

CORRECTIVE ACTION PLAN
Borough of Victory Gardens
2023 Audit

RECOMMENDATION #1

Description: The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough does not maintain accounting and reporting systems for fixed assets and encumbrances. These records should be maintained to be in compliance with the (3) accounting requirements prescribed in the New Jersey Administrative Code. It is recommended that consideration be given to implementing accounting and reporting systems for encumbrances and fixed assets, as prescribed in the New Jersey Administrative Code

Corrective Action: The new Borough CFO has implemented new accounting software to ensure compliance with all technical accounting Directives

Implementation: November 2024 – full implementation in January of 2025

RECOMMENDATION #2

Description: The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. It is recommended that management initiates more involvement in the areas of collecting, disbursing and recording to provide for a more adequate segregation of duties..

Corrective Action: The Borough has limited funds to hire more staff, but is reviewing internal controls to try ensure proper controls in all areas.

Implementation: June 2024 and ongoing

RECOMMENDATION #3

Description: Accounting Records:

1. Bank reconciliations for all bank accounts be completed on a monthly basis and older reconciling items be liquidated or reviewed for possible cancellation.
2. The general ledger be updated and reconciled with all subsidiary ledgers and outside department cashbooks on a monthly basis.
3. Budget appropriation transfers be formally approved by the governing body

Corrective Action: ~~Corrective Action:~~ The new Borough CFO has implemented new accounting software to ensure compliance with all technical accounting Directives

Implementation: November 2024 – full implementation in January of 2025

RECOMMENDATION #4

Description: There are certain individual engineering escrow accounts with deficit balances. These deficit balances originated prior to 2015 and has been slowly growing. It is recommended that deficit engineering escrow accounts be reviewed for pursuit of collection or possible cancellation.

Corrective Action: The CFO is working with engineer and other staff to verify Projects and proper funding levels.

Implementation: June 2024 and ongoing

RECOMMENDATION #5

Description: Expenditure without Appropriation A CDBG grant award for the Washington Avenue Improvement project was expended in 2023. However, the Borough did not adopt a resolution for the insertion of a special item of revenue and submit to the state for approval as per N.J.S.A.40A:4-87.

It is recommended that a resolution for the insertion of a special item of revenue for any grant awards not included in the annual budget be adopted by the governing body and submitted to the State for approval. Management's Response The Borough will make every effort to ensure that a Chapter 159 resolution is adopted and submitted as required.

Corrective Action: The CFO will verify and make sure all Chapter 159's are adopted on time and proper accounting of all grants will be verified.

Implementation: June 2024 and ongoing

Adopted: June 24, 2025

*Deborah Evans
Borough Clerk*