



EXECUTIVE SUMMARY

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA) SELECTED COVID-19 EMERGENCY ASSISTANCE PROGRAMS March 1, 2020 to February 28, 2021

We found that adequate controls were in place at the NJEDA to approve and disburse funds through the selected programs in compliance with internal requirements and applicable program criteria. In making this determination, we noted a weakness in the process used to determine eligibility in Loan Phase 1 that merits management’s attention. Our audit also identified additional issues that were not included in this report. These issues have been communicated to management separately.

Funding Summary of Reviewed Programs

NJEDA Program	Initial Allocation	less Returns and Reallocations	Final Allocation	Disbursed	%	Funding Sources and Notes
Loan Phase 1	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 9,650,114	96.5%	\$10.0m from EDA's Economic Relief Fund
Grant Phase 1	\$ 12,000,000	\$ 910,000	\$ 11,090,000	\$ 10,575,000	95.4%	\$10.0m from the Coronavirus Relief Fund (CRF) \$2.0m from Casino Reinvestment Development Authority (\$910,000 returned)
Grant Phase 2	\$ 90,000,000	\$30,415,000	\$ 59,585,000	\$ 55,371,000	92.9%	\$45.0m from CRF (\$5m reallocated to Grant Phase 3) \$15.0m from CRF (\$5m reallocated to Grant Phase 3) \$30.0m from counties (\$20.415m returned)
Grant Phase 3	\$ 146,000,000	\$ -	\$ 146,000,000	\$ 144,066,000	98.7%	\$120.5m from CRF \$10.0m reallocated from Grant Phase 2 \$155.0m reallocated from NJEDA PPE Access Program
Totals	\$ 258,000,000	\$31,325,000	\$ 226,675,000	\$ 219,662,114	96.9%	

AUDIT HIGHLIGHTS

We tested 40 Loan Phase 1 loans totaling \$3.57 million in disbursements as of August 31, 2020. In 28 of the 40 loans tested, the incorrect Paycheck Protection Program loan term was included when determining eligibility. In 14 of the 28 instances, had the correct term been used, the Global Debt Service Ratio would have been below the required 1.00 ratio, thereby making the applicant ineligible. Consequently, approximately \$1.27 million of Loan Phase 1 funds were disbursed to 14 ineligible recipients. No federal funds were used in Loan Phase 1.

AUDITEE RESPONSE

The authority generally concurs with our findings and recommendations.

For the complete audit report click [here](#).