

CHRISTOPHER T. MORRIS
Council President



PHYLLIS MAGAZZU
Mayor

Council Members
MARION BODANZA
FRANK EPIFANIO
SAM SYKES

CATHERINE UNDERWOOD
Township Clerk

TOWNSHIP OF BERLIN

MUNICIPAL BUILDING

135 Route 73 South

West Berlin, NJ 08091

Phone (856) 767-1854

Ms. Carrie Meyer, CPA
Deputy Director, Audit Division
Office of the State Comptroller
P.O. 024
Trenton, NJ 08625-0024

November 29, 2021

Dear Ms. Meyer:

Please accept the following information as Berlin Township's official response to the Performance Audit the Office of the State Comptroller completed on the Township of Berlin. The following information was consolidated from numerous Township employees and appointed professionals. I would like to thank you for your professionalism and look forward to addressing and correcting the findings outlined in the report.

Respectfully,

A handwritten signature in black ink, appearing to read "Alexander P. Davidson".

Alexander P. Davidson, CPA, RMA
Chief Financial Officer

CC:

Phyllis Magazzu, Mayor

Stuart Platt, Township Solicitor

Berlin Township (“Township”) would like to take this opportunity to thank the Office of the Comptroller (“Comptroller”) for its time conducting this Performance Audit of Selected Fiscal and Operating Practices (“Audit”) and thank it for bringing these matters to the Township’s attention. The Township takes these matters seriously and will move to address and correct these findings as soon as reasonably possible. The Township offers the following responses to the Audit findings:

PAYROLL PRACTICES

Objective 1a

The Township agrees that the two sick leave payments made to two police officers were not in accordance with the contractually negotiated agreement but were made based upon agreed upon terms with the collective bargaining unit. We would like to emphasize that neither of these officers were hired after May 21, 2010, the effective date of N.J.S.A. 40a:9-10.4. That law restricts payments of sick leave made to individuals hired after May 21, 2010, and these two individuals were not restricted under that law. The Township does intend to clarify the language in the collective bargaining agreement at the conclusion of its current term, December 31, 2021, to align with N.J.S.A. 40a:9-10.4.

Objective 1b

The former Chief of Police hired the employee without the knowledge and approval of the Mayor and Council. When the Mayor and Council learned of this action, a ratifying resolution approving the hire was adopted. The Township has also implemented a new timekeeping system in the Police Department as of January 1, 2020, consistent with the Audit recommendation brought to the Township’s attention by the Comptroller during the course of its audit.

HEALTH INSURANCE BENEFITS

Objective 2a

The Mayor has for many years worked 40 to 60 hours a week on average for the Township. The other council members noted have devoted a minimum of 20 hours a week to the Township. Based upon these hours, the elected officials were eligible for participation in the State Health Benefits Program for elected officials that were elected and have remained elected with no break in their term prior to the effective date of Chapter 2, P.L. 2010. The financial officials of the Township never advised any of the elected officials of the requirement to specifically document the actual hours worked each week. It is the Township’s intention to correct this with a timekeeping system for the two elected officials that remain on the Township’s health insurance which would substantiate that each of these officials work a minimum of 20 hours per week on Township business thereby permitting their continued enrollment in the State Health Benefits Program.

Objective 2b

The Township's response to objective 2a applies to objective 2b as well. With the implementation of a time keeping system \$46,115 of the \$46,463 waiver payments in question would have been validated.

MUNICIPAL LAND PLANNING AND MANAGEMENT

Objective 3

The State Audit Team identified 18 municipally owned properties as "potentially marketable". The audit report suggested these properties could have generated income to the Township from their sale and could have generated tax revenue. Pursuant to the Local Lands and Buildings Law (*N.J.S.A. 40A:12-1, et seq.*) ("LLBL") a municipality can only sell property which it owns if it is "not needed for public use" (*N.J.S.A. 40A:12-13*). This determination is strictly a policy decision of a municipality and applies to both current and future land management and planning. It is difficult to ascertain the specific reasons why it was suggested that 18 properties were "potentially marketable." However, it should be noted that many of the municipally owned properties are currently used for parks, sports and athletic fields, recreation uses, stormwater management basins, pump stations, a municipal library, drainage areas, concession stands and are otherwise still needed for public purposes.

In addition, it is difficult to speculate whether any of the properties in which the audit report identified would have sold, the amount that would have been bid for the properties and to what extent such properties would have been put to private use.

The Township's prerogative to not sell municipally owned property also concerns concepts of sound planning. It is well known that New Jersey is one of the most overdeveloped states in the country and the preservation of municipal properties in wooded areas and open space would prevent further development and sprawl. The sale of municipally owned properties in this case could lead to negative impacts upon the school system, more impact to the already congested road system and negatively impact the quality of life of existing residents, businesses, and visitors.

The Township has drafted a Master Plan Reexamination report and will be forwarding it to the Planning Board for adoption.

The Township agrees it should review its real property inventory and update its policy for land management. The Township will take the necessary steps to abate any unauthorized use of its properties as well.

PROCUREMENT OF INSURANCE CONTRACT

Objective 4

The Township agrees with the Comptroller's finding and as of 1/1/17, the Township had changed its prescription drug coverage to the State Health Benefit Plan thereby resolving this finding.

EMPLOYEE REIMBURSEMENTS

Objective 5

The Township agrees with the Comptroller's finding that supporting documentation should be enhanced and the Township will implement new policies and procedures to ensure that sufficient supporting documentation accompanies every purchase order.

MUNICIPAL VEHICLES

Objective 6a

The Township agrees with the Comptroller's finding. When first made aware of this by the Comptroller, the Township moved the person from the OEM coordinator role to a deputy role. The new OEM Coordinator is the Deputy Superintendent of Public Works and therefore currently has a Township provided vehicle thus also eliminating the need for one additional vehicle dedicated solely for OEM duties.

Objective 6b

The Township agrees with the Comptroller's finding and will implement new policies and procedures to properly verify and re-verify Commercial Driver License (CDL) endorsements.

ACCOUNTING INFORMATION SYSTEM CONTROLS

Objective 7

The Township agrees with the Comptroller's finding and has already corrected many of the items outlined in the finding. The accounting software utilized by the Township limits the number of corrective actions that can be taken, however where possible and practical, corrections have been made