



**From:** NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]  
**Sent:** Friday, August 28, 2009 3:06 PM  
**To:** Lashway, Lisa  
**Subject:** Risk of 3rd Party Service Organizations & Ameripay

**LEAGUE ALERT**

Municipal Clerk: Please forward to Mayor and Governing Body.

August 28, 2009

Re: Risk of Third Party Service  
Organizations and Ameripay

Dear Mayor:

Recently Ameripay, a third party payroll service provider, filed for bankruptcy and criminal charges were filed against the owners of the company for alleged theft which resulted in the loss of funds by dozens of local units.

The Division of Local Government Services has issued Local Finance Notice 2009-18 ([www.nj.gov/dca/lgs/lfns/2009-18.doc](http://www.nj.gov/dca/lgs/lfns/2009-18.doc)) that deals with the risks and internal controls that all local units should address when working with any third party payment organization. In addition, the Notice includes a reminder about the rules and a guide issued by the Division several years ago on this issue which should be reviewed by all local units using third party organizations for financial transactions.

For those municipalities who sustained losses from the Ameripay bankruptcy, the Local Finance Notice provides specific guidance such as budget impacts, IRS and Division of Taxation delinquent notices and steps to request waivers of penalties from the IRS and/or Division of Taxation.

This matter is an important one to all local units. Finance personnel should take appropriate action to assess their risks and work with any third party providers to actively manage those risks.

For more information, contact Lori Buckelew at 609-695-3481, ext. 112.

Very truly yours,

William G. Dressel, Jr.  
Executive Director NJLM 222 West State Street Trenton, NJ 08608