

CORRECTIVE ACTION PLAN
Borough of Victory Gardens
2025 Audit

RECOMMENDATION #1

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: 1/1/25

RECOMMENDATION #2

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 is currently not in compliance with requirement 2.

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

Corrective Action: The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Implementation: January 1, 2025 and ongoing

RECOMMENDATION #3

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

Corrective Action: The Borough will make every effort to resolve this recommendation in 2026.

Implementation: January 1, 2025 and ongoing

RECOMMENDATION #4

Description: The bank reconciliations have older outstanding reconciling items (specifically transfers between the various accounts) from prior years still outstanding as of December 31, 2025. It is recommended that older bank reconciling items, such as transfers between the various accounts, be liquidated or reviewed for possible cancellation.

Corrective Action: The Borough will make every effort to resolve this in 2026..

Implementation: January 2026 and ongoing

RECOMMENDATION #5

Description: Our review of the animal license fees records revealed that: 1. The animal licenses fees collected per the outside department's license books do not reconcile with the amount deposited in the bank account for the year. 2. Payments for state share of animal license fees were not remitted to the State in a timely manner. It is recommended that the animal licenses fees records be reconciled with the accounting records and bank statement on a monthly basis and that state share animal licenses fees are remitted to the State in a timely manner.

Corrective Action: The Borough will ensure timely reconciliation and payment of animal licenses fees.

Implementation: January 2025 and ongoing

RECOMMENDATION # 6

Description: The Clerk's office collects the majority of receipts that come into the Borough. Even though there is a blanket crime coverage policy in place, the Clerk and Deputy Clerk are not separately bonded. It is recommended that employees involved in handling cash collections be separately bonded

Corrective Actions: The Borough will strongly consider its surety bond coverages.

Implementation: May 2026

RECOMMENDATION # 7

Description: We noted instances where the employee's withholding for health benefit contribution was calculated incorrectly. It is recommended that greater care be taken when calculating employee health benefit contributions.

Corrective Action: The CFO has reviewed all health benefit contributions and corrected the errors for 2026.

Implementation January 2026

RECOMMENDATION # 8

Description: We noted that not all purchase orders are approved prior to the order of goods or services. It is recommended that the purchase orders are approved prior to the order of goods or services.

Corrective Action: The CFO has reviewed all purchasing procedures and is working with the Borough staff to ensure encumbrances are used whenever possible.

Implementation January 2026