consultants, and other
40 professionals necessary to independently perform the duties and
41 functions of the office.

42
43 6. (New section) The State Comptroller is authorized to call
44 upon any department, office, division, agency or independent
45 authority of State government to provide such information,
46 resources, or other assistance deemed necessary to discharge the
47 duties and functions and to fulfill the responsibilities of the State
48 Comptroller under this act. Each department, office, division,
49 agency or independent authority of this State shall cooperate with

1 the State Comptroller and furnish the office with the assistance
2 necessary to accomplish the purposes of this act.

3
4 7. (New section) The State Comptroller shall consolidate
5 within the Office of the State Comptroller the coordination of the
6 internal and external audit functions, including but not limited to
7 economy and efficiency audits in the Executive branch of State
8 government, including all entities exercising executive branch
9 authority, public institutions of higher education, independent State
10 authorities, units of local government and boards of education. The
11 State Comptroller is authorized to:

12 a. establish a full-time program of audit and performance
13 review, in accordance with section 8 of this act, designed to provide
14 increased accountability, integrity, and oversight of the Executive
15 branch of State government, including all entities exercising
16 executive branch authority, public institutions of higher education,
17 independent State authorities, units of local government and boards
18 of education; and

19 b. audit and monitor the process of soliciting proposals for, and
20 the process of awarding, contracts made by the Executive branch of
21 State government, including all entities exercising executive branch
22 authority, public institutions of higher education, independent State
23 authorities, units of local government and boards of education that
24 involve a significant consideration or expenditure of funds or are
25 comprised of complex or unique components, or both, as
26 determined by the State Comptroller; provided however, for the
27 purposes of the duties of the Office of the State Comptroller,
28 "contract" or "contracts" shall not include public employer-
29 employee labor collective bargaining agreements.

30
31 8. (New section) a. The State Comptroller shall have all the
32 powers necessary to carry out the duties and functions and to fulfill
33 the responsibilities described in this act, including the power to
34 conduct audits and reviews and propose and enforce remediation
35 plans for the Executive branch of State government, including all
36 entities exercising executive branch authority, public institutions of
37 higher education, independent State authorities, units of local
38 government and boards of education that are found by the State
39 Comptroller to have deficient practices or procedures. The State
40 Comptroller shall, pursuant to the provisions of the "Administrative
41 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules
42 and regulations necessary to effectuate the purposes of this act.

43 b. The State Comptroller and the Office of the State
44 Comptroller shall conduct audits and reviews in accordance with
45 prevailing national and professional standards, rules, and practices
46 relating to such audits and reviews in government environments,
47 including the standards for performance reviews utilized by the
48 United States Government Accountability Office or its successor,

1 and the State Comptroller shall ensure that the office remains in
2 compliance with such standards, rules and practices.

3 c. (1) As to entities that are not required by law to undergo
4 periodic certified financial audits, the State Comptroller shall
5 determine the frequency with which financial audits shall be
6 conducted of such entities by the State Comptroller by establishing
7 objective criteria, which criteria shall weigh relevant risk factors,
8 including, but not limited to, the size of the entity's budget and the
9 entity's past performance.

10 (2) As to entities that are required by law to undergo periodic
11 certified financial audits, the State Comptroller shall undertake
12 analysis and review of the certified financial audits of such entities
13 and of the procedures used to conduct those audits. When the State
14 Comptroller's analysis and review identifies weaknesses,
15 inadequacies or failures in the entity's financial controls or
16 concerns about the quality or independence of the audits, the State
17 Comptroller shall be authorized to undertake a financial audit or
18 such other steps as the State Comptroller deems appropriate. In
19 determining when to proceed with a financial audit, the State
20 Comptroller may also take into account information obtained
21 pursuant to section 10 of this act; referrals or recommendations
22 from Executive branch departments or agencies; or assessments or
23 evaluations of the entity's management, performance or financial
24 condition from federal or State government agencies, such as those
25 undertaken as part of the New Jersey Quality Single Accountability
26 Continuum for school districts.

27 (3) The State Comptroller shall establish objective criteria for
28 undertaking performance and other reviews authorized by this act,
29 which criteria shall weigh relevant risk factors, including, but not
30 limited to: (a) the size of the entity's budget, (b) the entity's past
31 performance, (c) the frequency, scope, and quality of any audits or
32 reviews that have been performed regarding the entity's financial
33 condition or performance, (d) assessments or evaluations of the
34 entity's management, performance or financial condition such as
35 those undertaken as part of the New Jersey Quality Single
36 Accountability Continuum for school districts, and (e) other
37 credible information which suggests the necessity of a review.

38 (4) For purposes of this subsection, "entity" means any unit in
39 the executive branch of State government, including all entities
40 exercising executive branch authority, public institutions of higher
41 education, independent State authorities, units of local government,
42 and boards of education or their vendors. For purposes of this
43 subsection, "certified financial audits" does not include audits
44 conducted by the State Auditor.

45 d. The State Comptroller shall provide guidance to units in the
46 Executive branch of State government, independent State
47 authorities, units of local government and boards of education that
48 are required to engage outside auditors regarding procurement of
49 their services, the rotation of the providers of such services, and the

1 avoidance of possible conflicts of interest in the hiring of outside
2 auditors.

3 e. In carrying out the duties, functions and responsibilities of
4 the Office of the State Comptroller under this act, the State
5 Comptroller shall not charge any costs incurred by the office
6 against a unit of local government or board of education.

7
8 9. (New section) a. The State Comptroller shall establish a
9 system that shall ensure that any officers and employees of the
10 Office of the Inspector General, the Department of Law and Public
11 Safety, the Department of Education, the Department of the
12 Treasury, the Department of Transportation, the Division of Local
13 Government Services in the Department of Community Affairs, the
14 Local Finance Board, and the Office of the State Auditor who
15 perform audits, investigations, and performance reviews similar or
16 identical to those authorized to be performed by the State
17 Comptroller shall conduct their audits, investigations and reviews
18 with the consultation of, and in coordination and cooperation with,
19 the State Comptroller.

20 b. For the purpose of establishing and maintaining this system,
21 the State Comptroller shall meet at periodic intervals, but at least
22 four times annually, with the Attorney General, the State Treasurer,
23 the State Inspector General, the Commissioner of Education, the
24 Commissioner of Transportation, the Director of the Division of
25 Local Government Services in the Department of Community
26 Affairs, staff of the Local Finance Board, the State Auditor, and any
27 other public officers or employees deemed necessary who perform
28 audits, investigations, and performance reviews. The responsibility
29 of all parties during these meetings shall be to: facilitate
30 communication and exchange information on completed, current,
31 and future audits, investigations, and reviews; avoid duplication and
32 fragmentation of efforts; optimize the use of resources; avoid
33 divisiveness and organizational uncertainty; promote effective
34 working relationships; and avoid the unnecessary expenditure of
35 public funds.

36 c. To further ensure the consultation of, and coordination and
37 cooperation with, the State Comptroller, the Commissioner of
38 Education, the Director of the Division of Local Government
39 Services in the Department of Community Affairs, and the staff of
40 the Local Finance Board shall promptly notify the State
41 Comptroller of any local audits that have been submitted to them
42 that reveal any significant deficiencies.

43
44 10. (New section) a. In furtherance of the duty of the State
45 Comptroller to audit and monitor the process of soliciting proposals
46 for, and the process of awarding, contracts by contracting units
47 which contracts involve a significant consideration or expenditure
48 of funds, a contracting unit shall provide notice to the State
49 Comptroller no later than 20 business days after the award of a

1 contract involving consideration or an expenditure of more than
2 \$2,000,000 but less than \$10,000,000.

3 As used in this section, "contracting unit" means the principal
4 departments in the Executive Branch of the State Government, and
5 any division, board, bureau, office, commission or other
6 instrumentality within or created by such department, any
7 independent State authority, commission, instrumentality and
8 agency, and any State college or university, any county college, and
9 any unit of local government including a county, municipality,
10 board of education and any board, commission, committee,
11 authority or agency, thereof which has administrative jurisdiction
12 over any project or facility, included or operating in whole or in
13 part, within the territorial boundaries of any county, municipality or
14 board of education which exercises functions which are appropriate
15 for the exercise by one or more units of local government, and
16 which has statutory power to make purchases and enter into
17 contracts for the provision or performance of goods or services.

18 As used in this section, "contract" shall not include developers
19 agreements entered into in conjunction with an approval granted under
20 the "Municipal Land Use Law," P.L.1975, c. 291 (C.40:55D-1 et seq.),
21 redevelopment agreements entered into under the "Local
22 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
23 seq.), financial agreements entered into under the "Long Term Tax
24 Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), agreements
25 entered into under the "Five-Year Exemption and Abatement Law,"
26 P.L.1991, c.441 (C.40A:21-1 et seq.), agreements entered into under
27 section 7 of P.L.1989, c.207 (C.54:4-3.145), agreements entered into
28 under sections 34 through 39 of P.L.1997, c.278 (C.58:10B-26 through
29 58:10B-31), and agreements entered into under the "Municipal
30 Landfill Site Closure, Remediation and Redevelopment
31 Act," P.L.1996,c.124 (C.13:1e-116.1 et seq.).

32 b. (1) A contracting unit shall inform the State Comptroller in
33 writing, in a form to be determined by the State Comptroller, of the
34 commencement of any procurement process involving consideration
35 or an expenditure of \$10,000,000 or more at the earliest time
36 practicable as the contracting unit commences the procurement
37 process, but no later than the time the contracting unit commences
38 preparation of: any bid specification or request for proposal;
39 concession offering; proposal to purchase, sell, or lease real estate;
40 or other related activities and contracts.

41 (2) Unless waived by the State Comptroller upon request of the
42 contracting unit, at least 30 days shall elapse from the time the
43 contracting unit informs the State Comptroller pursuant to
44 paragraph (1) of this subsection and the time the contracting unit
45 may issue any public advertising, notice of availability of a request
46 for proposals or any other public or private solicitation of a contract
47 for a procurement that is subject to this subsection in order that the
48 State Comptroller may complete a review that may be undertaken
49 pursuant to paragraph (4) of this subsection.

1 (3) At any time during that 30 days, or on a date thereafter, but
2 no later than 15 business days before the date of a planned issuance
3 of any public advertising, notice of availability of a request for
4 proposals or any other public or private solicitation of a contract
5 involving consideration or an expenditure of \$10,000,000 or more,
6 the contracting unit shall provide notice to the State Comptroller, in
7 a form to be determined by the State Comptroller and to include
8 such documents and information as determined by the State
9 Comptroller, of the planned action.

10 (4) Upon receipt of the notice and any accompanying documents
11 and information required pursuant to paragraph (3) of this
12 subsection, the State Comptroller may review such submission and
13 provide a written determination to the contracting unit regarding
14 whether the procurement process complies with applicable public
15 contracting laws, rules, and regulations. The State Comptroller's
16 review is not for the purpose of reviewing the contracting unit's
17 decision to undertake the procurement or to otherwise supplant the
18 contracting unit's authority to create or implement public policy. If
19 the State Comptroller determines that the procurement process does
20 not comply with applicable public contracting laws, rules, and
21 regulations, the State Comptroller shall direct the contracting unit
22 not to proceed with the procurement. In such an instance, the State
23 Comptroller shall state the reasons for such determination and may
24 include in its determination guidance to the contracting unit
25 regarding an appropriate procurement process. A contracting unit
26 may proceed with a planned procurement that is subject to this
27 subsection after the expiration of the 30 day period or the granting
28 of a waiver as provided in paragraph (2), unless it receives a written
29 determination not to proceed from the State Comptroller within 15
30 business days of the date the contracting unit provided written
31 notice to the State Comptroller pursuant to paragraph (3) of this
32 subsection.

33 (5) Information communicated by or between a contracting unit
34 and the State Comptroller pursuant to this subsection shall be
35 considered advisory, consultative, or deliberative material for
36 purposes of P.L.1963, c.73 (C.47:1A-1 et seq.), as amended and
37 supplemented, except for written determinations designated by the
38 State Comptroller as public records.

39 c. Provided however, that the notice and review provided for in
40 subsection b. of this section shall not apply to the award of any
41 contract issued pursuant to section 6 of P.L.1971, c.198 (C.40A:11-
42 6) or N.J.S.18A:18A-7, or under a public exigency requiring the
43 immediate delivery of articles or performance of service under a
44 contract issued pursuant to section 5 of P.L.1954, c.48 (C.52:34-
45 10), or issued pursuant to any similar provisions of law and
46 regulations thereunder applicable for a respective contracting unit.
47 Notice of the award of any such contract shall be provided to the
48 State Comptroller no later than 30 business days after the award.

1 d. The State Comptroller, in consultation with the Department of
2 the Treasury, shall, no later than March 1, 2010, and March 1 of
3 every fifth year thereafter, adjust the threshold amounts set forth in
4 subsections a. and b. of this section, or the threshold amounts
5 resulting from any adjustment under this subsection, in direct
6 proportion to the rise or fall of the index rate as that term is defined
7 in section 2 of P.L.1971, c.198 (C.40A:11-2), and shall round the
8 adjustment to the nearest \$100,000. The State Comptroller shall, no
9 later than June 1, 2010, and June 1 of every fifth year thereafter,
10 notify contracting units of the adjustment. The adjustment shall
11 become effective on July 1 of the year in which it is made.

12
13 11. (New section) a. The State Comptroller shall report the
14 findings of audits and reviews performed by the office, and issue
15 recommendations for corrective or remedial action, to the Governor,
16 the President of the Senate and the Speaker of the General
17 Assembly and to the unit in the Executive branch of State
18 government, including any entity exercising executive branch
19 authority, independent State authority, public institution of higher
20 education, or unit of local government or board of education at
21 issue. The unit in the Executive branch of State government,
22 independent State authority, public institution of higher education,
23 or unit of local government or board of education shall fully
24 cooperate with the State Comptroller to develop recommendations
25 for a corrective or remedial action plan. The State Comptroller
26 shall monitor the implementation of those recommendations and
27 shall conduct a subsequent review to determine whether there has
28 been full implementation and continued compliance with those
29 recommendations.

30 b. The State Comptroller shall report promptly to the Governor,
31 the President of the Senate and the Speaker of the General
32 Assembly if a unit in the Executive branch of State government,
33 independent State authority, public institution of higher education,
34 or unit of local government or board of education refuses to
35 cooperate in development of a corrective or remediation plan or to
36 comply with a plan.

37 c. The State Comptroller shall recommend that the Governor
38 initiate disciplinary proceedings against any official or employee of
39 a unit in the Executive branch of State government, including any
40 entity exercising executive branch authority, or independent State
41 authority who impedes an audit, or who fails or refuses to cooperate
42 in the development of a corrective or remedial action plan or to
43 comply with a plan. The Governor may cause an investigation to be
44 made of the conduct of any such official or employee and may
45 require such official to submit to the Governor a written statement
46 or statements, under oath, of such information as the Governor may
47 call for relating to the official's or the employee's conduct alleged
48 by the State Comptroller. After notice, the service of charges and an
49 opportunity to be heard at public hearing, the Governor may remove

1 any such official or employee for cause. Such official or employee
2 shall have the right of judicial review, on both the law and the facts,
3 in such manner as may be provided by law.

4 d. If the State Comptroller is advised by the Commissioner of
5 Education, the Director of the Division of Local Government
6 Services in the Department of Community Affairs, staff of the
7 Local Finance Board, or the State Auditor that a unit of local
8 government or board of education or any official or employee
9 thereof has impeded an audit, or has failed or refused to cooperate
10 in the development of a corrective or remedial action plan or to
11 comply with a plan recommended by such State official or
12 employee thereof, the State Comptroller is authorized to
13 recommend that the Governor (1) withhold the expenditure of State
14 funds that may be due to be paid to that unit of local government or
15 board of education, and (2) request the Commissioner of Education,
16 the Director of the Division of Local Government Services in the
17 Department of Community Affairs, or staff of the Local Finance
18 Board, as may be appropriate for that unit of local government or
19 board of education, to impose a corrective or remedial action plan
20 that may include the prior approval by the State Comptroller of that
21 local unit's or board's contracts and expenditures.

22 e. The State Comptroller shall provide periodic reports to the
23 Governor, and shall issue an annual report to the Governor and
24 submit that report to the Legislature pursuant to section 2 of
25 P.L.1991, c.164 (C.52:14-19.1), which shall be available to the
26 public. The reports shall include but shall not be limited to the
27 reporting of any programmatic deficiencies and weaknesses that the
28 State Comptroller's audits, investigations, and reviews have found,
29 and detailing the efforts by, or the failure of, any unit in the
30 Executive branch of State government, including any entity
31 exercising executive branch authority, independent State authority
32 or unit of local government or board of education to implement a
33 recommended plan for corrective or remedial action.

34
35 12. (New section) The State Comptroller is authorized to refer
36 findings that may constitute alleged criminal conduct to the
37 Attorney General or other appropriate prosecutorial authority. In
38 the course of conducting audits and performance reviews, the State
39 Comptroller may refer matters for investigation to the State
40 Inspector General or to the Attorney General or other appropriate
41 authorities for further civil or administrative action, with
42 recommendations to initiate actions to recover monies, to terminate
43 contracts, or temporarily or permanently debar any person from
44 contracting with or receiving funds from any unit in the Executive
45 branch of State government, including any entity exercising
46 executive branch authority, independent State authority or unit of
47 local government or board of education.

1 13. (New section) a. When the State Comptroller or the State
2 Inspector General refers a complaint alleging criminal conduct to
3 the Attorney General or other appropriate prosecutorial authority
4 and the Attorney General or prosecutorial authority decides not to
5 investigate or prosecute the matter, the Attorney General or the
6 prosecutorial authority shall promptly notify the State Comptroller
7 and the State Inspector General. The Attorney General or the
8 prosecutorial authority shall inform the State Comptroller and the
9 State Inspector General as to whether an investigation is ongoing
10 with regard to any matter so referred. The State Comptroller and
11 the State Inspector General shall preserve the confidentiality of the
12 existence of any ongoing criminal investigation.

13 If the Attorney General or the prosecutorial authority decides not
14 to investigate or act upon the matter referred by the State
15 Comptroller or the State Inspector General, the State Comptroller
16 shall refer the matter to the State Inspector General after the receipt
17 of such a notice.

18 Upon completion of an investigation or, in a case where the
19 investigation leads to prosecution, upon completion of the
20 prosecution, the Attorney General or the prosecutorial authority
21 shall report promptly the findings and results to the State
22 Comptroller and the State Inspector General. In the course of
23 informing the State Comptroller and the State Inspector General,
24 the Attorney General or prosecutorial authority shall give full
25 consideration to the authority, duties, functions, and responsibilities
26 of the State Comptroller and the State Inspector General, the public
27 interest in disclosure, and the need for protecting the confidentiality
28 of complainants and informants.

29 b. With respect to referrals to the State Inspector General, the
30 State Inspector General shall report to the State Comptroller
31 promptly when a final determination is made to not investigate or
32 act upon the matter referred, or promptly upon completion of the
33 investigation or action taken. The State Inspector General shall
34 inform the State Comptroller as to whether an investigation is
35 ongoing with regard to any matter so referred.

36 In the course of informing the State Comptroller, the State
37 Inspector General shall give full consideration to the authority,
38 duties, functions, and responsibilities of the State Comptroller, the
39 public interest in disclosure, and the need for protecting the
40 confidentiality of complainants and informants.

41 If the State Inspector General decides not to investigate or act
42 upon the matter referred, the State Comptroller is authorized to
43 continue an investigation after the receipt of such a notice.

44 c. The State Comptroller shall maintain a record of all matters
45 referred and the responses received and shall be authorized to
46 disclose information received as appropriate and as may be
47 necessary to resolve the matter referred, to the extent consistent
48 with the public interest in disclosure and the need for protecting the

1 confidentiality of complainants and informants and preserving the
2 confidentiality of ongoing criminal investigations.

3

4 14. (New section) a. All units in the Executive branch of State
5 government, including entities exercising executive branch
6 authority, independent State authorities, public institutions of higher
7 education, units of local government and boards of education and
8 their employees shall provide full assistance and cooperation with
9 any audit, performance review or contract review by the State
10 Comptroller.

11 b. The State Comptroller shall have complete access to all
12 "government records" of "public agencies," as those terms are
13 defined pursuant to section 1 of P.L.1995,c.23 (C.47:1A-1.1),
14 including all information listed as confidential and specifically
15 excluded as a "government record," in section 1 of P.L.1995,c.23
16 (C.47:1A-1.1). Provided however, that any information listed as
17 confidential and specifically excluded as a "government record," in
18 that section, to which the State Comptroller shall have access, shall
19 directly relate to a program or expenditure that is the subject of an
20 audit, performance review or contract review by the State
21 Comptroller, and provided further that if a public agency provides
22 the State Comptroller with access to information that is subject to a
23 confidentiality agreement, the public agency shall promptly notify
24 the parties to the agreement that the information being provided to
25 the State Comptroller.

26 c. Whenever a person requests access to a government record
27 that the State Comptroller or the State Inspector General, during the
28 course of an audit, investigation, performance review or contract
29 review obtained from another public agency, which record was
30 open for public inspection, examination or copying before the audit,
31 investigation or review commenced, the public agency from which
32 the State Comptroller or the State Inspector General obtained the
33 record shall comply with the request if made pursuant to P.L.1963,
34 c.73 (C.47:1A-1 et seq.), provided that the request does not in any
35 way identify the record sought by means of a reference to the State
36 Comptroller's audit or review or to an investigation by the State
37 Inspector General or any other public agency, including, but not
38 limited to, a reference to a subpoena issued pursuant to such
39 investigation.

40 d. Private vendors or other persons contracting with or
41 receiving funds from a unit in the Executive branch of State
42 government, including an entity exercising executive branch
43 authority, independent State authority, public institution of higher
44 education, or unit of local government or board of education shall
45 upon request by the State Comptroller provide the State
46 Comptroller with prompt access to all relevant documents and
47 information as a condition of the contract and receipt of public
48 monies. The State Comptroller shall not disclose any document or
49 information to which access is provided that is confidential or

1 proprietary. If the State Comptroller finds that any person receiving
2 funds from a unit in the Executive branch of State government,
3 including an entity exercising executive branch authority,
4 independent State authority, public institution of higher education,
5 or unit of local government or board of education refuses to provide
6 information upon the request of the State Comptroller, or otherwise
7 impedes or fails to cooperate with any audit or performance review,
8 the State Comptroller may recommend to the contracting unit that
9 the person be subject to termination of their contract, or temporarily
10 or permanently debarred from contracting with the contracting unit.

11

12 15. (New section) The State Comptroller shall provide technical
13 assistance and training to units in the Executive branch of State
14 government, including entities exercising executive branch
15 authority, independent State authorities, public institutions of higher
16 education, and units of local government and boards of education
17 regarding best practices in developing and implementing financial
18 management systems that will strengthen internal control
19 procedures and prevent the misuse of public funds.

20

21 16. Section 1 of P.L.2005, c.119 (C.52:15B-1) is amended to
22 read as follows:

23 1. The Legislature finds and declares that:

24 the State of New Jersey expends more than \$28 billion in
25 taxpayer funds each year, and agencies at other levels of
26 government expend billions more;

27 it is fundamental that all government officials be publicly
28 accountable for such expenditures;

29 promoting integrity in the administration and operations of
30 government and improving public accountability are the
31 cornerstones of government;

32 one of the remedial actions that can be taken to improve such
33 accountability is to identify areas where State spending is wasteful
34 or inefficient;

35 the Governor has the responsibility to ensure a balanced budget,
36 manage the operations of State government effectively and
37 efficiently, and maintain necessary government programs and
38 assistance to the public;

39 it is the duty of the Governor to guard against extravagance,
40 waste, or fiscal mismanagement in the administration of any State
41 appropriation;

42 it is critically important that public officers and employees, at all
43 levels of government, discharge their duties and responsibilities in a
44 lawful and ethical manner, while conserving the fiscal resources
45 that have been entrusted to the government's care by the taxpayers;

46 there is a compelling need to centralize the responsibility for
47 **[reviewing, auditing, evaluating, and overseeing]** investigating
48 allegations of the improper discharge of these duties and
49 responsibilities concerning the expenditure of State funds by, and

1 the procurement process of, all State departments and agencies,
2 independent authorities, county and municipal governments, and
3 boards of education; and

4 there is a need, therefore, to create the Office of the Inspector
5 General, which will report directly to the Governor, to ensure that
6 these responsibilities are met.

7 (cf: P.L.2005, c.119, s.1)

8

9 17. Section 7 of P.L.2005, c.119 (C.52:15B-7) is amended to
10 read as follows:

11 7. The Inspector General is authorized to[:] establish a full-
12 time program of [audit,] investigation [, and performance review] ,
13 to receive and investigate complaints concerning alleged fraud,
14 waste, abuse, or mismanagement of State funds, designed to provide
15 increased accountability, integrity, and oversight of:

16 all recipients of State funds, including, but not limited to, State
17 departments and agencies, independent authorities, county and
18 municipal governments, and boards of education[.

19 audit and monitor];

20 the awarding and the execution of contracts awarded by the
21 State, or any of its independent authorities, commissions, boards,
22 agencies, or instrumentalities, which contracts involve a significant
23 expenditure of public funds or are comprised of complex or unique
24 components, or both, as determined by the Inspector General[.

25 investigate] ; and

26 the performance of governmental officers, employees,
27 appointees, functions, and programs in order to promote efficiency,
28 to identify cost savings, and to detect and prevent misconduct
29 within the programs and operations of any governmental agency
30 funded by, or disbursing, State funds.

31 [receive and investigate complaints concerning alleged fraud,
32 waste, abuse, or mismanagement of State funds.]

33 (cf: P.L.2005, c.119, s.7)

34

35 18. Section 8 of P.L.2005, c.119 (C.52:15B-8) is amended to
36 read as follows:

37 8. a. The Inspector General shall have all the powers necessary
38 to carry out the duties and functions and to fulfill the
39 responsibilities described in this act, including the power to conduct
40 investigations, [audits,] and in pursuit thereof, evaluations,
41 inspections, and other reviews.

42 b. The Inspector General and the office shall conduct [audits,]
43 investigations [, and performance reviews] in accordance with
44 prevailing national and professional standards, rules, and practices
45 relating to such [audits,] investigations [, and reviews] in
46 government environments, and the Inspector General shall ensure
47 that the office remains in compliance with such standards, rules,
48 and practices.

1 c. In furtherance of an investigation, the Inspector General may
2 compel at a specific time and place, by subpoena, the appearance
3 and sworn testimony of any person whom the Inspector General
4 reasonably believes may be able to give information relating to a
5 matter under investigation. For this purpose, the Inspector General
6 is empowered to administer oaths and examine witnesses under
7 oath, and compel any person to produce at a specific time and place,
8 by subpoena, any documents, books, records, papers, objects, or
9 other evidence that the Inspector General reasonably believes may
10 relate to a matter under investigation.

11 If any person to whom such subpoena is issued fails to appear or,
12 having appeared, refuses to give testimony, or fails to produce the
13 books, papers or other documents required, the Inspector General
14 may apply to the Superior Court and the court may order the person
15 to appear and give testimony or produce the books, papers or other
16 documents, as applicable. Any person failing to obey the court's
17 order may be punished by the court as for contempt.

18 d. A person compelled to appear by the Inspector General and
19 provide sworn testimony shall have the right to be accompanied by
20 counsel, who shall be permitted to advise the witness of his or her
21 rights. A witness compelled to appear and testify shall be accorded
22 all due process rights.

23 (cf: P.L.2005, c.119, s.8)

24

25 19. Section 15 of P.L.2005, c.119 (C.52:15B-15) is amended to
26 read as follows:

27 15. The Inspector General shall report the findings of [audits,]
28 investigations [, and reviews] performed by the office, and issue
29 recommendations for corrective or remedial action, to the Governor,
30 the President of the Senate and the Speaker of the General
31 Assembly and to the entity at issue. The Inspector General shall
32 monitor the implementation of those recommendations.

33 (cf: P.L.2005, c.119, s.15)

34

35 20. Section 70 of P.L.2000, c.72 (C.18A:7G-43) is amended to
36 read as follows:

37 70. There is established in the Office of the Attorney General
38 the Office of Fiscal Integrity in School Construction. The office
39 shall perform its duties under the direction of the Attorney General
40 and shall cooperate and coordinate the performance its duties with
41 the Office of the State Comptroller. The Attorney General or his
42 representative, in cooperation and coordination with the State
43 Comptroller or his representatives, may investigate, examine, and
44 inspect the activities of the authority and districts related to the
45 financing and construction of school facilities and the
46 implementation of the provisions of P.L.2000, c.72 (C.18A:7G-1 et
47 al.). The Attorney General and the State Comptroller may require
48 the submission of duly verified reports from the authority and
49 districts, which include such information in such form as the

1 Attorney General and the State Comptroller may require. The
2 Attorney General or the State Comptroller or **【his】** a representative
3 of either, may also consult with the authority on issues and
4 procedures related to the exercise of its duties and responsibilities
5 under P.L.2000, c.72 (C.18A:7G-1 et al.). The Legislature shall
6 annually appropriate such funds as may be necessary to finance the
7 operations of the office.
8 (cf: P.L. 2005, c.155, s.105)
9

10 21. Section 4 of P.L.2006, c.15 (C.18A:7A-57) is amended to
11 read as follows:

12 4. a. The Office of the State Auditor, or the Office of the State
13 Comptroller, in cooperation with the State Auditor, shall conduct a
14 forensic audit of the fiscal operations of any school district which
15 has a year-end general fund deficit and also meets one of the other
16 criteria in subsection a. of section 2 of this act. The audit shall be
17 of the fiscal year in which the general fund deficit occurred and
18 shall be in addition to the audit required of school districts pursuant
19 to N.J.S.18A:23-1.

20 b. Notwithstanding the provisions of R.S.52:24-1 et seq., or
21 any other law to the contrary, the Office of the State Auditor or the
22 Office of the State Comptroller shall submit the audit to the
23 commissioner, the Governor, and the Legislature. The Office of the
24 State Auditor or the Office of the State Comptroller shall also
25 present the audit to the district's board of education and the public
26 at the board's next regularly scheduled monthly meeting.

27 c. The Office of the State Auditor or the Office of the State
28 Comptroller shall forward any findings of fraudulent activities
29 discovered as a result of the audit to the appropriate law
30 enforcement agency.

31 d. Within 30 days of the presentation of the audit by the Office
32 of the State Auditor or the Office of the State Comptroller to the
33 board of education, the board shall submit to the commissioner a
34 plan that addresses all of the findings, conclusions, and
35 recommendations of the Office of the State Auditor or the Office of
36 the State Comptroller which have not been previously addressed by
37 the school district.

38 (cf: P.L.2006, c.15, s.4)
39

40 22. R.S.52:14-3 is amended to read as follows:

41 52:14-3. When such an agreement has been made between two
42 departments, the heads thereof shall, from time to time, certify to
43 the **【state comptroller】** Director of the Division of Budget and
44 Accounting the sum or sums due from the one to the other on
45 account of such work, and the **【state comptroller】** director shall
46 thereupon cause to be paid such sum or sums to the creditor
47 department. Payment may be by check, as other state bills are paid,
48 or by a system of debits and credits, as the **【state comptroller】**

1 director may determine. All sums so received by or credited to any
2 department shall be added to the current appropriation made for the
3 support of said department, to the end that its appropriation may not
4 be depleted by reason of the work done for another department.

5 (cf: R.S.52:14-3)

6

7 23. R.S.52:14-4 is amended to read as follows:

8 52:14-4. Two or more departments may unite in co-operative
9 work in lines germane to the duties of said departments, and the
10 heads thereof may agree between themselves for the distribution of
11 the expense to be incurred. The agreement may include the
12 payment or transfer from one department to another of a lump sum,
13 and the payment, by the department receiving the same, of all
14 expenses incurred in such co-operative work. The **【state**
15 **comptroller】** Director of the Division of Budget and Accounting
16 shall, upon due notification of the agreement, make the necessary
17 payments, or credits and debits, from sums not otherwise under
18 requisition by the co-operating departments.

19 (cf: R.S.52:14-4)

20

21 24. Section 7 of P.L.1948, c.92 (C.52:18A-7) is amended to read
22 as follows:

23 7. The office of State Comptroller, also designated and referred
24 to as "Comptroller of the Treasury," **【is】** as continued **【,** but such
25 office is hereby **】** and transferred to and constituted an office within
26 the Division of Budget and Accounting in the Department of the
27 Treasury **【established hereunder.】** pursuant to the "Department of
28 the Treasury Act of 1948, P.L.1948, c.92 (C.52:18A-1 et seq.), is
29 abolished, 【The】 and the Director of the Division of Budget and
30 Accounting **【is hereby constituted the State Comptroller and**
31 **comptroller of the treasury and, as such, 】** shall exercise the
32 powers and perform the functions and duties concerning accounting
33 and financial management vested in, or imposed upon, the **【State**
34 **Comptroller or】** comptroller of the treasury, as may be established
35 by law.

36 (cf: P.L.1948, c.92, s.7)

37

38 25. Section 12 of P.L.1948, c.92 (C.52:18A-12) is amended to
39 read as follows:

40 12. Wherever a provision of law relating to the presentation of
41 claims or bills for approval, the drawing of warrants, the
42 countersigning of receipts and checks, the administration of petty
43 cash funds, the apportionment of taxes on railroad and canal
44 property, **【applies】** applied to the Comptroller, or to the State
45 Commissioner of Taxation and Finance from July 1, 1948, the
46 effective date of the "Department of the Treasury Act of 1948,"
47 P.L.1949, c.92 (C.52:18A-1 et seq.), until the effective date of
48 P.L. , c. (C.)(now pending before the Legislature as this

1 bill), such provision of law [shall when this act takes effect apply]
2 shall be construed as having applied instead to the director of the
3 Division of Budget and Accounting.

4 (cf: P.L.1948, c.92, s.12)

5

6 26. Section 13 of P.L.1948, c.92 (C.52:18A-13) is amended to
7 read as follows:

8 13. The Secretary of State shall, when the offices of State
9 Treasurer [and] or director of the Division of Budget and
10 Accounting [and State Comptroller or either of them] shall become
11 vacant or the officers or either of them shall no longer be authorized
12 to act as such, respectively, give written notice forthwith to all
13 national banks located in this State and institutions authorized by
14 the State to carry on a banking business of such vacancy or
15 termination of power. No bank shall thereafter pay any check or
16 draft of the State Treasurer, signed or countersigned by any person
17 after his office shall become vacant or after he shall no longer be
18 authorized to act.

19 (cf: P.L.1948, c.92, s.13)

20

21 27. Section 46 of P.L.1948, c.92 (C.52:18A-46) is amended to
22 read as follows:

23 46. Whenever the term "State Treasurer" occurs or any reference
24 is made thereto in any law, contract or document, the same shall be
25 deemed to mean or refer to the State Treasurer designated as the
26 head of the Department of the Treasury established hereunder.

27 Whenever the term "State Director of the United New Jersey
28 Railroad and Canal Company" occurs or any reference is made
29 thereto in any law, contract or document, the same shall be deemed
30 to mean or refer to the State Treasurer designated as the head of the
31 Department of the Treasury established hereunder.

32 Whenever the term "State Comptroller" or "Comptroller of the
33 Treasury" occurs or any reference is made thereto in any law,
34 contract or document, the same, from July 1, 1948, the effective
35 date of the "Department of the Treasury Act of 1948," P.L.1949,
36 c.92 (C.52:18A-1 et seq.), until the effective date of
37 P.L. , c. (C.) (now pending before the Legislature as this
38 bill), shall be deemed to mean or refer to the Director of the
39 Division of Budget and Accounting in the Department of the
40 Treasury established [hereunder] pursuant to P.L.1949, c.92
41 (C.52:18A-1 et seq.).

42 Whenever the term "Division of Purchase and Property in the
43 State Department of Taxation and Finance" occurs or any reference
44 is made thereto in any law, contract or document, the same shall be
45 deemed to mean or refer to the Division of Purchase and Property in
46 the Department of the Treasury established hereunder.

47 Whenever the term "Director of the Division of Purchase and
48 Property in the State Department of Taxation and Finance" occurs

1 or any reference is made thereto in any law, contract or document,
2 the same shall be deemed to mean or refer to the Director of the
3 Division of Purchase and Property in the Department of the
4 Treasury established hereunder.

5 Whenever the term "Division of Local Government in the State
6 Department of Taxation and Finance" occurs or any reference is
7 made thereto in any law, contract or document, the same shall be
8 deemed to mean or refer to the Division of Local Government
9 Services in the Department of Community Affairs established
10 hereunder.

11 Whenever the term "Director of the Division of Local
12 Government in the State Department of Taxation and Finance"
13 occurs or any reference is made thereto in any law, contract or
14 document, the same shall be deemed to mean or refer to the
15 Director of the Division of Local Government Services in the
16 Department of Community Affairs.

17 Whenever the term "Local Government Board of the Division of
18 Local Government in the State Department of Taxation and
19 Finance" occurs or any reference is made thereto in any law,
20 contract or document, the same shall be deemed to mean or refer to
21 the Local Finance Board of the Division of Local Government
22 Services in the Department of Community Affairs.

23 Whenever the term "Division of Taxation in the State
24 Department of Taxation and Finance" occurs or any reference is
25 made thereto in any law, contract or document, the same shall be
26 deemed to mean or refer to the Division of Taxation in the
27 Department of the Treasury established hereunder.

28 Whenever the term "Director of the Division of Taxation in the
29 State Department of Taxation and Finance" occurs or any reference
30 is made thereto in any law, contract or document, the same shall be
31 deemed to mean or refer to the Director of the Division of Taxation
32 in the Department of the Treasury established hereunder.

33 Whenever the term "New Jersey Racing Commission" occurs or
34 any reference is made thereto in any law, contract or document, the
35 same shall be deemed to mean or refer to the New Jersey Racing
36 Commission constituted the Division of the New Jersey Racing
37 Commission established hereunder in the Department of the
38 Treasury.

39 Whenever the term "State Commission of Taxation and Finance"
40 occurs or any reference is made thereto in any law, contract or
41 document, the same shall be deemed to mean or refer to the State
42 Treasurer designated as the head of the Department of the Treasury
43 established hereunder.

44 (cf: P.L.1983, c.36, s.8)

45

46 28. R.S.52:19-10 is amended to read as follows:

47 52:19-10. The **【state comptroller】** State Treasurer shall:

48 a. Superintend the collection of the revenue;

1 b. Take general charge and supervision of all rights, interest
2 and property of the state;

3 c. Institute and direct prosecution against delinquent officers of
4 the revenue, and for just claims and debts due to the state; and

5 d. Draw all warrants on the treasurer in favor of such public
6 officers as receive salaries from the state and for the payment of all
7 moneys directed by law to be paid out of the treasury, and such
8 warrants shall designate the purpose for which they are drawn.

9 (cf: R.S.52:19-10)

10

11 29. R.S.52:20-1 is amended to read as follows:

12 52:20-1. The State House Commission shall consist of the
13 Governor, who shall be the presiding officer, the State Treasurer,
14 and the **【Comptroller】** Director of the Division of Budget and
15 Accounting in the Department of the Treasury, or the persons upon
16 whom shall devolve by law the powers, duties and emoluments of
17 said offices respectively, for the time being, and 2 members of the
18 Senate appointed by the President thereof and 2 members of the
19 General Assembly appointed by the Speaker thereof, no more than
20 one of either group of 2 being of the same political party. The
21 members of the commission shall serve without pay in connection
22 with all such duties as are prescribed in this chapter. The appointed
23 members of the commission shall serve as members thereof for
24 terms co-extensive with their respective terms as members of the
25 Houses of the Legislature from which they were appointed.

26 (cf: P.L.1963, c.180, s.1)

27

28 30. Section 1 of P.L.1940, c.35 (C.52:22-16.1) is amended to
29 read as follows:

30 1. The **【Comptroller】** Director of the Division of Budget and
31 Accounting in the Department of the Treasury is hereby authorized
32 to transfer by debit and credit, upon request in writing for that
33 purpose by the head of any department or spending agency of the
34 State government, monies appropriated to any such department or
35 spending agency, to enable any such department or spending agency
36 to pay telephone, telegraph, postage and rent charges.

37 (cf: P.L.1940, c.35, s.1)

38

39 31. Section 2 of P.L.1940, c.35 (C.52:22-16.2) is amended to
40 read as follows:

41 2. Whenever it is necessary so to do, the **【Comptroller】**
42 Director of the Division of Budget and Accounting in the
43 Department of the Treasury is hereby authorized to transfer and
44 make the necessary credit directly to the State House Commission.

45 (cf: P.L.1940, c.35, s.2)

46

47 32. R.S.52:19-2 is amended to read as follows:

1 52:19-2. The **State Comptroller** Director of the Division of
2 Budget and Accounting in the Department of the Treasury, before
3 entering upon the duties of his office, shall take an oath before one
4 of the justices of the Supreme Court, that he will well, faithfully
5 and impartially discharge all the duties required of him by law, and
6 that he will not allow any claim, charge or account against the State
7 unless satisfied that the same is justly due. Such oath shall be filed
8 in the office of the Secretary of State.
9 (cf: R.S.52:19-2)

10
11 33. (New section) Whenever the term "State Comptroller" or
12 "Comptroller of the Treasury" occurs or any reference is made
13 thereto, in any law enacted, or in any contract or document
14 executed, before the effective date of this P.L. , c. (C.)
15 (pending before the Legislature as this bill), the same shall be
16 deemed to mean or refer to the Director of the Division of Budget
17 and Accounting in the Department of the Treasury.

18
19 34. This act shall take effect on the first day of the sixth month
20 following enactment.

21
22
23
24

STATEMENT

25 This bill consolidates the functions of financial audit and
26 performance reviews for the State government, independent State
27 authorities and local units of government in an independent Office
28 of the State Comptroller. The bill establishes an Office of the State
29 Comptroller in but not of the Department of the Treasury, that will
30 have the status equal to a cabinet level office responsible only to the
31 Governor. The Office of the State Comptroller will be the single
32 Executive branch entity responsible for conducting regular fiscal
33 audits of all State government, independent State authorities and
34 local units of government. The State Comptroller will also develop
35 remediation plans to correct deficiencies in internal control
36 procedures and monitor compliance with those plans.

37 The Office of the State Comptroller will be responsible for
38 conducting routine, periodic and random audits of the Executive
39 branch of State government, including all entities exercising
40 executive branch authority, public institutions of higher education,
41 independent State authorities, units of local government and boards
42 of education and for conducting assessments of the performance
43 and management of programs of the Executive branch of State
44 government, including all entities exercising executive branch
45 authority, public institutions of higher education, independent State
46 authorities, units of local government and boards of education and
47 the extent to which they are achieving their goals and objectives.
48 Initially, consistent with the criteria established in subsection c. of
49 section 8 of this bill, it is anticipated that the Office of the State

1 Comptroller will place emphasis on, but not be limited to, State
2 executive branch agencies and independent authorities in
3 conducting financial audits and performance reviews.

4 The Office of the State Inspector General, which will remain
5 responsible for all the duties assigned pursuant to P.L.2005, c.119
6 (C.52:15B-1 et seq.), to receive and investigate complaints
7 concerning alleged fraud, waste, abuse, or mismanagement of State
8 funds will continue to be performed through that office. The Office
9 of the State Inspector General will be allocated within the Office of
10 the State Comptroller, and will coordinate investigations with the
11 audits and performance reviews of the State Comptroller, but will
12 remain an independent officer that is responsible directly to the
13 Governor.

14 The Governor will appoint the State Comptroller for a six-year
15 term with the advice and consent of the Senate. The appointed
16 State Comptroller will be independent of the Treasurer's control and
17 will be answerable only to the Governor, although the appointed
18 State Comptroller's six-year term will extend beyond a four-year
19 gubernatorial term. An individual serving as State Comptroller will
20 be subject to a consecutive two-term limit, and will not be eligible
21 again to serve in that office until the expiration of six years
22 following a second successive term served by that individual.

23 The appointed State Comptroller must be qualified by education,
24 training, and prior work experience to direct the office and perform
25 the duties and functions, and fulfill the responsibilities of the
26 position. The State Comptroller and professional staff of the office
27 will be restricted in their political activities.

28 The State Comptroller will coordinate the internal and external
29 audit functions in the Executive branch of State government,
30 including all entities exercising executive branch authority, public
31 institutions of higher education, independent State authorities, units
32 of local government and boards of education, including but not
33 limited to economy and efficiency audits. The State Comptroller
34 will: 1) establish a full-time program of audit and performance
35 review designed to provide increased accountability, integrity, and
36 oversight of the expenditure of public funds, including, but not
37 limited to, the Executive branch of State government, including all
38 entities exercising executive branch authority, public institutions of
39 higher education, independent State authorities, units of local
40 government and boards of education; and 2) audit and monitor the
41 process of soliciting proposals for, and the process of awarding of,
42 government contracts by contacting units as is defined in the bill,
43 which contracts involve a significant expenditure of public funds or
44 are comprised of complex or unique components.

45 The separate budget planning, bookkeeping, accounting, and
46 traditional preaudit financial control functions of the current
47 Division of Budget and Accounting in the Department of the
48 Treasury will be continue to be performed through that division.

1 The functions of the existing Unit of Fiscal Integrity in School
2 Construction in the Office of Government Integrity in the
3 Department of Law and Public Safety will continue to be under the
4 direction of the Attorney General, and the unit will cooperate and
5 coordinate the performance its duties with the Office of the State
6 Comptroller.

7 As the size of State Government and its agencies have grown
8 over the last several decades to meet growing demands for
9 governmental assistance and programs to meet new and growing
10 societal needs, the State's ability to manage its system of public
11 financial controls and accountability have not matched its
12 responsibility to subject its financial activities to uniform,
13 meaningful, and systematic public scrutiny. The State Comptroller,
14 answerable directly to the Governor, will be responsible for
15 overseeing and promoting the professional conduct of internal and
16 external audits. The establishment of this central, responsible
17 officer will provide assurance of the adequacy of internal financial
18 controls within agencies of government. This responsibility will
19 include assessing the adequacy of controls over financial
20 management, financial reporting and the delivery of government
21 programs and activities with due regard to efficiency, effectiveness
22 and economy, which must be reestablished as a fundamental duty of
23 governmental officials to the taxpayers and public whom they serve.

24 Thus, an independent Office of State Comptroller, which will
25 report directly to the Governor, will meet the compelling need for
26 State government to put into practice the presumption that there will
27 be independence and integrity in the financial oversight of the
28 discharge of its duties and responsibilities carried out in a manner
29 and under a structure that safeguards the fiscal resources with which
30 it is entrusted.

31 This bill proposes one of the recommendations of the Joint
32 Legislative Committee on Constitutional Reform and Citizens
33 Property Tax Constitutional Convention set forth in its November
34 15, 2006 report.

FISCAL NOTE
SENATE, No. 15
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JANUARY 17, 2007

SUMMARY

Synopsis: Establishes an independent Office of State Comptroller and consolidates financial audit and performance reviews of State and local government units.

Type of Impact: A permanent expenditure to the State General Fund, which may be offset, in full or in part, or exceeded by, cost savings brought about by the State Comptroller's activities.

Agencies Affected: Department of the Treasury;
 Potentially all of State government, independent State authorities and local subdivisions of State government.

Executive Estimate

Fiscal Impact	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
State Cost	\$7,000,000 to \$8,000,000 per Fiscal Year		

Office of Legislative Services Estimate

Fiscal Impact	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
State Cost	\$6,600,000 to \$9,000,000 per Fiscal Year		
State Cost Savings		Indeterminate	
Local Cost Savings		Indeterminate	

- The Office of Legislative Services (OLS) generally **concurs** with the Executive projection. The OLS' slightly larger range reflects the assumption at the low end that the average salary of an Office of the State Comptroller employee will be the average \$55,000 State employee salary and at the high end that the average office employee salary will correspond to the Office of the State Inspector General average salary, all other cost factors being equal to the per employee cost factors of the Office of the State Inspector General. The Executive and OLS estimates both assume that the Office of the State Comptroller will hire 57 employees, but the Executive will ultimately determine the staffing level.

- The OLS notes that whatever the cost projection, it only represents the budgetary outlay for the Office of the State Comptroller. A full fiscal impact analysis of this bill must necessarily consider the cost savings the activities of the office may directly generate or indirectly inspire through its mere presence.

BILL DESCRIPTION

Senate Bill No. 15 of 2007 establishes an Office of the State Comptroller in but not of the Department of the Treasury, which also absorbs the existing Office of the State Inspector General. The office will engage in contract audits and monitoring, conduct regular fiscal audits, and review the performance of State and local governmental entities.

FISCAL ANALYSIS

EXECUTIVE BRANCH

Edward McBride, Deputy Chief Counsel to Governor Jon Corzine, testified before the Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention on December 7, 2006, that plans for the creation of the Office of the State Comptroller were still evolving. However, a preliminary estimate of the office's staffing needs was around 75 employees. Since the office would absorb the 18 employees of the existing Office of the State Inspector General, up to 57 new employees might have to be hired at a projected annual State budgetary outlay of between \$7 million and \$8 million.

OFFICE OF LEGISLATIVE SERVICES

The OLS generally concurs with the Executive projection that the bill will produce an additional annual State cost of \$7.0 million to \$8.0 million, but extends the range to \$6.6 million to \$9.0 million per year. The OLS' slightly larger range reflects the assumption at the low end that the average salary of an Office of the State Comptroller employee will be the average \$55,000 State employee salary and at the high end that the average office employee salary will correspond to the Office of the State Inspector General average salary, all other cost factors being equal to the per employee cost factors of the Office of the State Inspector General.

The Executive and OLS estimates both assume that the Office of the State Comptroller will hire 57 employees. Given that the planning for the office is in its early stages, it is possible that the office will be staffed by fewer or more employees than the currently envisioned 75. Notably, the OLS points out that the Executive projection was extrapolated at a juncture when the State Comptroller was supposed to have broader powers than this bill confers. Specifically, the State Comptroller was intended to have the authority to conduct financial audits of all governmental entities in New Jersey. This bill, however, mandates that the Comptroller may only audit local government finances if a local government's independent annual financial audit raises concerns about the audit's quality or the local government's financial controls. In the end, this restricted authority may justify fewer staff than 75. Notwithstanding the above caveat, the OLS notes that for every employee who will be transferred to the office from another State government department or agency the bill's additional cost will decrease.

Assuming that the Office of the State Comptroller will incur a per employee cost identical to the \$158,000 fiscal year 2007 per employee cost of the Office of the State Inspector General (\$2.3 million appropriation plus 34.75 percent of \$1.6 million in salaries and wages for fringe benefits and federal FICA and Medicare taxes divided by 18 employees), an Office of the State Comptroller with 75 employees will cost \$11.9 million per year at an additional annual State cost of \$9.0 million. Assuming, on the other hand, that the office's new 57 hires will be hired at the average State employee salary of \$55,000 with all other cost factors being equal to the per employee cost factors of the Office of the State Inspector General, the total cost for the Office of the State Comptroller will be \$9.4 million at an additional State cost of \$6.6 million.

Lastly, the OLS notes that whatever the cost projection, it only represents the budgetary outlay for the Office of the State Comptroller. A full fiscal impact analysis of this bill must necessarily consider the cost savings the activities of the office may directly generate or indirectly inspire by its mere presence. The resultant cost savings could potentially offset, in full or in part, or maybe even exceed, the office's yearly appropriation.

Section: Revenue, Finance and Appropriations

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This fiscal note has been prepared pursuant to P.L. 1980, c.67.

Mar-15-07 Governor Corzine Signs Comptroller Bill

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GOVERNOR CORZINE SIGNS COMPTROLLER BILL

TRENTON – Governor Jon S. Corzine today signed legislation establishing an independent Office of the Comptroller and consolidating financial audit and performance reviews of state and local government units in that office.

“This represents a vital step in our efforts to bring more accountability and transparency to the operations of state government,” Governor Corzine said. “The comptroller will help ensure that people’s tax dollars are spent properly and efficiently and will help reassure New Jerseyans that their government is acting only in the public interest.”

“An independent comptroller will be a formidable check against corruption, favoritism, and fraud,” said Assembly Majority Leader Bonnie Watson Coleman (D-Mercer), who sponsored the legislation in the Assembly.

“At a time when every taxpayer dollar must be safeguarded, a comptroller becomes an invaluable check against wasteful spending,” said Assemblyman John J. Burzichelli (D-Gloucester), another Assembly sponsor.

Senate Majority Leader Bernard F. Kenny Jr. (D-Hudson), Senate sponsor of the comptroller measure, said it will enhance accountability at state, local and county levels of government as well as at the agencies and commissions.

“Now, we’ll have professionals watching out for spending abuses at every level of government,” said Senator Kenny.

The bill (A-2/S-15) was also sponsored in the Assembly by Assemblymembers Lou Greenwald (D-Camden), Linda Greenstein (D-Mercer, Middlesex), William Payne (D-Essex, Union), Reed Gusciora (D-Mercer) and Upendra Chivukula (D-Middlesex, Somerset).

The Governor also signed the following bills today:

S-14/A-20 (Adler, Karcher, Codey/Panter, Pou, Giblin, O'Toole, Van Drew, Greenstein) – Provides for mandatory forfeiture of retirement benefits and mandatory imprisonment for public officers or employees convicted of certain crimes.

S-506/A-3266 (Gill/Caraballo, Giblin) – Establishes responsibilities for owner/operators working for licensed public movers.

S-722/A-1665 (Inverso/Barnes) – Prohibits deceptive use of depository institution's trade name or trademark.

A-5/S-4 (Conaway, Stack, Watson Coleman, Cruz-Perez, Gordon, Greenwald, Lampitt, Burzichelli, Johnson, Vainieri Huttler/Adler, Doria) – Provides for various school district accountability measures.

A-15/S-12 (Wisniewski, Gordon, Malone, Schaer, Lampitt, Mayer, Greenwald, Cruz-Perez, Watson Coleman, Burzichelli, Greenstein, Vas/B.Smith, Sweeney) – Establishes "Local Unit Alignment, Reorganization, and Consolidation Commission"; establishes measures for local government efficiency; appropriates \$95,000.

A-470/S-1263 (Green, Burzichelli, Vas, Manzo/Turner, Rice) – Establishes Joint Committee on Housing Affordability.