

**CITY OF BAYONNE**  
**HUDSON COUNTY**



**CORRECTIVE ACTION PLAN**  
**CY 2023 ANNUAL AUDIT**

(Findings 2023-001 through 2023-002 can be found in Sections II and III of the Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs, on pages 192 through 194 of this report.)

**FINDING 2023-003: Surety Bonds**

N.J.A.C. 5:30-8.3 requires each tax collector to be bonded with a surety bond in accordance with thresholds established by statute. N.J.A.C. 5:30-8.4 requires every municipal court judge and municipal court administrator to be bonded with a surety bond in accordance with thresholds established by statute. The City did not obtain surety bonds from January 1, 2023 to August 31, 2023 for the Tax Collector, Court Administrator and a Judge. This finding is repeated from the prior year.

**Analysis:**

The City must maintain proper surety bond coverage for its tax collector as outlined in N.J.A.C. 5:30-8.3 and Court personnel as outlined in N.J.A.C. 5:30-8.4, or properly underwritten blanket fidelity bonds as allowed by amendments to these laws effective January 1, 2024.

**Corrective Action:**

The City has submitted the required personnel to be covered under the blanket fidelity bond to the Insurance Company.

**Person Responsible for Implementation:**

Brian Dellabella, Chief Clerk (Insurance Fund Secretary)

**Implementation Date:**

Completed

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**FINDING 2023-004: IRC Form 1099**

As of the date of this report, the City did not file 2023 Form 1099 as required by the Internal Revenue Code (IRC). Late filing and/or failure to file may result in significant penalties ranging from \$60 per form to 10% of the income reported on the form.

**Analysis:**

The City must file all 2023 Form 1099 with the Internal Revenue Service as soon as possible.

**Corrective Action:**

The City has submitted the application for e-filing with the IRS and is waiting for approval.

**Person Responsible for Implementation:**

Donna Mauer, CFO

Daishawn Kemp, Principal Accountant

**Implementation Date:**

By year end.

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**FINDING 2023-005: Tax Exemption**

N.J.S.A. 54:4-4.4 requires the City to obtain by November 1 of every third succeeding year, said a further statement under oath from each owner of real property for which a tax exemption is claimed. The purpose of this further statement is to determine whether there has been any change of use of any of property initially determined as being entitled to exemption, and whether that property should remain exempt. A sample of 60 exempt properties identified three instances in which either no initial statement or current further statement was on file within the past three years, and one instance in which the further statement was incomplete. In many cases, letters were sent in an attempt to obtain updated statements, however many were returned "unable to forward". This finding is repeated from the prior year.

**Analysis:**

The City should obtain further statements for all exempt properties as required by N.J.S.A. 54:4-4.4. Properties failing to file the required further statement should be followed up with by the City Assessor's office and a determination should be made whether the property should remain as exempt on the City's tax records.

**Corrective Action:**

After reviewing the finding, 2 of the further statements are not required due to change in exemption status, 1 is not required as per Local Redevelopment and Housing Law and 1 was obtained in 2024.

**Person Responsible for Implementation:**

Jessica Connors, Tax Assessor

**Implementation Date:**

Completed

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**FINDING 2023-006: Payments in Lieu of Taxes**

N.J.S.A. 40A:20-9(d) requires entities which enter into long term tax exemption agreements with the City must submit audit reports annually. Of ten such audits sampled, one entity submitted financial statements which were reviewed by accountants, but not audited. A review is substantially less in scope than an audit and does not provide an opinion on the financial statements. This finding is repeated from the prior year.

**Analysis:**

The City should make certain all urban renewal entities with financial agreements for long term exemptions are annually submitted audits as required by N.J.S.A. 40A:20-9(d).

**Corrective Action:**

The City will ensure that only audits are accepted as required by N.J.S.A. 40A:20-9(d).

**Person Responsible for Implementation:**

Donna Mauer, CFO

Jack Beiro, Senior Accountant

**Implementation Date:**

Completed

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**FINDING 2023-007: Department Deposits**

The Police Department does not turn over deposits to the Tax Collector on a timely basis as required by N.J.S.A 40A:5-15. This finding is repeated from the prior year.

**Analysis:**

All funds collected must be deposited within 48 hours of receipt.

**Corrective Action:**

The CFO and the Police Department have discussed the enforcement of the policies and procedures regarding the 48-hour rule.

**Person Responsible for Implementation:**

Donna Mauer, CFO  
Robert Kubert, Public Safety Director

**Implementation Date:**

Ongoing

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**FINDING 2023-008: Approving Resolutions**

Audit procedures identified one instance in which a vendor was paid in excess of \$17,500 for cleaning services, but no resolution awarding a contract was provided. Governing body approval is required for all contracts exceeding \$17,500.

**Analysis:**

The City should make certain all vendors paid in excess of the pay to play threshold of \$17,500 are awarded contracts by resolution.

**Corrective Action:**

The CFO is working with the Purchasing Agent to enforce the policies and procedures.

**Person Responsible for Implementation:**

Amy Dellabella, Purchasing Agent

**Implementation Date:**

Ongoing

**SECTION III- SCHEDULE OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE -  
FINDINGS AND QUESTIONED COSTS**

*(This section identifies audit findings required to be reported by the 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.*

**Finding 2023-001:**

Noncompliance of Major Program – (M) Monitoring of Subrecipients

- U.S. Department of Housing and Urban Development (HUD)
- CDBG - Entitlement Grants Cluster
- Assistance Listing No 14.218: Community Development Block Grant
- Direct Award

Criteria or

Specific Requirement: **United States Code of Federal Regulation 2 CFR 200.339** requires the grantee to monitor the activities of the subrecipient to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity. (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies (3) Issuing a management decision for applicable audit findings (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings.

Condition: The City did not monitor subrecipients during the grant enforcement period as required and as stated to be normal practice by the City in the CAPER (Consolidated Annual Performance and Evaluation Report).

Context: No proof of subrecipient monitoring was provided by the City upon requests by the auditor.

Cause: The City does not have active subrecipient monitoring procedures.

Effect or

Potential Effect: The City is noncompliant with the subrecipient monitoring requirements of 2 CFR 200.339. The lack of monitoring increases the risk of the misuse of funds by the subrecipient.

Questioned Costs: None.

Recommendation: The City must create and adhere to formal subrecipient monitoring processes in accordance with the guidelines set forth in 2 CFR 200.339.

Views of Responsible Officials of the Auditee:

The City will devise subrecipient monitoring procedures.

**Finding 2023-002:**

Noncompliance of Major Program – (P) Other (Minority Business Enterprise Reporting)

- U.S. Department of Housing and Urban Development (HUD)
- CDBG - Entitlement Grants Cluster
- Assistance Listing No 14.218: Community Development Block Grant
- Direct Award

Criteria or

Specific Requirement: **United States Executive Order 12432** requires Federal agencies, including HUD, to develop Minority Business Development Plans which establish minority enterprise (MBE) development objectives. In order to comply with the Executive Order, HUD requires grantees to submit an MBE report annually within 10 days of the end of the City’s applicable reporting period.

Condition: The City did not file the Annual MBE Report during the year ended December 31, 2023.

Context: No proof of submission of the Annual MBE Report was provided by the City upon request by the auditor.

Cause: The cause was a combination of staff changes and an error in not scheduling the completion of the required report.

Effect or

Potential Effect: The City is noncompliant with HUD requirements to submit an annual MBE Report.

Questioned Costs: None.

Recommendation: The City should submit the annual MBE Report to the local HUD Office within ten (10) days after the end of the annual reporting period.

Views of Responsible Officials of the Auditee:

The City will ensure that the Annual MBE Report is filed.