CITY OF JERSEY CITY
HUDSON COUNTY

CORRECTIVE ACTION PLAN
Findings for year ending December 31, 2025

Contents

Current Year Findings

Finding 2025-001: Financial Closing and Reporting

Repeat of finding 2024-002, 2023-002, 2022-002

Planned Action

To address the material weakness in internal control over financial reporting that led to increased risk of overspending and delayed timely financial reporting in 2025 and previous years, the City will implement the following corrective actions:

1. Establish Regular Reconciliation Procedures: Implement monthly reconciliation processes between the general ledger and all subsidiary ledgers; develop and document reconciliation checklists to be followed at each month-end and quarter-end.
2. Implement Financial Closing Calendar: Create a formal financial closing calendar with clearly assigned responsibilities and deadlines to ensure timely closing procedures throughout the fiscal year and at year-end; include milestones for key activities such as journal entries, reserve adjustments, capital ordinance tracking, and payroll trust reviews.
3. Subsidiary Ledger Maintenance: Review and correct all beginning balances in subsidiary ledgers to ensure they match prior year audited balances; require that all Capital Ordinances and trust funds be properly recorded and updated in the financial system upon adoption.
4. Staff Training and Accountability: Train Finance Department staff on reconciliation techniques and closing procedures; assign accountability to specific staff for maintaining ledger integrity and timely identification of discrepancies.
5. Internal Monitoring and Review: Establish a review process for reconciliations and adjusting entries by supervisory staff to verify completeness and accuracy; perform monthly internal reviews to identify and correct material misstatements before year-end.
6. Automation and Systems Improvement: Assess and upgrade financial software tools within Edmunds Financial System to automate reconciliation between the general ledger and subsidiary ledgers where possible.

Anticipated Completion Date

December 31, 2026. 1-4 in process. #5 Completed

Contact Person Responsible for Corrective Action:

William Viqueira, Chief Financial Officer

Walkidia Staten, Comptroller

Finding 2025-002: Fixed Assets

Repeat of finding 2024-003, 2023-003, 2022-003, 2021-003, 2020-001, 2019-001, 2018-001, 2017-001, 2016-002, 2015-002, 2014-003

Planned Action

To address the material weakness in internal control over the reporting of Fixed Assets (such as land, buildings, machinery and equipment), and to bring the City into compliance with the New Jersey Administrative Code, the City will take the following corrective steps:

1. Engage with a Third-Party: Issue an RFQ for a third-party that specializes in establishing a fixed asset inventory and consultation on internal policies and procedures.
2. Inventory Rebuild: Conduct a full physical inventory of all fixed assets, including buildings, equipment, vehicles, and infrastructure; assign unique asset tags or identifiers to each asset for proper tracking and elimination of duplicate entries.
3. Update and Standardize Asset Descriptions: Establish detailed asset descriptions in the fixed asset subsidiary ledger that includes the asset type and category, acquisition date and cost, department ownership, location, and condition and use; ensure sufficient detail is provided to allow auditors to verify asset existence by inspection.
4. Record and Track Disposals and Transfers: Develop a standardized process and form for departments to report asset disposals, sales, or transfers; update the fixed asset system immediately upon approval of such transactions, including resolution references (i.e. the six resolutions approving the sale of 343 vehicles).
5. Improve Asset Management System: Evaluate and implement enhancements to the current fixed asset tracking system to allow better reporting, reconciliation, and audit trails; integrate fixed asset reporting with other financial modules to ensure real-time updates.
6. Regular Reconciliations and Periodic Reviews: Implement quarterly reconciliations of the fixed asset ledger to verify completeness and accuracy; perform annual inventory verification and reconciliation to compare current asset listings to prior period balances and to physical assets on hand.
7. Training and Policy Updates: Provide training to all relevant departments on proper procedures for fixed asset acquisitions, tagging, disposal, and reporting; develop and distribute a fixed asset policy manual in accordance with N.J.A.C. 5:30-5.6 requirements.
8. Coordination with Other City Offices: Engage with the City's Division of Internal Audit/Department of Administration to lead the efforts on this corrective action.

Anticipated Completion Date

September 30, 2027 (with other quarterly milestones for phased implementation)

Contact Person Responsible for Corrective Action

Gregory Corrado, Assistant Business Administrator

Raquel Tosado, QPA, Director of Purchasing

Noble Varughese, Director of Data Processing

Finding 2025-003: Budgetary Compliance

Also addresses findings 2024-001, 2023-001, 2022-001, 2021-001

Planned Action

To address the finding around budgetary compliance, specifically concerning spending more than available appropriations in previous years, the City will implement the following corrective actions:

1. Begin monthly reconciliations of ledgers by financial officers in each Department. All known liabilities will be properly accrued or encumbered on a monthly basis.
2. The CFO and Finance Department Leadership shall monitor the implementation of this monthly and implement corrective action as needed.

Anticipated Completion Date

November 30, 2026

Contact Person Responsible for Corrective Action

William Viqueira, Chief Financial Officer

Kyle Greaves, Assistant Finance Director

Walkidia Staten, Comptroller

Finding 2025-004: Surety Bond Coverage

Planned Action

The Judges without Bond coverage for the year ending 2025 have been identified by the Court. The Municipal Court will reassess coverage amounts for all Judges to ensure compliance by September 30, updating or removing coverage as necessary.

To ensure ongoing compliance:

1. The Court will, in all cases, obtain a new bond at least every three years (coinciding with the term of office of the municipal court judge) as part of the workflow for when a Judge is appointed or reappointed. It will also obtain a bond every three years for the Court Administrator, or when a new Administrator is appointed. These assessments will consider the court's current and predicted future revenues, and the requirements under N.J.A.C 5-30-8.4.
2. Review a Judge or Court Administrator's bond coverage when they leave their role, and cancel or transfer it when appropriate.

Anticipated Completion Date

November 30, 2026

Contact Person Responsible for Corrective Action

Carmela Paradiso, Fiscal Office Supervisor, Municipal Court

Wendy Razzoli, Municipal Court Director

Alexander Goth, Director of Internal Audit

Finding 2025-005: Open Purchase Orders

Planned Action

As of December 31, 2025, the City had $5,262,269 in open encumbrances related to purchase orders dating from 2014 through 2021. Outdated encumbrances keep those funds from being used for current city operations.

The City has reviewed stale purchase orders and has closed encumbrances it judges as no longer necessary.

Anticipated Completion Date

Completed. Will review quarterly going forward.

Contact Person Responsible for Corrective Action

William Viqueira, Chief Financial Officer

Silendra Baijnauth, OMB Director

Finding 2025-006: Procurement

Planned action

The 2025 audit identified payments to vendors above the amount authorized by the contract award resolution by the City Council. The City will strengthen its procurement procedures to ensure compliance with bid threshold and cooperative purchasing rules. Actions will include:

- Establishing a contract checklist to ensure documentation, including council approval, is complete prior to payment.
- Training departmental and finance staff on procurement laws, including the NJ Local Public Contracts Law.

Anticipated completion date

December 31, 2026

Responsible party

Raquel Tosado, QPA, Director of Purchasing

Findings 2025-007 (Accumulated Absences) and 2025-008 (Severance Payouts)

Planned action

The City was unable to provide sufficient documentation to reconcile accumulated absence balances in 2025 with the previous year or substantiate the significant increase in accumulated absences in 2025. The lack of documentation is out of compliance with the New Jersey Administrative Code. Additionally, an audit of a sample of severance payouts identified overpayments to employees due to data entry errors.

The City has engaged external auditors to investigate and advise on this topic, including understanding the City's processes for compensated absences: accumulation accounting and reporting, calculation at separation, approval at separation, and payment at separation. Once this is complete the City will implement changes to its procedures as necessary to ensure compliance with relevant accounting principles and in accordance with N.J.A.C. 5:30-15.3.

In addition, the City will improve its documentation for accumulated absences by:

1. Ensuring leave balances and corresponding liabilities are calculated using updated timekeeping systems
2. Retaining reports used for year-end liability estimates and reconciling them with HR records
3. Implementing quarterly reviews of employee leave balances for accuracy

Anticipated completion date

December 31, 2026

Contact Person Responsible for Corrective Action

Stephanie Pabon, Director of Human Resources

Daphney Fontaine, Payroll Director

Robert Baker, Sr., Fiscal Officer, Department of Public Safety

Finding 2025-009: Pension Reporting

Planned action

In addition to the actions taken to address findings 2025-007 and 2025-008, the City will conduct quarterly reconciliations on pension reporting for employees with changed employment status, as well as a random sample of other employees.

Anticipated Completion Date:

December 31, 2026

Contact Person Responsible for Corrective Action

Stephanie Pabon, Director of Human Resources

Robert Baker, Fiscal Officer, Jersey City Police Department

Finding 2025-010: Overtime Documentation

Planned action

An audit of a sample of employees earning overtime in 2025 identified errors and gaps in documentation supporting overtime payments. For example, samples tested did not include a description of work performed.

The City is reviewing how all Departments enter overtime payment details into the timekeeping software and identifying additional functionality in this software that could be used to a greater extent. The Payroll Director and Human Resources Director, supported by the Internal Audit Division, will determine new policies and monitor for compliance.

Anticipated Completion Date:

November 30, 2026

Contact Person Responsible for Corrective Action

Stephanie Pabon, Director of Human Resources

Daphney Fontaine, Payroll Director

Anthony Ambrose, Director of Public Safety

Lt. Jocelyn Roldan, Department of Public Safety

Alexander Goth, Director of Internal Audit

Finding 2025-011: Tax Exemption

Planned action

In 2025, the audit found the City lacked documentation to verify the tax-exempt status of a sample of tax-exempt properties.

To address this finding, the Tax Assessor contacted the 12 property owners identified in the audit who failed to respond to the second request for a Further Statement. Seven parcels are scheduled to be removed for tax year 2027 due to not responding to the Assessor’s requests.

Pursuant to N.J.S.A. 54:4-4.4, all 465 exempt property owners must file a Further Statement by November 1 every third year to confirm continued eligibility. 67 properties will have reminder letters sent in September 2026, with appropriate follow-up as needed. The Tax Assessor will also review the 527 properties that were due to file Further Assessments in 2024 and 2025 to identify properties that did not as part of this final-quarter 2026 review.

In addition, recorded deeds are regularly monitored, and exemptions are removed when a transfer or change in ownership affects eligibility.

Anticipated Completion Date:

December 31, 2026

Contact Person Responsible for Corrective Action:

Laura Tacuri, Tax Assessor

Finding 2025-012: Tax Deductions

Planned action

The Tax Assessor conducted a citywide reapplication review of the Veteran Property Tax Deduction under N.J.S.A. 54:4-8.10 et seq. A total of 552 reapplication notices were mailed. Five property owners failed to respond after receiving a second notice, and their deductions are scheduled for removal for tax year 2027.

The Tax Assessor also reviews recorded deeds and monthly reports of deceased deduction recipients. When a transfer, death, or other change may affect eligibility, the deduction is reviewed and removed when appropriate.

Anticipated Completion Date:

December 31, 2026

Contact Person Responsible for Corrective Action:

Laura Tacuri, Tax Assessor

Finding 2025-013: Aging of Grant Receivables and Reserves

Planned Action

The Division of Grants Administration has completed a citywide inventory of 126 grants with expired end dates and has prioritized accounts more than five years old, as well as accounts with significant receivable or reserve balances.

Departmental reconciliations and grantor follow-up are underway, including focused reviews with HEDC–Community Development, Infrastructure, and Administration. Grant Administration, Accounts and Control, the applicable City departments, and the City's grant consultants are coordinating the preparation of closeout documentation, financial adjustments, cancellation resolutions, and write-off recommendations.

Fifteen grant cancellations are scheduled for Council consideration on August 19, 2026. Additional cancellation items will be submitted at subsequent Council meetings as the required reviews and documentation are completed.

To prevent recurrence, the City will use EUNA to track grant end dates, receivables, reserves, reporting deadlines, closeout requirements, and assigned responsibilities. Monthly reviews of grant receivables and reserves have begun, with status updates provided to Accounts and Control and the responsible City departments. The City's grant consultants will continue to assist with reconciliation, closeout, and cancellation processing.

Anticipated Completion Date

December 9, 2026

Contact Person Responsible for Corrective Action:
William Viqueira, Chief Financial Officer

Vivian Webb, Director of Grants Administration

Walkidia Staten, Comptroller

Finding 2025-014: Private Duty

Planned action
The 2025 audit identified inconsistent fiscal management of the City's Off-Duty Police Program.

The City will implement a new off-duty system that collects fees in advance this year to ensure compliance with Local Finance Notice No. 2000-14. The City will monitor outstanding accounts receivable on a monthly basis and engage Extra Duty Solutions' collections team where appropriate for overdue invoices.

Reconcile outstanding accounts receivables.

Anticipated Completion Date
October 15, 2026 – reconcile outstanding accounts

Contact Person Responsible for Corrective Action:
Anthony Ambrose, Public Safety Director

Lt. Jocelyn Roldan, Department of Public Safety

Walkidia Staten, Comptroller

Finding 2025-015: Revenue Collection and Reconciliation Controls

Planned Action
The 2025 audit found that City departments did not consistently maintain daily deposit records or were unable to provide a clear audit trail from collections to deposits and revenue postings in the accounting system.

Each department should maintain a standardized daily deposit record that documents collections by payment source and revenue category and supports reconciliation of departmental collections to Treasury deposits and general ledger revenue postings. Daily deposit records should be reviewed and approved by supervisory personnel and retained with supporting documentation to provide a complete audit trail from receipt through deposit and accounting entry.

Anticipated Completion Date
December 31, 2026 – reconcile outstanding accounts

Contact Person Responsible for Corrective Action:
Walkidia Staten, Comptroller

Shirlely Marcano, Treasury Manager

Silendra Baijnauth, OMB Director

Finding 2025-016: Charges to Capital Improvement Authorizations

Planned action

The 2025 audit found that costs related to the City's microtransit service were improperly charged to capital accounts.

The City will obtain a formal legal opinion regarding whether, and to what extent, microtransit service costs are eligible for financing through capital improvement authorizations under applicable State statutes and regulations. Management of the City has determined that microtransit service costs will be treated as operating expenditures and incorporated into the Current Fund budget on a prospective basis and, based on the results of the legal review, will assess prior-year charges to capital improvement authorizations and make any necessary accounting, budgetary, or financing adjustments for expenditures determined to be ineligible for capital financing.

Anticipated Completion Date:

September 30, 2026 – legal opinion to be received from bond counsel.

December 31, 2026 – any necessary accounting, budgetary or financing adjustments identified.

Contact Person Responsible for Corrective Action:

William Viqueira, Director of Finance and Acting CFO

Kyle Greaves, Assistant Finance Director

Finding 2025-017: Municipal Court Ticket Voids and Dismissals

Planned Action:

The Court will implement the following corrective actions:

1. Identify what deviations from current operating procedures occurred with the two voided tickets and three dismissed tickets lacking approval documentation cited in the Audit. If there were no deviations, the Court will identify what new circumstances these policies must cover.
2. Update said procedures and allocate appropriate resources to ensure ongoing compliance. Review other void and dismissed tickets similar to the circumstances identified in step one and they are fully compliant.
3. The Municipal Court Supervisor assigned to Court Administration will regularly meet with staff to ensure that all required documentation is properly maintained in the ordinary course of business and is organized, current, and readily available for inspection by Court Management.
4. Work with the Division of Internal Audit to evaluate the success of these measures three months after their implementation.

Anticipated Completion Date:

October 31, 2026 (with internal audit to follow three months later)

Contact Person Responsible for Corrective Action:

Wendy Razzoli, Court Director

Status of Prior Year Findings

Finding 2024-004: Single Audit Finding

Proposed Planned

The City has had a Grant Management Manual in place since 2023. The City will update the manual to include clear steps for tracking and managing equipment and other assets purchased with grant funds.

- Complete an inventory of grant-funded assets and compare it to City and grant records. Any differences will be researched and corrected.
- Keep a standard list of grant-funded assets, including the asset location, cost, funding source, and responsible department.
- Continue implementing EUNA/AmpliFund to track grants, deadlines, reports, compliance requirements, and supporting documents.
- Require departments to keep asset information up to date and complete periodic physical inventory checks.
- Conduct periodic internal audits of grant accounts to review spending, supporting documents, asset records, reporting, and compliance with grant requirements.
- Train staff on the updated procedures and include asset checks as part of grant monitoring and closeout.

Grant Administration will work with the departments and the grantor to correct the issues identified in the audit and make sure the City meets the grant requirements going forward

Anticipated Completion Date:

December 31, 2026

Contact Person Responsible for Corrective Action:

William Viqueira, Chief Financial Officer

Vivian Webb, Director of Grants Administration

Finding 2023-005, 2022-005, 2021-005, 2020-004, 2019-004: Payroll Tax, IRS Filings and Withholding Overpayments

Proposed Action

The City’s Proposed Budget included $1,240,000 to partially fund this overpayment, and the City plans to address the remaining overpayment amount through payments in following budgets, with another payment to follow in the 2027 budget.

Anticipated Completion Date:

March 31, 2027

Contact Person Responsible for Corrective Action:

Kyle Greaves, Assistant Finance Director

Finding 2015-004: HUD OIG

Proposed Action

OIG is requesting the City reimburse the CDBG account $11,532,769 in uncollected program income generated from the disposition of real property previously assisted with CDBG funds. The City is in ongoing discussions regarding this issue and disputes the amount owed.

Anticipated Completion Date:

June 30, 2027

Contact Person Responsible for Corrective Action:

Vivian Webb, Director of Grants Administration

Saulo Diaz, Assistant Director of Community Development