293-26

TOWNSHIP OF WEST ORANGE

CORRECTIVE ACTION PLAN

FY 2024 ANNUAL AUDIT

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Jalene Kulute, Accountant

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Finding Number: 2024-1 (Page 155)

1. **Condition: An examination of several bank reconciliations as of December 31, 2023 revealed that there are numerous deposits -in-transit that have not been identified and received by the Finance Department. The current Chief Financial Officer is investigating this issue and appropriate action will be taken on his findings.**
2. **Auditor's Recommendation: That all bank reconciling items be reviewed and appropriate action be taken based on those findings.**
3. **Township Response & Corrective Action: The Finance Department has reviewed all of the deposits-in-transit and cleared the majority of them. There are other smaller reconciling items on the debit and credit side of the ledger that must be written off prior to the end of Fiscal Year 2026. Going forward, deposits-in-transit should clear the bank no later than the 10th of the succeeding month. If the deposits do not clear the bank by the 10th of the succeeding month, the book transaction must be reclassed accordingly.**
4. **Implementation Date: Implemented effective CY 2025 and CY 2026**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Jalene Kulute, Accountant

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Finding Number: 2024-2 (Page 155)

1. **Condition: The reconciled cash per the bank reconciliation for the Current Fund did not agree to the General Ledger Balance. There was a difference of $3,744.36.**
2. **Auditor's Recommendation: That all cash reconciliations be in agreement with General Ledger Balances.**
3. **Township Response and Corrective Action: This was an exception from 2023 that the Finance Department was unable to trace the difference to in 2024. In 2025, it was written off against Miscellaneous Revenue Not Anticipated.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Jalene Kulute, Accountant

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Finding Number: 2024-3 (Page 155)

1. **Condition: Checks outstanding in excess of twelve (12) months are considered stale and may not be honored by the bank. Periodically, stale dated checks should be reviewed and cancelled. Several bank reconciliations have outstanding checks in excess of twelve (12) months.**
2. **Auditor's Recommendation: That outstanding checks be reviewed periodically and appropriate action to be taken based on those findings.**
3. **Township Response and Corrective Action: The Comptroller is currently reviewing all checks with issue dates in excess of twelve (12) months. Any stale dated checks will be cancelled via a resolution put forth to the Governing Body. The resolution will list the check #, issuance date, and the check amount.**
4. **Implementation Date: The Finance Department will prepare a resolution for the final meeting of CY 2026**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-4 (Page 155)

1. **Condition: The Petty Cash Fund was not closed out at year end.**
2. **Auditor's Recommendation: That proper procedures be followed for the annual approval and closeout of Petty Cash Funds per N.J.S.A. 40A:5-21.**
3. **Township Response and Corrective Action: The Township is going to eliminate petty cash funds in 2027.**
4. **Implementation Date(s): January 1, 2027**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance

Finding Number: 2024-5 (Page 155)

1. **Condition: The Township of West Orange's Current Fund reflects an over expenditure of $738,641.73.**
2. **Auditor's Recommendation: That the Township raise the deferred charge in a subsequent year's budget.**
3. **Township Response and Corrective Action: The Township is raising the charge in the 2026 Budget Year.**
4. **Implementation Date: Complete**

Department: Office of the Tax Collector

Respondent: Kathy Longo, Tax Collector; John Ditinyak, Director of Finance

Responsible Employee(s): Kathy Longo, Tax Collector; John Ditinyak, Director of Finance

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Finding Number: 2024-6 (Page 156)

1. **Condition: A detailed list supporting the Premiums on Tax Sale was not available for audit.**
2. **Auditor's Recommendation: That a detailed list supporting the Premiums on Tax Sale be prepared and made available for audit.**
3. **Township Response and Corrective Action: The Finance Office disagrees with this comment. As part of the Tax Report package provided to the auditor, a detailed list of 3rd party liens that includes the amount of premium per lien was provided. A copy of that list will be provided to the Governing Body for review.**
4. **Implementation Date: Completed**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Melanie Chavez, Assistant Comptroller; John Ditinyak, Director of Finance

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Finding Number: 2024-7/8 (Page 156)

1. **Condition: Not all County Taxes levied ($130,595.59) were remitted to the County. The balance of $333,816.45 for the County's share of PILOT revenue was not remitted to the County.**
2. **Auditor's Recommendation: That the County share of PILOT revenue and County Taxes Levied be remitted to the County.**
3. **Township Response and Corrective Action: The County Taxes as of 12/31/2024 are for the County's share of Added and Omitted Taxes. The County pulls of its tax payments via ACH without the control of the Township. The County pulled the $130,595.59 on 2/15/2025. The County's share of PILOT money was remitted in 2025.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; All Department Heads

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Finding Number: 2024-8 (Page 161)

1. **Condition: The revenue collections of the Municipal Court were not in agreement with the records of the Finance Department. Revenue of $313,156.86 was turned over, but only $297,755.55 was recorded in the Current Fund General Ledger. The difference of $15,401.31 could not be identified in the ledger.**

The DCA Training Fees for new construction and rehabilitation collected by the Construction Department was not in agreement with Finance records. There was a difference of $343.00 compared to departmental records.

2. **Auditor's Recommendation: That all revenue received from outside departments be properly identified and recorded.**
3. **Township Response and Corrective Action: The Township's method of recording daily cash receipts is through a software solution called Community Pass. On a daily basis, the previous' days Community Pass cash activity is uploaded to the general ledger software, Cloud Munidex. This process inherently limits differences between the subsidiary ledger (Community Pass) and the general ledger (Cloud Munidex).**

   The Finance Department is going to evaluate all of the mapping codes that are embedded in each Community Pass revenue type. The mapping codes determine what general ledger each Community Pass revenue uploads to in Munidex.

   Once the coding has been checked and Community Pass maps to the correct General Ledger accounts, we will implement a monthly departmental sign-off process. The Assistant Comptroller will run a monthly cash receipt report in Munidex and have the Department's compare it to their own Munidex records. Any discrepancies will need to be investigated before completing the monthly reconciliation.

   Adding on to this process is that the cash transaction piece is done through the Legacy Munidex Tax system. That transaction is then posted overnight to Cloud Munidex.

An example transaction is shown below:

The Administration Department accepts a check for Bid Specifications in the amount of $100.00. A representative of Administration will record the transaction in Community Pass with the Appropriate Point of Sale code. A summary report along with the check will then be turned over to the Tax Office.

The Finance Department then has the responsibility to export the previous day's Community Pass Transactions to a csv. File, load that file into Cloud Munidex, confirm the debit and credit posting, and then post the entry. The entry for the example above would post as follows:

Debit – Departmental Deposit in Transit – Administration - $100.00

Credit – Miscellaneous Revenues Not Anticipated – Bid Specs - $100.00

The Tax Office will then record the check in the Legacy Munidex Tax system and deposit the check into the bank. Through an overnight, automated process, the Legacy Tax entry will post to cloud Munidex and create the following entry:

Debit – Cash – Current Fund - $100.00

Credit – Departmental Deposit in Transit – Administration - $100.00

A multi-step, multi-system process adds unnecessary complexity and requires oversight beyond the staffing limitations of the Department. The Finance Department is in the final stage of implementing a unified cash receipting/revenue recording with Edmunds GovTech. Tax and Utility was converted on 7/1/2026 and the rest of the operation goes live on 1/1/2027.

4. **Implementation Date: 7/1/2026 and 1/1/2027**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-10 (Page 156)

1. **Condition: There are interfund balances open at December 31, 2023 on the various balance sheets of the Township. As a general rule, all interfund balances should be closed out before the end of the year. Transactions invariably occur in fund, which results in a corresponding entry to be made in another fund, thus creating interfund balances.**
2. **Auditor's Recommendation: That all interfund be liquidated by December 31st.**
3. **Township Response and Corrective Action: The Finance Department will liquidate all interfund balances prior to year-end 2026. If cash flow needs impede the Township's ability to liquidate any or all interfund balances, a memorandum will be provided to the auditor prior to the issuance of the audited financial statements.**
4. **Implementation Date: Year-end 2026**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-10 (Page 157)

1. **Condition: There are unapplied grants in the Federal and State Grant Fund (A-43) for $346,170.45 that need to be investigated for source and purpose.**
2. **Recommendation: That all unknown grants on the balance sheet be investigated and appropriate action taken based on those findings.**
3. **Township Response and Corrective Action: The Grants will be part of the 2026 Budget Amendment or adopted via Chapter 159 prior to December 16, 2026**
4. **Implementation Date: 2026**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-12 (Page 157)

1. **Condition: The Federal and State Grant Fund has several receivable and reserve balances that have had no activity for several years. These accounts should be reviewed at year-end.**
2. **Recommendation: That all inactive grant balances be reviewed and appropriate action be taken based on those findings.**
3. **Township Response and Corrective Action: All grant receivable and reserve balances will be reviewed to determine if the project has been completed and/or the grant has term expired. As necessary, a resolution cancelling receivable and spending reserve balances will be presented to the Township Council for approval. Cancellations negatively impacting operations must be balanced against the results of a year-end close.**
4. **Implementation Date: On-going**

Department: Department of Health

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Michael Fonzino, Director of Health

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Finding Number: 2024-13 (Page 157)

1. **Condition: Several monthly Dog License Reports were not filed with the State of New Jersey in a timely manner**
2. **Auditor's Recommendation: That all monthly Dog License Reports be filed with the State of New Jersey on a monthly basis.**
3. **Township Response and Corrective Action: The Township disagrees with this recommendation in that the guidance from the State of New Jersey Department of Health Communicable Disease Service Infectious and Zoonotic Diseases Program on form VPH-10, the monthly dog license report referenced, allows for one license report to cover two or more months. Despite this, the West Orange Board of Health always makes the effort to file the dog license reports on a monthly basis.**
4. **Implementation Date: Completed**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-14 (Page 157)

1. **Condition: Certain grant receivable balances have remained open as December 31, 2024 on the General Capital Balance Sheet.**
2. **Auditor's Recommendation: That all open grant receivable balances in the General Capital Fund be reviewed and a determination made as to proper disposition.**
3. **Township Response and Corrective Action: The Finance Department is in the process of closing the largest grant balance, NJ State Library Construction of the West Orange Library.**
4. **Implementation Date: On-going**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-15 (Page 158)

1. **Condition: A detailed analysis of the Payroll Account was not prepared throughout the year. As a result, no detail was available as of December 31, 2024.**
2. **Auditor's Recommendation: That the Payroll Account be analyzed on a monthly basis.**
3. **Township Response and Corrective Action: The Township converted its two payroll systems into one, Primepoint Payroll. Individual reports for each payroll are available for the auditors to review.**
4. **Implementation Date(s): Complete**

Department: Office of the Comptroller;

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Kate Davenport, Human Resources

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Finding Number: 2024-16 (Page 158)

1. **Condition: A list of compensated absences which consist of accumulated sick days, unused vacation and other approved PTO time at the 2024 salary rates as of December 31, 2024 was not available for audit.**
2. **Auditor's Recommendation: That a list of compensated absences be made available for audit.**
3. **Township Response and Corrective Action:The Township converted its timekeeping and payroll systems over to Primepoint. Accrual values by employee are available at the rates current to the time period requested, not just the current active rate.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance;

Finding Number: 2024-17 (Page 158)

1. **Condition: During our review of the Township's Trust Fund Reserves, we noted several reserves that did not appear to have approval from the Division of Local Government Services.**
2. **Auditor's Recommendation: That the Township review the reserves maintained in the Trust Fund and obtain appropriate approval from the Division of Local Government Services.**
3. **Township Response and Corrective Action: The Township will review all Trust Fund reserves and make sure to put forward a Dedication by Rider resolution before the Township Council.**
4. **Implementation Date: Ongoing**

Department: Office of the Comptroller; Office of the Business Administrator

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance; Peter Smeraldo, Assistant Business Administrator

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Finding Number: 2024-18 (Page 164)

1. **Condition: Surety Bond coverage for individual Public Officials were not supplied for audit.**
2. **Auditor's Recommendation: That all Surety Bond Declarations for individual Public Officials be made available for audit.**
3. **Township Response and Corrective Action: The Finance Department determined that Garden State Municipal Joint Insurance Fund and now the Central Jersey Joint Insurance has always provided the recommended surety bond coverage for individual public officials. No action needs to be taken by the Township**
4. **Implementation Date: Complete**

Department: Uniform Construction Code

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Thomas Biondi, Jr., Construction Code Official

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Finding Number: 2024-19 (Page 164)

1. **Condition: Out review of Continued Certificate of Occupancy Permits revealed that some permits were not being charged according to the fee ordinance as it relates to emergency disconnect, solar panel installation and underwater lighting for pools were not located on the fee ordinance.**
2. **Auditor's Recommendation: That all Construction Department fees be approved by ordinance .**
3. **Township Response and Corrective Action: The Township's Law Department has recommended restoring the authority to charge fees back to ordinances instead of resolutions. As part of this process, all fees currently charged will be reviewed to make sure that they are covered under an authorizing ordinance.**
4. **Implementation: On-going**

Department: Uniform Construction Code

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance,

Finding Number: 2024-20 (Page 159)

1. **Condition: The UCC Report was not prepared and submitted to the State of New Jersey by the Construction Code Official.**
2. **Auditor's Recommendation: That the Construction Code Official prepare the UCC Report and submit it to the State of New Jersey.**
3. **Township Response and Corrective Action: The Finance office has completed outstanding UCC reports.**
4. **Implementation Date: Completed**

Department: Township Clerk

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Karen Carnevale, Municipal Clerk

Finding Number: 2024-21 (Page 159)

1. **Condition: Daily turnover slips and monthly reports were not made available for audit.**
2. **Auditor's Recommendation: That all Municipal Clerk Reports be made available to the auditor for review.**
3. **Township Response and Corrective Action: The Municipal Clerk maintains all required supporting documentation, receipts, and Tax Department turnover slips electronically.**
4. **Implementation Date: Completed**

Department: Township Clerk

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Karen Carnevale, Municipal Clerk

Finding Number: 2024-22 (Page 159)

1. **Condition: Not all cash payments received by the Municipal Clerk have a corresponding cash receipt issued.**
2. **Recommendation: That all cash payments received by the Municipal Clerk have a corresponding cash receipt issued.**
3. **Township Response and Corrective Action: Please see the Township response to Finding 2024-21.**
4. **Implementation Date: Complete**

Department: Township Clerk; Legal Department

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Karen Carnevale, Municipal Clerk;

Finding Number: 2024-23 (Page 159)

1. **Condition: Applications are not filled out annually by the Township's vendors for annual licensing renewal.**
2. **Auditor's Recommendation: That all applications be filled out by vendors annually and remitted to the Municipal Clerk for annual licensing fees.**
3. **Township Response and Corrective Action: Corrected in 2025.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance

Finding Number: 2024-24 (Page 160)

1. **Condition: Annual 1099's distributed to vendors were not available for auditor review.**
2. **Auditor's Recommendation: That 1099's be made available for auditor review.**
3. **Township Response and Corrective Action: 2024 1099's were processed by a 3rd party vendor. The copies of the 1099's were made available to the audit team. This comment should have been removed. Copies are available to review by the Governing Body at their pleasure.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance

Finding Number: 2024-25 (Page 160)

1. **Condition: We were unable to update the Length of Service Award Program amount as of December 31, 2024.**
2. **Auditor's Recommendation: That the financial reports for the Length of Service Award Program be made available for review.**
3. **Township Response and Corrective Action: The Department was unable to locate records related to the Township's former LOSAP program.**
4. **Implementation Date: On-going**

Department: The West Orange Municipal Court

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Yvonne Hunt, Municipal Court Administrator

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Finding Number: 2024-26 (Page 161)

1. **For the audit, the November 2024 Monthly Management Report was examined and the following item was noted:**
    a. **Tickets assigned but not issued report indicated that there were one thousand nine hundred and seventy-three (1,973) tickets over one hundred eighty-one (181) days old. These tickets should be recalled.**
    b. **Tickets issued but not assigned indicated that there are forty-six (46) tickets in this report. There should be no tickets listed.**
    c. **Follow-up incomplete report indicated that six (6) tickets are over three (3) years old. As per rule 7:8-(9)f, once a case is over three years old, the tickets must be dismissed. These tickets are generally dismissed the following month by the court**
2. **Auditor's Recommendation: That the Monthly Management Report be reviewed by Court personnel and that appropriate action be taken based on those findings.**
3. **Township Response and Corrective Action: The West Orange Court will investigate these issues and take corrective action as necessary.**
4. **Implementation Date: On-going**

Department: The West Orange Municipal Court, Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Yvonne Hunt, Municipal Court Administrator; John Ditinyak, Director of Finance

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Finding Number: 2024-27 (Page 161)

1. **The monthly credit card merchant fees are being charged to the Municipal Court General Fund. Per AOC Directive 8-98, these charges should be made against the Township's Current Fund.**
2. **Auditor's Recommendation: That the credit card merchant fees be charged to the Township's Current Fund per AOC Directive #8-98.**
3. **Township Response and Corrective: The Finance Director is meeting with the Township's bank to refund these fees going back to 2023.**
4. **Implementation Date: On-going**

Department: The West Orange Municipal Court, Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): Yvonne Hunt, Municipal Court Administrator; John Ditinyak, Director of Finance

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Finding Number: 2024-28 (Page 161)

1. **Condition: AOC Directive 01-15 provides that all monies, including money collected, received from any source be deposited with forty-eight hours.**
2. **Auditor's Recommendation: The General Fund Deposits be made within forty-eight (48) hours per AOC Directive 01-15.**
3. **Township Response and Corrective Action: The Township has adjusted the armored car pickups to ensure compliance with AOC Directive 01-15.**
4. **Implementation Date: Complete**

Department: Office of the Comptroller

Respondent: John Ditinyak, Director of Finance

Responsible Employee(s): John Ditinyak, Director of Finance

Finding Number: 2024-29 (Page 161)

1. **Condition: The Township of West Orange, by contractual agreement, provides medical benefits to Township employees who retire, in accordance with GASB No. 75, an actuarial certification is required regarding postemployment benefits.**
2. **Auditor's Recommendation: That the Retiree Medical Actuarial Valuation Report be completed in accordance with GASB No. 75.**
3. **Township Response and Corrective Action: The Finance Department is seeking quotes on the preparation of GASB 75 Post Employment Benefit Liability analysis for 2023, 2024, 2025, and 2026, from the current Health Insurance Broker and independent actuaries.**
4. **Implementation Date: Prior to 12/31/2026**