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State Comptroller report finds local governments failing to control excessive and improper payments for legal services

One town was paying an attorney a salary for a no-work job and was unable to identify any services he actually provided

An Office of the State Comptroller (OSC) review of five local governments has found repeated waste of taxpayer dollars on excessive or improper payments for legal services, including one town that paid a salary for an attorney with no job duties at all.

The findings are part of a 38-page report released today that highlights a series of deficiencies in the local governments' oversight of the lawyers they hire. For example, OSC found that two of the local governments paid their legal counsel at hourly attorney rates for routine clerical and administrative work that should have been free of charge under the attorney's contract. Another local government paid 30 different attorneys from the same law firm to provide legal services in a single year. OSC's review of legal invoices, meanwhile, identified a series of billing errors that cost taxpayers thousands of dollars.

Several of the local governments acknowledged that they had not been conducting a substantive review of the legal bills they received and paid.

OSC's report - which focused on legal services provided to North Bergen Township, West New York, Medford Township, the Freehold Regional High School District and the Plainfield Public Schools - also includes an extensive checklist of best practices for local governments to follow when engaging and managing legal counsel. The checklist, which was sent today to every municipality and school district in the state, was developed after research of prevailing legal billing practices and review of a wide variety of published authorities.

"We took on this project to develop guidance that local governments could consult when contracting with outside counsel and managing their legal departments," State

Comptroller Matthew Boxer said. "What we found were repeated failures to review legal bills and manage legal contracts in a way that looks out for taxpayers. Public officials need to scrutinize their legal bills as if they were paying for them out of their own pocket, otherwise taxpayers are going to get ripped off."

In one township, North Bergen, OSC found a salaried attorney with a no-work job. Township officials were unable to provide any information on the job responsibilities of the attorney who was receiving from the township an \$18,800 salary, health benefits and participation in the state pension system. When first questioned by OSC, township officials said they were unsure if the attorney in question served as the town's Alcohol Beverage Control Board attorney or as its Tenant Advocate. After requests for additional information, the attorney in question, who had been employed by the township for years, resigned from his position.

OSC has referred the matter to the state's Division of Criminal Justice to determine whether any criminal violations have been committed.

OSC's review of legal services provided to North Bergen also found that the Township Attorney received a salary of \$207,870 plus an additional \$16,469 for unused vacation time in 2011, the year OSC reviewed. According to information reported to the New Jersey State League of Municipalities, that Township Attorney was the highest paid full-time municipal attorney in the state. OSC found that North Bergen paid the attorney substantially more - between 35 percent and 124 percent more - than the four largest New Jersey municipalities (Newark, Jersey City, Paterson and Elizabeth) pay their highest ranking staff counsel. North Bergen officials informed OSC that the township had never compared its Township Attorney's salary to those of other full-time municipal attorneys in New Jersey, nor had it considered other compensation arrangements such as using a pre-set retainer arrangement with an outside counsel.

The report also questions whether the same North Bergen Township Attorney violated local government ethics laws in assigning additional township legal work to a law firm with which he is affiliated. OSC has referred the matter to the Local Finance Board, which adjudicates such cases.

OSC's findings at the other local governments reviewed included:

- West New York paid one law firm at the attorney rate of \$150 per hour for administrative work performed by a secretary, including tasks such as "taking messages" and photocopying documents, even though its contract with the firm specified that the firm was not entitled to payment for "supportive services" such as "secretarial help." In multiple months, the town also paid the law firm more than it was billed. As a result of OSC's findings, the firm has offered to provide a refund.
- 30 different attorneys from the same law firm, out of a total of 54 attorneys employed there, billed Freehold for legal services in 2011, representing more than half of the attorneys employed at the firm that year.

- Plainfield’s school board attorney improperly billed the school district thousands of dollars for routine administrative work that the firm admitted should not have been billed, as well as for services such as attendance at school board meetings that should have been covered under the firm’s pre-set retainer payment. Plainfield’s business administrator told OSC that he had only “perused” the monthly billing invoices for obvious errors. In response to OSC’s inquiries, the firm has offered to reimburse Plainfield for the improper billings.
- Even though Plainfield and its law firm had agreed in writing that a series of services such as telephone conferences with school administrators would be included in the pre-set retainer payment to the firm, the district ultimately agreed to permit the firm to submit additional hourly bills for those services, resulting in unnecessary legal fees.
- Plainfield also failed to comply with additional state regulations designed to limit legal expenses, which Plainfield is subject to because its legal costs greatly exceed the statewide average. For example, it failed to limit the number of staff members authorized to request legal advice and failed to record its contacts with outside counsel. OSC has referred this issue to the Department of Education for further review.

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Click [here](#) to view the complete report.

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