



LFN 2023-17

October 2, 2023



Philip D. Murphy
Governor

Tahesha L. Way
Lieutenant Governor

Jacquelyn A. Suárez
Acting Commissioner
& Director

Contact

Website

www.nj.gov/dca/divisions/dlgs

E-mail

dlgs@dca.nj.gov

Phone

609.292.6613

Mail and Delivery

101 South Broad St.

PO Box 803

Trenton, New Jersey

08625-0803

Distribution

Administrators/Managers

Municipal CFOs

Municipal Clerks

Municipal Procurement
Officials

Tax Collectors

Municipal Elected Officials

2023 Municipal Best Practices Inventory

Language authorizing the Best Practices Inventory is included in the [FY2024 Appropriations Act](#). Pursuant to law, the Division of Local Government Services (“Division”) has promulgated an updated Best Practices Inventory to all municipalities, through which the State obtains vital information about the status of municipal government practices in New Jersey.

The 2023 Inventory assesses each municipality’s compliance with various laws and evaluates the implementation of fiscal and operational best practices. Inventory answers provide taxpayers with an additional means of evaluating their municipality’s performance. The Inventory also identifies areas where municipalities may require further technical assistance. Furthering this objective, the Inventory contains an unscored survey section soliciting information on a variety of topics.

All municipalities, including those on a State Fiscal Year budget cycle, must submit their completed Inventory to the Division by close of business **Friday November 3, 2023**. The Division strongly recommends completing and filing the Inventory as soon as possible so any technical or substantive issues can be resolved in a timely fashion. No post-submission answer changes will be permitted.

Furthering the Division’s implementation of technology solutions, the Best Practices Inventory continues to be hosted on the [internet-based platform](#) that debuted in 2019. [Platform instructions](#) and a helpful [FAQ document](#) concerning log-in and access are also provided.

The Division must determine whether some portion of a municipality’s final formula aid payment will be withheld based on the results of its Inventory. A municipality’s full final formula aid payment represents the maximum amount of aid that is subject to withholding. Please review Local Finance Notices [2023-12](#) and [2023-13](#) for further information on FY24 State Aid to municipalities.

Question Content and Scoring

The 2023 Best Practices Inventory features new and repeat questions on the following topics:

- Ethics
- Personnel
- Budget
- Financial Administration
- Capital Projects
- Transparency
- Procurement
- Cybersecurity
- Lead Remediation
- Shared Services
- Special Imp. Districts
- Solid Waste
- Recycling
- Utilities
- Environment

A total of 67 questions are distributed amongst three scoring categories: Core Competencies (36 questions), Best Practices (12 questions), and Unscored Survey (18 questions). Eight (8) questions in the Unscored Survey category are divided into multiple subparts to better facilitate data tabulation. The Division has introduced a total of 15 new scored questions to the 2023 Inventory. Each municipality must receive a **minimum score of 29** on the Inventory to receive its full Final Aid payment.

Core Competencies address statutory and regulatory compliance obligations and other areas critical to sound municipal finance and operations. These questions score 1 point each, with positive credit awarded for “Yes” answers as well as “Prospective” and “N/A” responses when permitted by the question. Answers of “Prospective,” which apply to certain new questions, should only be used when a municipality is committed to making good faith efforts to implement the practice in the upcoming year. New questions where “Prospective” is not a permitted answer may be cured prior to submitting the Inventory.

The 2023 Inventory also includes a Best Practices category, which involves fiscal and operational practices that are of significant benefit to many municipalities but are not foundational in nature or uniformly applicable to all municipalities. All questions in the Best Practices category are worth one-half (1/2) point, with positive credit awarded for “Yes” answers as well as “N/A” responses when permitted by the question. Please note that “Prospective” responses are not permitted responses under the Best Practices category.

Answers of “N/A” are only appropriate if a specific requirement does not apply to a given municipality; however, please note that some questions limit “N/A” responses to certain circumstances. Municipalities answering “N/A” should explain why the question is not applicable in the comment space.

There is a total of 48 scored questions (Core Competencies + Best Practices) for a total of 42 points. The thresholds for aid withholding are as follows:

Inventory Score	Final Payment Amount Disbursed	Impact on final 5% aid payment
29 and greater	100%	No withholding
25-28	75%	Lose 25% of final formula aid payment
21-24	50%	Lose 50% of final formula aid payment
0-20	0%	Lose 100% of final formula aid payment

Questions in the Best Practices category are considered “extra credit” because the Inventory’s scoring threshold is based on the number of Core Competencies for which the Division determined a municipality should earn positive credit, rather than Core Competencies and Best Practices combined. Thus, positive credit for Best Practices questions helps offset Core Competencies for which a municipality does not earn positive credit.

Unscored Survey questions are meant to gather information and do not count toward a municipality’s final score, although their completion is a required component of the Inventory. Answers to these questions will help determine where municipalities may require additional assistance and where the Division of Local Government Services and the Department of Community Affairs may need to prioritize technical assistance resources. Responses vary from “Yes/No” to multiple-choice to fill-in.

Completing and Submitting the Inventory

A municipality must answer all questions before the Best Practices platform will permit submitting the Inventory. Certain questions require information to be typed into the Comment section before the online platform counts the question as completely answered. Please refer to the [Instructions](#) for further details. Please email Matthew.Gallelo@dca.nj.gov if you require technical assistance. For assistance regarding the Inventory questions, contact bestpractices@dca.nj.gov. Failing to submit the Inventory is deemed equivalent to a zero score.

The municipality’s Chief Finance Officer, Chief Administrative Officer and, starting this year, the Municipal Clerk must all certify the Inventory using the Online Platform. The Chief Administrative Officer is an individual who, regardless of title, is responsible for the municipality’s day-to-day operations. If a municipality does not have a Business Administrator or Municipal Manager, this person would be whichever individual (e.g., Municipal Clerk, CMFO) is responsible for running day-to-day operations. Every municipality has a Chief Administrative Officer.

The Municipal Clerk must also certify that the Inventory and the results thereof were or will be discussed at a public meeting, inserting the date on which the meeting was or will be held; the inventory results and the certification of same by the Clerk and the chief administrative and financial officers referenced in the meeting minutes. The purpose of the acknowledgement requirement is to ensure that local officials are apprised of their municipality’s Best Practices Inventory response. Please do not wait for the Best Practices Inventory to be discussed at a governing body meeting before submitting the Inventory.

State Fiscal Year municipalities have the same Friday, November 3, 2023, deadline as Calendar Year municipalities.

Appeals of Best Practices Scores

A municipality may appeal its score to the Director **up to one week prior to the submission deadline**, but not before submitting its Best Practices Inventory. Appeals must be submitted by close of business **Friday, October 27, 2023**, via email to bestpractices@dca.nj.gov with the heading “Best Practices Appeal.” The Director may exercise discretion upon finding that a municipality’s individual circumstances so warrant. Municipalities that wish to submit an appeal should do so in conjunction with their Inventory submission.

Approved: Jacquelyn A. Suárez, Acting Commissioner & Director

Document	Internet Address
FY24 App. Act	https://pub.njleg.state.nj.us/Bills/2022/AL23/74_.PDF
Best Practices Platform	https://njdca.dynamics365portals.us/
BPI Instructions	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/BPI%20Online%20Platform%20Instructions%20-%202023.pdf
Log-In & Access FAQ	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/BPI%20Log-In%20and%20Access%20FAQ.pdf
Question List	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/2023%20DLGS%20Best%20Practices%20Inventory%20Questions.xlsx
LFN 2023- 12	https://www.nj.gov/dca/divisions/dlgs/lfns/23/2023-12.pdf
LFN 2023- 13	https://www.nj.gov/dca/divisions/dlgs/lfns/23/2023-13.pdf