

RESOLUTION OF THE TOWNSHIP OF IRVINGTON, NJ

No. **DRF 18-0214-9**

Date of Adoption **FEBRUARY 14, 2018**

APPROVED AS TO FORM AND LEGALITY ON THE BASIS OF FACTS SET FORTH BY

[Signature]
Legislative Research Officer

PRESENTED BY COUNCIL MEMBER **LYONS**

SECONDED BY **COX**

WHEREAS, in accordance with the requirements of the Single Audit Act and the regulations of the Division of Local Government Services, all municipalities are required to prepare and file a Corrective Action Plan; and

WHEREAS, this plan must be filed with the Division of Local Government Services in accordance with regulations established by the Division; and

WHEREAS, such a plan was prepared by the Chief Financial Officer and reviewed by the members of the governing body of the Township of Irvington.

NOW THEREFORE BE IT RESOLVED, that the CY 2016 Corrective Action Plan, attached hereto, be approved by the governing body of the Township of Irvington and filed with the Division of Local Government Services.

RECORD OF COUNCIL VOTE

X = Indicates Vote N.V. = No Vote A.B. = Absent

COUNCIL MEMBER	YES	NO	N.V.	A.B.	COUNCIL MEMBER	YES	NO	N.V.	A.B.
BURGESS, 1ST VICE PRESIDENT	X				INMAN	X			
COX	X				JONES, 2ND VICEPRESIDENT	X			
FREDERIC	X				LYONS, PRESIDENT	X			
DR. HUDLEY	X								

PRESIDENT OF COUNCIL *[Signature]* MUNICIPAL CLERK *[Signature]* DATE **FEBRUARY 14, 2018**

I hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Municipal Council. In witness whereof I have hereunto set my hand and the Corporate Seal of the Township of Irvington.

MUNICIPAL CLERK *[Signature]*

DATE **FEB 14 2018**



ADMINISTRATOR ☐ ASSESSOR ☐ BLDG ☐ CFO ☒ COLLECTOR ☐ COURT ☐ EDGO ☐ ENGINEER ☐ FIRE ☐ CF ☐ HEALTH ☐ HOUSING ☐ INIC ☐ JUDGE ☐ LEGAL ☐ LIBR ☐ LICEN ☐ MAYOR ☐ NPP ☐ OCDP ☐ PARKS ☐ PAYROLL ☐ PUBLIC SAFETY ☐ DIR ☐ PUBLIC WORKS ☐ PURCHASING ☐ SEC ☐ PB/ZBA ☐ TRAFFIC ☐ ZONING ☐ OFF ☐ DLGS ☒ GNCD ☐ OTHER(S):



TOWNSHIP OF IRVINGTON
OFFICE OF THE TOWNSHIP CLERK
MUNICIPAL BUILDING
CIVIC SQUARE

IRVINGTON, NEW JERSEY 07111

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Harold E. Wiener, R.M.C., C.M.C., M.M.C.
Municipal Clerk

February 15, 2018

Timothy Cunningham, Director
Division of Local Government Services
101 South Broad Street
Post Office Box 803
Trenton, N.J. 08625-0803

Dear Director Cunningham:

Enclosed herewith please find a certified copy of a resolution ratifying the calendar year 2016 Corrective Action Plan which was duly adopted by the Municipal Council of the Township of Irvington on February 14, 2018.

Very truly yours,

A handwritten signature in black ink, appearing to read "Harold E. Wiener".

Harold E. Wiener, RMC, MMC
Municipal Clerk

enclosure (1)

cc: Revenue & Finance Director Ra'Oof

Township Of Irvington
Corrective Action Plan
Audit Report Year: December 31, 2016

A. Finding: Tax Title Liens

A tax sale was conducted on December 20, 2016 for the Year 2016. The tax sale was not complete.

Recourse to all means provided by the statutes should be taken to realize or eliminate tax title liens through collection or foreclosure in order to return such property to a tax paying basis.

Recommendation:

A complete tax sales be conducted.

Corrective Actions:

Each year the tax collected hold a tax sale for all outstanding taxes as of the November billing, and she will review and included all that meets the requirement for tax sale.

Implementation:

As of December, of 2017 the tax office has engaged in the online tax sale process, and all the outstanding taxes as the November 30th will be included all as well from bankruptcy and delinquent installment plans. The Tax Collector will review the list before final sale. This has been implemented with December 2017 tax sale. Complete by- Ms. V. Forester – Acting Tax Collector.

B. Finding: Tax Collector

During 2016, the Tax Office did not accurately maintain a cash receipts book and/or prepare monthly cash reports. In addition, a report that lists uncollectible taxes was not prepare9 and presented to the Municipal Council, as required by R.S. 54:4-91 and 91-1.

Overpayments for taxes that have been refunded by the Department of Finance were not posted on the records maintained by the Tax Office in a timely manner. As a result there were two (2) instances whereby the Tax Office authorized a tax refund in excess of amount paid by. the taxpayer. In addition, there were numerous instances where the Tax Office did not correctly record all State Tax Court Judgments. We found that various monthly reports were prepared from the records maintained by the Tax Office, whereby the ending balance of one month was not the beginning balance of the subsequent month.

The collection of funds by the Tax Office are recorded by user/batch number for each day in the general ledger. However, the collection of funds posted for one day were combined with several other deposits. In addition, funds collected by the Tax Office were not deposited within 48 hours.

In addition, a cash report for 2016 was not in agreement with the individual tax reports. We noted that adjustment reports provided for audit were not in agreement with the status audit totals for taxes, tax title liens, sewer charges, sewer lien charges and special charges.

Our review of prior years' taxes receivable indicated_ that the Tax Collector's Office has not reviewed annually all open filings of bankruptcy.

The Tax Office did not generate any reports on a monthly basis which resulted in the amounts collected per the Tax Collector's cash report not agreeing with individual computer reports.

A review of various adjusted reports indicated that adjustments for cash received from one year were combined with multi-entries of several years. In addition, a condensed lien report was prepared by the Tax Officer that included taxes, special improvements, senior citizens, cost of sale, clean up receivables and special charges. The amounts listed by various properties should be reported in their respective receivable reports.

For 2016, bank reconciliations were not accurately performed.

The amount collected for the payment of outside lienholders was not disbursed in a reasonable time. There were several instances where amounts collected were not remitted to the outside lienholder for several months. "

There were several months whereby all funds collected by the Tax Office were not remitted to the Finance Office on a monthly basis.

It was noted that authorized installment tax payment plans approved by resolutions of the Township's governing body were not reviewed by the Tax Department for compliance.

Recommendation:

That the Tax Office maintain an accurate cash receipt book and prepare monthly cash reports.
That the Tax Office file and present a list of uncollectible tax reports to the Municipal Council.

That the Tax Office record all tax refunds disbursed for the-year in a timely manner.
That the Tax Office collect all excess tax overpayments refunded.

That the Tax Office receive additional training for the proper use of the tax software program. That bank deposits be in agreement with daily posted receipts.

That the Tax Office cash receipts report be proven to all receivable reports on a monthly basis.

That the Tax Office prepare adjustment reports and be reconciled to all receivable reports on a monthly basis.

That the Tax Office review all receivable reports for items eligible to be collected. That the Tax Office prepare all receivable reports on a monthly basis.

That the Tax Office properly classify charges to their various receivable reports.

That monthly bank reconciliations be accurately performed.

That funds collected for payment of outside lienholders be disbursed on a monthly basis.

That all funds collected by the Tax Office be transferred to the Finance Office on a monthly basis.

That authorized installment tax payment plans be reviewed by the Tax Department for compliance with approved resolutions.

Corrective Actions:

All daily cash receipt by cashier/batch will be printed reconciled and deposit slip prepared for all cash and all checks remotely deposit at the end of each day as a closeout routine with the cash deposit made first thing the next morning.

At the end of each month the monthly cash receipt book report be review and reconciled to the daily cash batch and reconciled to the collector's monthly report and submitted to the Council.

All tax refunds and payouts to the Lien holders will be done monthly after the completion of the Collector's monthly reports that have been reconciled and reviewed by the CFO. The processing of the payment and check will be cut by finance and disbursed upon

completion and then submitted to council for ratification.

The Collector will create a staff development plan for each staff person to be properly trained in their position on all the software via webinars, in house training, conferences and software company workshop.

As part of the Collectors monthly report a summary report of outstanding receivables by year will be list as well as overpayments. Also as part of the report will include the varication of the adjustments made that month and submitted to the CFO to reconcile the general ledger to the adjusted balances.

The assistant comptroller will make the transfer from the tax collector bank accounts upon receipt of the monthly reports with the proper allocations of the funds to the proper township bank accounts for disbursements.

The accountant assistant will prepare the monthly bank reconciliation of all the tax collector accounts each month on a timely basis.

The tax collectors accounts will only have transfer to various operation and disbursement accounts and no direct disbursements for the accounts. This account main purpose will be for collection of all taxes, sewer charges, and other tax collector's fees.

The legal department will assign staff attorney to review and advice on the bankruptcy status for collections and/or discharge.

Implementation:

The above will be full implemented by December 31, 2017. To be completed by, Ms. V. Forester-Tax Collector, Mr. Jean Emile – Assistant Accountant, Ms. Audrey Lyons – Assist. Comptroller, and Mr. Faheem J Ra'Oof, CPA – CFO.

C. Finding: Special Improvement Districts

The Township of Irvington established by ordinance two special improvement districts known as the Camp Town Business Improvement District and the Springfield Avenue Center Special Improvement District. As "required by provisions of each ordinance, an annual budget must be prepared and submitted to the Township Council for approval. After the adoption of the budget, a _tax rate is required to be used in the calculation of a special assessment tax for each commercial property located within the district. During our audit (it was noted that a tax rate was not used, rather the special tax assessment was calculated based on 3% or 5% of the tax levy.

It is further noted, ~~that~~ district assessed-valuations and tax rates should be forwarded to the Essex County Board of Taxation for appropriate disclosure.

Recommendations:

That special improvement district tax rates be calculated each year based on approved budget requirements.

That statistical information with respect to the special improvement districts be filed with the Essex County Board of Taxation."

Corrective Actions:

The special improvement district tax rate will be on the approved budget and added to the levy submitted to

Vital and the county and billed as such.

The county will add the information on the 2017 levy and abstract of ratable.

Implementation:

The setup with the vital and the Edmunds is done and will be included with the final billing or 4th quarterly report for the 2017 tax year. Completed by the tax collector and waiting to go out with in the November bills. Completed by Ms. Beverly Baytop – Assist. Tax Collector.

D Finding: Revenue Collection Departments

The following exceptions were noted during the course of our audit of the Township Revenue Departments:

Turnovers of revenue collections in the Recreation Department, Fire Department, Police Department, Public Works Department, Housing Department, Assessor Department, Purchasing Department, Business Administrator and Construction Code Official were not in compliance with the provisions of

N.J.S.A. 40A:5-15 "Deposits of Funds Paid to the Local Unit".

The Cash Receipts Book for the Taxi Unit, Police Department and Housing Department was not available for audit.

Marriage license fees _were not submitted to the State of New Jersey

on a timely basis. Comments with respect to the Construction Code

Official are detailed as follows:

Quarterly DCA Training Fee Reports were not submitted to the

State of New Jersey on a timely basis.

Permit fee logs, monthly reports and turnover slips were not in agreement. Additionally, monthly reports and permit fee logs were not mathematically correct.

Consecutively numbered permits are not issued for fees that are not required to be included on the State Permit Fee Logs.

- The fees charged by the Construction Code Official was not in compliance with fee schedules approved by the Township Council.

Recommendations:

That the Recreation Department, Fire Department, Police Department, Public Works Department, Housing Department, Assessor Department; Purchasing Department, Business Administrator and Construction-Code Official comply with the provisions of N.J.S.A. 40A:5-15.

That the cash receipts book for the Taxi Unit, Police Department and Housing Department be available for audit

That marriage license fees be remitted on a timely basis.

That more care be exercised by the Construction Code Official in the preparation of Permit Fee Logs, Monthly Reports and Turnover Forms.

That the Construction Code Official issue consecutively numbered permits for all fees collected.

That the Construction Permit Report and the Transaction Audit Report prepared by the Construction Code Official be in agreement on a monthly basis.

That the DCA Training Fees collected by the Construction Code Official be submitted to the State of New Jersey on a timely basis.

That fees charged by the Construction Code Official be in compliance with fee schedules approved by the Township Council.

That the Recreation Department, Fire Department, Police Department, Public Works Department, Housing Department, Assessor Department; Purchasing Department, Business Administrator and Construction-Code Official comply with the provisions of N.J.S.A. 40A:5-15.

That the cash receipts book for the Taxi Unit, Police Department and Housing Department be available for audit

That marriage license fees be remitted on a timely basis.

That more care be exercised by the Construction Code Official in the preparation of Permit Fee Logs, Monthly Reports and Turnover Forms.

That the Construction Code Official issue consecutively numbered permits for all fees collected.

That the Construction Permit Report and the Transaction Audit Report prepared by the Construction Code Official be in agreement on a monthly basis.

That the DCA Training Fees collected by the Construction Code Official be submitted to the State of New Jersey on a timely basis.

That fees charged by the Construction Code Official be in compliance with fee schedules approved by the Township Council.

Corrective Actions:

1. All the departments follow the standard process on the turning over deposits within 48hrs to the finance department for deposit only with a copy of the turnover sheet.
2. All departments are to use pre-numbered receipts when taken payments and kept on file for review.
3. All departments must keep monthly cash receipts books whether manually or computerized. This monthly cash book must reconcile each month to the turn over sheet each month.
4. All marriage license will be submitted to the state in the month following the collections by the license staff after the monthly reports are completed.
5. The BA office will maintain a complete cash receipts book and turnover sheet, and will be available for review and audit.
6. Construction code will follow the proper procedures for the training fees, permit reports and turnover sheets, with monthly reports.

Implementation:

1. The various department heads will make sure the staff are in compliant with this process

and all turnovers are made in accordance with the process. This has been implemented effective October 15, 2016.

2. This was done and training given to the departments in October 16 by the BA- Musa Malik and CFO - Faheem J Ra'Oof, CPA.

3. The effective date for completion was October 15, 2016

4. The license turn over to the state was fully implemented in March 2017, completed by Ms. Mia Miller – License Clerk

5. The BA office currently have cash books and turnover sheets effective as of October 15, 2016, completed by Machere Johnson – Keyboard Clerk.

6. The construction codes currently completes monthly reports each monthly. The cash turnover is completed and the permits are maintained in the computerized system with per numbering and fees. All was implemented October 15, 2016. The training fees submission to the state on a time manner was completed in March of 2017. Completed by Cynthia Mitchell – Technical Assist.

D. Finding: Finance

1. Deposits

Funds collected by the Finance Department were not deposited in accordance with the provisions of N.J.S.A. 40A:5.15.

2. Outstanding checks:

A review of the Township's bank reconciliations revealed numerous checks dated prior" to December 31, 2013 for the Current Fund and Other Trust Fund. Checks outstanding more than twelve months are considered stale and may not be honored by the bank. Periodically, stale dated checks should be reviewed and cancelled or other appropriate action taken.

3. Bank Accounts:

Our review of the cash accounts for the Current, Trust and Capital Funds has indicated that the Township maintains approximately twenty-seven (27) bank accounts. There are several bank accounts that have been inactive for many years. The Township's administration should review inactive bank accounts.

Cash Reconciliations:

Our review of cash reconciliations noted the following:

Cash reconciliations for the various accounts contained numerous reconciling items which were carried forward each month without change.

Cash reconciliations were not in agreement with general ledger balances.

Outstanding check listing contained numerous errors.

Postage, bank service charges and rental fees associated with credit card transactions of the Municipal Court were not recorded and classified as expenditures.

Bank reconciliations were not prepared on a timely basis.

Recommendations:

That the Finance Department comply with the provisions of N.J.S.A 40A:5-15. That more care be exercised in recording and classifying expenditures. That outstanding checks over one-year old be reviewed and appropriate action be taken, including a resolution approved by the Municipal-Council.

That more care be exercised in the preparation of Township cash reconciliations. That cash reconciliations be prepared on a timely basis.

Corrective Actions/ Implementation:

1. Deposit currently are made within 24 hours, checks are done each day with remote deposit each day, and the cash is deposit by the next day. The check deposit was effective October 15, 2016 and the cash deposit was fully implemented on January 2017.
2. Outstanding checks was cancelled in 2016 and will be review and cancelled once a year each year. The list for 2016 will be submitted to council on the 1st meeting in December 2017.
3. All Bank accounts are reconciled with in a timely bases and without errors except for the current account, tax collector account and net payroll account which will be fully implemented and on time and correctly by August 2017, along of all the posting check each month by the assistant comptroller and the CFO. To be completed by Jean Emile – Accountant Assistant, Audrey Lyons – Assist Comptroller, and Faheem J Ra'Oof CPA – CFO.

E. Finding: General Ledger

Technical Accounting Directive No. 85-3, issued by the State of New Jersey, Division of Local Government Services, requires all municipalities to establish and maintain a

general Ledger. Provisions of the "Single Audit Act" and Generally Accepted Accounting Procedures also require the use of a general ledger. The general ledger is the official permanent financial record of the local unit and provides a summary of all financial transactions. It supports the "fund" basis of accounting as prescribed by the State of New Jersey.

The Township maintains a computerized general ledger for all funds. As of December 31, 2016, the general ledger did not agree with the various subsidiary ledgers. Cash receipts and disbursements, as posted, contained numerous errors and did not agree with Collector's reports, department turnovers or bank reconciliations.

Adjustments for the following were not summarized for appropriate general ledger entry:

County and State Board Judgments Overpayments Senior Citizen and Veteran Deductions
Municipal Cancellations

Recommendations:

That General Ledgers be properly maintained for all funds and reconciled monthly to detailed subsidiary ledgers.

That consideration be given to documenting all procedures in the Finance Office to enhance the operations.

Corrective Actions:

The reconciliation of all subsidiary ledger monthly to the general ledger within 30 days of the closing of the prior month. All adjustments will be posted within 30 days of the current month this will be done by the principal accountant and the assistant comptroller and review by the CFO.

The CFO along with outside consultant will document all procedures of the finance office as procedures for its operations.

Implementation:

The General ledger and subsidiary ledgers will be completed December 31, 2017.
Completed by Faheem J Ra'Oof, CPA - CFO

Completion of Documenting of Procedures of the Finance department will be completed by February 28, 2018. Completed by Faheem J Ra'Oof CPA- CFO

F. Finding: Other Deposits

1. Other Deposits

Premium on tax sale and lien redemptions, reflected on Exhibit B-9 herein, does not have detailed supporting documentation.

Recommendations:

It is recommended that a detailed list for premium on tax sale and lien redemptions be maintained.

Corrective Actions:

The tax collector will print out the detail list of all the premium being held and reconciled on a monthly base to the general ledger and review by the CFO as part of the monthly report.

Implementation:

The effective date will be October 15th, 2017. To be completed by Ms Forester – Tax Collector.

G. Finding: Outside Employment of Off-Duty Police Officers

Our review of the records for the Outside Employment of Off-Duty Police Officers noted the following comments:

Records for Off-Duty Police Officers are maintained by the Irvington Police Department. Administrative fees are not identified for transfer to the Township.

Township officials do not record amounts billed by the Police Department.

Collections received by the Police Department and transferred to the Township are not reconciled to the corresponding payroll expenditures.

Recommendations:

That Off-Duty Police Administrative Fees be identified and transferred to the Township on a regular basis.

That collections for Off-Duty Police Fees be reconciled to corresponding payroll expenditures.

Corrective Actions:

The off-duty administrative fees will be identified each month on the invoice and payroll payout, and then transfer on a quarterly basis.

The fees will be reconciled on a monthly spreadsheet by vendor with expenditures and admin fees include by The assistant comptroller.

Implementation:

The effective date of will be December 31, 2017. Completed by the Audrey Lyons – Asist. Comptroller.

H. Escrow Deposits

A list of escrow deposits was not available for audit.

Recommendations:

It is recommended that the detailed listing supporting the escrow deposits be available for audit.

Corrective Actions:

All escrow deposit be maintaining with a detail list of whom and which.

Implementation:

Effective January 31, 2017 a detail listing of escrow will added to the general ledger. Completed by Audrey Lyons – Assist. Comptroller and Faheem J Ra'Oof, CPA – CFO.

I. Animal Control Trust Fund

Our examination of Animal Control records indicated

the following deficiencies: A cash receipts 900k

was not maintained for funds collected.

New Jersey State Dog Registration Fees are payable thirty (30) days after collection. Reports filed by the License Bureau were not submitted for 2016.

Turnover of revenue collections in the Animal Control were not in compliance with the provisions of N.J.S.A. 40A:5-15 Deposits of Funds Paid to the Local Unit.

Recommendations:

That a cash receipts book be maintained for animal control fees.

That the monthly State Dog Report be prepared by the License Bureau.

Corrective Actions:

Provide a cash receipts book printed out on monthly bases and submitted to finance. This function will be handle by the Health department who is also in charge of the animal control.

Implementation:

The change took effect March 1, 2017 and are up to date. Complete by Nicole Simpson – Clerk.

J. Grant Trust Fund

Administrative costs incurred by the Community Development Block Grant and UD Home Grant Programs have not been drawn down by the Township from April 8, 2014 to December 31, 2016.

A review by HUD officials of certain projects resulted in disallowed costs for six (6) projects. As a result, a receivable in the amount of \$467,612.03 has been established for the disallowed costs.

Recommendations:

That the Township draw down all eligible administrative costs.
That the Township review the projects for proper disposition

Corrective Actions:

The projects have been review and a corrective action of settlement with HUD have been received and agreed upon. At that time, a review was completed and the projects was reassigned.

Implementation:

All the administrative cost will have been reviewed and draw down by the CDBG department as August 2017. Completed by Audrey Lyons – Assist. Comptroller

K. Inter funds

The balance sheets of the various funds as of December 31, 2016 reflect underfunds Receivable and Payable. Subsequent to year-end, efforts should be undertaken to review and liquidate the interfunds that have occurred.

The cause of these inter funds relate to interest earned but not remitted to the corresponding fund, disbursements made by one fund on behalf of another fund, misposting of cash receipts and lack of transferring budget revenue and/or appropriations from one fund to another.

In the case of the Current Fund, the effect of the inter funds not being liquidated is a charge to operations (Fund Balance) and a decrease in surplus available. In other funds, the inter funds do not represent charges to operations but should be liquidated regardless since each fund's cash requirements should stand on their own.

Recommendations:

It is recommended that all inter funds be liquidated on a current basis.

Corrective Actions:

The CFO will review all of the inter funds and take the necessary action to liquidate them before the year end.

Implementation:

The Effective date is December 31, 2017. Completed by Faheem J Ra'Oof, CPA - CFO

P. Grant Fund

1. General:

A detail of Current Fund grants receivable and appropriations are reflected on Exhibits A-32 and A-33. As of December 31, 2016, there Were grants receivable in the sum of \$5,885,467.71, many of which have been uncollected for several years and unexpended grant appropriations in the sum of \$2,929,221.10. In addition, the detail computer report for the Grant Fund was not in agreement with the audited balances.

It is recommended that all Federal and State Grants be reviewed and appropriate action taken as to collection, cancellation, expenditure or refund to the sponsoring agency in accordance with findings.

Recommendations:

It is recommended that certain Federal and State grants be reviewed and appropriate action taken as to collection, cancellation, expenditure or refund to the sponsoring agency in accordance with findings.

Corrective Actions:

That the outstanding grants be reviewed each collectability, on and annual based and take the necessary action to close out the inactive grants.

Implementation:

A resolution was approved by council to cancel a number of the in active grants in October 2017. Completed by Faheem J Ra'Oof, CPA - CFO

2. Urban Development Action Grant (Recycled Loan Program):

An examination of the activity of the Urban Development Action Grant Loans receivable revealed eight (8) loans currently open of which five (5) are in default. These loans total \$68,325.28 and appear on Exhibit B-3.

Recommendations:

It is recommended that certain Urban Development Action Grant loans be reviewed and appropriate action taken as to collection or cancellation.

Corrective Actions:

The township attorney we will review and take the necessary action to dispose of the long overdue outstanding UDAG loan.

Implementation:

The effective date is January 31 2018. To be completed by Ramon Rivera – Township Attorney.

3. Grant Expenditure Report:

The detailed computer report for Federal and State Grants was not in agreement with the audited balance:

Recommendations:

It is recommended that the detailed computer report for Federal and State Grants be reconciled to master controls.

There are Encumbered funds that are over one (1) year old that should be reviewed and properly liquidated.

It is recommended that all encumbered amounts in the detailed computer report for the Grant Fund be reviewed and properly liquidated.

Corrective Actions:

Reconcile the federal and state grants ledger to the final audit balance will be completed by the account clerk and review by the accountant assistant and reviewed by the CFO.

All old encumbered amount will be canceled and the balance corrected to the audited balance and this process will be performed on a regular basis by the purchasing division.

Implementation:

This will be completed by December 31, 2017. By Faheem J Ra'Oof, CPA – CFO.

O. General Capital Fund:

In accordance with regulations of the Local Finance Board, capital ordinances over five years old cannot finance expenditures from cash not provided from its own resources. As of the date of this report, there are several ordinances over five years old that have a deficit in cash. The Township has a plan to fund the unfunded improvement authorizations over the next several years.

Recommendations:

To cancel old outstanding capital improvements ordinances.

Corrective Actions:

Review and cancel the old ordinances.

Implementation:

Effective date is August 2017, Completed by Faheem J Ra'Oof, CPA, - CFO.

R. Payroll:

The Township of Irvington has contracted with a third party payroll vendor to prepare the payroll and maintain certain payroll records. The vendor is required to pay deductions on behalf of the Township from funds transferred by the Township to the vendor's payroll account.

An audit of the service provider's payroll account was not provided to the Township nor did our staff prepare such an audit. We did review certain records provided to the Township. It should be noted however, that we could not verify required payments of Federal and State agencies made by the service vendor.

The Local Finance Board has adopted rules and regulations regarding third-party payroll vendors which are summarized in N.J.A.C. 5:30-17 and further provides authority for local governments to hire payroll service vendors to disburse funds to payroll agencies on behalf of the local unit.

In addition, Local Finance Notice 2009-18 has offered additional safeguards with respect

to third party payroll services.

Recommendations:

That effort be made to identify certain unidentified payroll funds and appropriate action be taken.

Corrective Actions:

The payroll supervisor will review and give recommendation to what the outstanding balance to the CFO who will approve the action to be taken.

Implementation:

Effective date will be November 30, 2017 Completed by Tracey Orner – Payroll supervisor, and Faheem J Ra'Oof CPA – CFO.

S. Municipal Court:

Comments with respect to the Municipal Court are as follows: Our test of the payments revealed the following exceptions:

Our test of tickets indicated that several fines were not charged in accordance with approved fine schedules.

The December 2015 Monthly Management Report was examined and the following items were noted:

All tickets that have been assigned must be issued within six (6) months. The Tickets Assigned Not Issued Report indicated that 35 tickets were not issued within six (6) months.

The Tickets Issued but Not Assigned Report indicated that 321 tickets were issued but not assigned.

The General Account and Bail Account cash books reflected errors.

The Municipal Court Administrator reduced the transmittal of the municipal portion of Court revenue by credit card and E-check fees; however, this practice was discontinued in September, 2015 therefore, no recommendation is required.

A separate Surety Bond was not obtained for Court personnel.

Recommendations:

That the excess Change Fund be turned over to the Treasurer.

That all fines be charged in accordance with the approved fines schedule.

That Tickets Assigned but Not Issued in excess of six (6) months be reviewed for proper disposition. That follow-up procedures be implemented for tickets whether issued or assigned.

That payments made in the subsequent year be reviewed and appropriate adjustments be made as required.

That more care be utilized in the posting of the General Account and the Bail Account cash books. That all Police bail receipts be posted to the bail cash receipts book.

That all prenumbered duplicate receipts for Police bail be available for audit. That a separate Surety Bond be obtained for Court personnel.

Corrective Actions:

The court director will turn over all excess cash in the change fund to the department of revenue and finance.

At the end of each six month interval the court director will report to the Chief of Police any tickets assigned but not issued to be accounted for and reassigned for issuing before any new tickets are issued.

Before monthly payments are made, the reconciliation will be prepared and any adjustment will be documented upon issuing the payments.

All judges will sign off on all payment plans along with the defendant and make available for audit.

Implementation:

The was completed as of October 2017, completed by Terrie Yuelling – Court Director.

T: Other Matters:

We noted that goods and services were paid by wire transfers. Payment of expenditures by wire transfers are not in conformity with the Payment of Claims Ordinance.

Recommendations:

It is recommended that the Payment of Claims Ordinance be reviewed to determine whether the payment of expenditures by wire transfers be allowed.

Corrective Actions:

The CFO will review the payment Ordinance with the Township Attorney and take the necessary action with council approval.

Implementation:

Will be fully completed by February 28, 2018. Completed by the Ramon Rivera – Township Attorney and Faheem J Ra'Oof, CPA - CFO