



State of New Jersey

DEPARTMENT OF COMMUNITY AFFAIRS
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PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lieutenant Governor

JACQUELYN A. SUÁREZ
Acting Commissioner

September 26, 2023

VIA CERTIFIED MAIL AND E-MAIL (mayor@ahnj.com)

The Honorable Loretta Gluckstein, Mayor
Borough of Atlantic Highlands
100 First Avenue
Atlantic Highlands, New Jersey 07716-2913

RE: Atlantic Highlands CMFO - Director Order

Dear Mayor Gluckstein:

The Division of Local Government Services (Division) understands that, during the same October 13, 2022 meeting at which Christopher Santiago was appointed as the Borough's Chief Municipal Finance Officer (CMFO) at a \$15,000 annual salary, the Borough entered into a contract for "financial advisory services" with Holman Frenia Allison, P.C. (HFA) for a maximum amount of \$66,000, the scope of work for which includes performing day-to-day responsibilities of a CMFO. HFA had been appointed by the Borough to temporarily fulfill the duties of a CMFO for two consecutive one-year terms together, ranging from November 2020 to November 2022. Governing Body Resolution 151-2022 states that the "financial advisory services" contract with HFA was recommended to the Borough by Anthony Mannino, an employee of HFA who at that time was a licensed CMFO who had been performing CMFO duties on behalf of HFA. The governing body renewed its "financial advisory services" contract with HFA on January 1, 2023, through Resolution 014-2023.

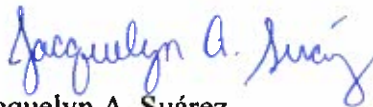
Although at this time we do not know the nature of Mr. Santiago's relationship, if any, with HFA, the circumstances of the HFA contract award and the contract's scope of work indicate that HFA is functionally continuing to perform the day-to-day duties of CMFO for the Borough. No private entity may perform the duties of CMFO for more than two consecutive one-year terms. N.J.S.A. 40A:9-140.10.b; N.J.A.C. 5:32-2.5(b)(1). The appointment of an individual as CMFO at nominal salary who is affiliated with such a private entity, as may be the case here, is similarly subject to the requirements of N.J.A.C. 5:32-2.5.

The Division is further concerned about the significant material findings in the Borough's CY2020 and CY2021 audits during HFA's performance of CMFO duties, including, but not limited to, the failure to completely maintain General Ledgers for any funds in accordance with N.J.A.C. 5:30-5.7 and failure to effectively monitor the Borough's Payroll General Ledger.

In light of the aforementioned statutory and regulatory authority, the Borough shall cease having HFA perform the day-to-day duties of a CMFO under the current "financial advisory services" contract, effective immediately. Further, the Borough shall provide the Division with detailed information concerning the extent of Mr. Santiago's involvement in the operations of the Borough's finance office, including the day-to-day duties Mr. Santiago performs. The Borough shall submit the written response to the attention of Bonnie Brookes of our Certification Unit (Bonnie.Brookes@dca.nj.gov) within 10 days of the date of this correspondence. Please be advised that, if necessary, N.J.S.A. 52:27BB-16 authorizes the Director or the Local Finance Board to issue subpoenas to compel the attendance and testimony of witnesses and the production of books, papers, accounts, or other documents.

Pursuant to N.J.S.A. 40A:9-140.10.a, any governing body members who willfully fail or refuse to comply with this Order shall be subject to a personal penalty of \$25 for each day after the date fixed for final action that failure or refusal to comply continues. If the Borough elects to appeal this Order and request a hearing before the Local Finance Board, the Board must be notified in writing within 10 days.

Sincerely,



Jacquelyn A. Suárez
Acting Commissioner, Department of Community Affairs
Director, Division of Local Government Services

cc: Robert Ferragina, Borough Administrator (via email rferragina@ahnj.com)
Michelle Clark, Borough Clerk (via email clerk@ahnj.com)
Christopher Santiago, CMFO (via email csantiago@ahnj.com)
Joseph Sarno, Director, Holman Frenia Allison, P.C. (via email jsarno@hfacpas.com)
Anthony Mannino, Holman Frenia Allison, P.C. (via email amannino@hfacpas.com)