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Comptroller audit finds wide range of deficiencies in Irvington Township financial management

Audit details 21 steps for improving fiscal operations

A performance audit of Irvington Township released Wednesday by the Office of the State Comptroller (OSC) reveals a government whose financial management practices are in disarray.

"This office conducted a broad-based audit of Irvington's financial practices," State Comptroller Matthew Boxer said. "In nearly every area we audited, we found serious deficiencies or cause for concern."

Specifically, the audit found Irvington's financial books have been out of balance since 2000, with the general ledger off by \$59.7 million and an un-reconciled shortage of \$2.6 million in the bank balance versus Irvington's books and records. The audit also looked at 42 cash disbursements from 2008 totaling more than \$1.4 million and identified significant issues with 26 of them.

Listed in the audit are 21 recommendations for improving Irvington's fiscal operations, including steps to implement appropriate internal controls, enhance personnel practices and ensure improved cash management procedures aimed at safeguarding public funds. The OSC will conduct follow-ups to monitor Irvington's progress in instituting those changes.

"Our oversight of Irvington does not end with the release of this audit," Boxer said. "We've offered to provide training to local officials and we will take the necessary steps to make sure the township gets its fiscal operations moving in the right direction."

The audit's findings include the following:

- A consistent late payment of bills, including an overdue balance of \$151,018 for various phone bills. Moreover, during a 13-month period, Irvington was assessed over \$36,000 in overage charges on township cell phones, including unreimbursed charges for downloading games and ring tones and international roaming charges from the Dominican Republic and Cayman Islands.
- The township confirmed it uses 29 separate bank accounts for Irvington business; the OSC audit identified at least five more.
- Numerous security concerns related to information technology, including the ability for 24 terminated employees to access Irvington's computer network and the township's inability to account for more than \$10,000 worth of recently purchased computer equipment - more than 10 percent of the items sampled. Auditors also noted that Irvington does not have a system for backing up critical financial data.
- A failure to notify the State Department of Education of a debt refinancing led to Irvington receiving \$8.1 million in overpayments from DOE from 2002 to 2007. As a result, Irvington has been required to repay \$400,000 annually over the next 20 years, which will have a negative impact on township finances.
- The township sent 19 employees to an Atlantic City casino hotel in Nov. 2007 for a three-day conference on municipal government but failed to get any documentation for the hotel stays. As a result of the OSC's audit, the OSC informed the township it had actually overpaid the casino \$2,271.

"Irvington officials have failed to follow not only basic accounting principles, but the basic principles followed by any responsible homeowner," Boxer said. "Irvington's bills aren't just paid late. In one case, the overdue charges are more than 14 times the amount of the latest monthly bill. The township checkbook is not balanced. Senior financial officials there don't know how many bank accounts the township has. This is money that comes from taxpayers and it needs to be taken better care of."

In fiscal year 2007, Irvington spent federal grant funds of \$4.5 million and state grant funds of \$2.9 million, and received additional state aid in excess of \$11 million.

The OSC undertook its audit of Irvington Township based on factors that included a referral from the Department of Community Affairs – Division of Local Government Services and a review of the township's certified financial statements. The audit evaluated Irvington's fiscal operations from July 1, 2006 to June 30, 2008.