



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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April 2, 2021

The Honorable Board of
Commissioners
Buena Borough Fire District No. 1
PO Box 305
Landisville, NJ 08326

AND

The Honorable Mayor,
Members of Borough Council
Borough of Buena
616 Central Avenue
Minotola, NJ 08341

In accordance with our engagement letter dated January 19, 2021 we have completed the engagement. We do not express any form of assurance on the effectiveness of internal controls, the financial statements, or any other matter. Please also note that our engagement cannot be expected to detect fraud. However, we will inform you of any fraudulent financial reporting, misappropriation of assets, or violations of laws or government regulations that may come to our attention.

1 – For calendar year 2019 and 2020 we have sampled transactions related to the LOSAP Program and have the following comments:

1a – The Fire District maintains a written policy that requires a minimum of 70 points annually for a member to be eligible for the LOSAP contribution for the year. The policy describes the types of activities and associated point values earned by each activity.

1b – The Fire District approve by resolution, the annual LOSAP payment amounts to be \$1,400 the year 2019 and \$1,400 for the year 2020.

1c – The District maintained records indicating points earned by members in accordance with the policy in item 1a.

1d – The earned LOSAP amounts were transferred to the LOSAP Trustee in accordance with the policy described in 1a and the amounts were credited to the members correctly.

2 – For calendar year 2019 and 2020 we obtained the Bank Statements and Reconciliations and have the following comment:

2a Recommendation – I

– Bank accounts were properly maintained and reconciled.

3 – For calendar year 2019 and 2020 we sampled credit card transactions and have the following comments and recommendations:

3a – We sampled all of the credit card payments and determined that supporting documentation in the form of a receipt or invoice was attached and in agreement with the amount charged to the credit card and subsequently paid by the Fire District, however N.J.A.C. 5:30-9A.1 does not permit the use of credit cards by contracting units and also the State of New Jersey, Attorney General's Opinion dated November 25, 1997 concludes that local government units may not utilize credit cards for the purchase of goods and services .

4 – For calendar year 2019 and 2020 we sampled transactions for payment of bills and have the following comments and recommendations:

4a – We sampled transaction for compliance with the Local Public Contracts Law and determined that:

- (1) Supporting documentation in the form of a receipt or invoice was attached and in agreement with the amount paid by the Fire District.
- (2) The Fire District did not enter into any transactions that would have required advertisement for public bidding.
- (3) There were no transactions noted that required quotes, where quotes were not received by the District prior to purchase.
- (4) The Fire District's Standard Purchase Order Form does not include an area for Claimant's Certification. The Local Fiscal Affairs Law N.J.S.A. 40A:5-16 requires that the vendor certify through a Claimant's Certification that the bill or demand is correct.
- (5) Our sample revealed that members of the Fire District are paid various stipends for services rendered by members of the Fire District. One of those individuals is a member of the Fire District Board of Commissioners. The amounts of these stipends were approved by Resolution of the Fire District Board of Commissioners however, the payments were not submitted to the Borough Council of the Borough of Buena for review as required by N.J.S.A. 40A:14-88 which states:

"The secretary and treasurer shall be members of the board and their appointments shall be for terms of one year. Each member of the board of fire commissioners shall receive as compensation such amounts as the board shall fix subject to review by the governing body wherein the fire district is located."

Recommendation – I

The Fire District should immediately discontinue the use of and close all credit card accounts currently in existence in compliance with N.J.A.C. 5:30-9A., and the Attorney General's Opinion of credit card usage by local governments.

Fire District Response – I

The Fire District has informed us that all credit card accounts have been closed in January or February of 2021.

Recommendation – II

The Fire District should obtain a Claimant's Certification for all purchases in compliance with The Local Fiscal Affairs Law N.J.S.A. 40A:5-16.

Fire District Response – II

The Fire District was under the impression that this requirement was subject to a dollar amount threshold. We have provided the Fire District with the regulatory guidance related to the requirements for Claimant's Certification.

Recommendation – III

The Fire District should submit all compensation amounts paid to Fire District Commissioners to the Borough Council of the Borough of Buena for review in accordance with N.J.S.A. 40A:14-88.

Fire District Response – III

The Fire District has informed us that effective April 1, 2021 Fire District Commissioners will no longer receive compensation.

Very truly yours,

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

March 22, 2021