

RESOLUTION OF THE TOWNSHIP OF IRVINGTON, NEW JERSEY

No. **DRF 23-1023-63**

Date of Adoption **OCTOBER 23, 2023**

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

[Signature]
Legislative Research Officer

COX

VICK

PRESENTED BY COUNCIL MEMBER

SECONDED BY

Corrective Action Plan Audit Report Year: December 31, 2021

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 2021 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.
BROWN	X				HUDLEY, 1 ST VICE PRESIDENT	X			
COX	X				VICK	X			
EVANS	X				BEASLEY, PRESIDENT	X			
FREDERIC, 2 ND VICE PRESIDENT	X								

PRESIDENT OF COUNCIL

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

DATE **10/23/23**

TOWNSHIP OF IRVINGTON
Corrective Action Plan
Audit Report Year: December 31, 2021

Finding 2021-1: Condition:

The Surety Bond Certificate did not meet the minimal coverage required for the Tax Collector.

Recommendation:

That the Surety Bond Certificate meet the minimal required coverage for the Tax Collector.

Corrective Action:

The Business administrator will request the increase in the coverage from the township Insurance Carrier
To increase the surety bond coverage to cover the required minimal coverage for the tax collector.

Tax Collector

Finding 2021-2: Condition:

The tax sale was not complete.

Finding 2021-3: Condition

The tax levy per the extended tax duplicate and the added taxes did not agree to the tax levy posted by the Tax Collector.

Finding 2021-4: Condition:

At December 31, 2021, the Financial Records maintained for the Delinquent Taxes and Tax Title Liens by the Tax Collector listed several properties that were deeded to the Township and remain on the Financial Records of the Tax Collector.

Finding 2021-5: Condition:

The cash collections per the Tax Collector did not agree with the General Ledger postings per the Treasurer's Office.

Finding 2021-6: Condition:

The cash disbursements for tax overpayment refunds per the Tax Collector did not agree with the General Ledger postings per the Treasurer's Office.

Finding 2021-7: Condition:

We found that some adjustments were posted to the Tax Collector's records for various clerical errors on the date the clerical errors previously occurred and were not recorded on the date discovered. This caused various tax reports submitted for audit to be constantly changing, whereas the ending balance of the 2020 tax reports were not the beginning balance of the 2021 tax reports.

Finding 2021-8: Condition:

During our audit it was noted that the transfer to Tax Title Liens on the 2021 Tax Account Status Report did not agree to the transfers on the Lien Account Status Report.

Recommendations:

That a complete tax sale be held.

That more care be exercised in posting the tax levy in the Tax Office.

That all properties in the name of the Township of Irvington be cancelled by resolution and removed from the Delinquent Taxes and Tax Title Lien Report.

That the Tax Office obtain the necessary documents to transfer all the deeded properties to Township-owned property.

That cash collections and cash disbursements per the Tax Collector be reconciled to the records per the Treasurer's Office on a monthly basis.

That the Tax Office date all adjustments on the date of discovery and not the date when the clerical error occurred.

That the transfer to the Tax Title Liens Tax Account Status Report be in agreement to the transfers on the Lien Account Status Report.

Corrective Action:

A complete list of all property that will appear on the Annual Tax sale will be list and any property that is not on the Annual Sale will be document as to why it not be sold and attached to the Sale List.

The Tax collector will used the final certified Tax Levy received from the county Tax Board.

The tax collected will review all process the transfers of the township properties from the prepared deeds, and keep and copy in the file for audit documentation.

The Tax Collector will review for all properties in the Townships name be removed from the delinquent taxes and Tax Title Lien Reports, by council every quarter as needed.

The Tax Collector will review and reconcile all cash collections and cash disbursements to the general ledger each as part of his monthly closing, and take action on any reconciling items.

Any adjustment made by the Tax Collector office will use the date of the discovery of the error and will back date any items. The period of the adjustment/error will be documented in the note on the adjustment.

The tax collected will post the transfer of the taxes to the Tax Title Liens be reconciled monthly to the Lien Accounts status ledger and in agreement.

Implementation:

Completed as of December 15, 2022.

Payment in Lieu of Taxes (P.I.L.O.T.)

Finding 2021-9: Condition:

A review of the 2021 Valuations of Properties, the Tax Collector's separate billings and collections, and

the detailed listings of Unpaid Taxes Receivable at December 31, 2021 indicated that:

Several Properties were separately billed by the Tax Office and included in the 2021 Tax Levy.

Some properties are still included in the Unpaid Taxes Receivable Report for prior years.

Payments received by the Tax Office for Payments in Lieu of Taxes (P.I.L.O.T.) were recorded in the Tax Collector's cash receipts computerized ledger as Municipal Payment Account (402) and Payment in Lieu of Taxes.

Recommendations:

That the Tax Collector's Office review its accounting policies and procedures that allows for the accurate billings of the Payment in Lieu of Taxes (P.I.L.O.T.).

That the Delinquent Taxes Receivable Report be reviewed and a determination made as to proper disposition of the properties classified as payment in lieu of taxes (P.I.L.O.T.).

That the Tax Collector's Office accurately record the collection of revenue for the Payment in Lieu of Taxes (P.I.L.O.T.).

Corrective Actions:

The tax collector will review and verify all the township PILOTs are billed in accordance to the agreements on file.

The tax collector will review each quarter for any delinquent taxes receivable from the PILOTs and take the necessary actions to correct the issue or reclassified of PILOTs.

Implementations:

The PILOT list have been updated and reviewed by the Tax Collector, and correct billing are being mailed. All delinquent reports are updated and reconciled to required reports. Completed effective July 15, 2022.

Revenue Collection Departments

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

Finding 2021-10: Condition:

Cash Receipts Books for the Economic Development and Neighborhood Preservation Department were not available for audit.

Finding 2021-11: Condition:

Marriage License fees were not submitted to the State of New Jersey on a timely basis.

Finding 2021-12: Condition:

Burial fees were not submitted to the State of New Jersey in 2021.

Finding 2021-13: Condition:

Funds collected through on-line system payments for Housing, Zoning, Fire and Health Departments were not recorded in their respective cash receipts books.

Finding 2021-14: Condition:

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.
- The 2021 Uniform Construction Code Report was not available for our review.

Finding 2021-15: Condition:

Several Health Department turnover slips were not made available for audit review which precluded us from completing the 48 hour test.

Finding 2021-16: Condition:

One month of Health Department pre-numbered duplicate receipts were not made available for audit, which precluded us from completing the 48 hour test.

Finding 2021-17: Condition:

Several Construction Code Fees were not charged in accordance with the fee ordinance approved by the Township Council.

Finding 2021-18: Condition:

The revenue collections for the departments were not in agreement with the Finance Department, detailed as follows:

Construction Code Official Health Department License Department

Recommendations:

That cash receipts books for the Economic Development and Neighborhood Preservation Department be maintained and available for audit.

That marriage license fees be remitted on a timely basis. That burial fees be remitted to the State of New Jersey.

That funds collected through on-line system payments for all departments be recorded in their respective cash receipt books 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 the Construction Permit Report Fee Logs, Monthly Reports and Turnover Slips be reconciled on a monthly basis.

That the Uniform Construction Code Report be made available for audit review. That the Health Department turnover slips be made available for audit review.

That the Health Department pre-numbered duplicate receipts be made available for audit review.

That all Construction Code Fees be charged in accordance with the fee ordinance approved by the Township Council.

That all Revenue Department revenue collections be reconciled to the Finance Department.

Corrective Actions:

Economic Development and Neighborhood Preservation departments will maintain and cash receipt book and turn it over to finance each month even if there was nothing received by note receipts this month.

The State fees for marriage license and burial fees will be processed and turned over to the state Monthly by the Health Department with a copy of the reports.

All departments must keep a manual or computerized cash receipts book. The cash receipts book must reconcile each month to the month's cash turnover sheet and include all of the online payments received on the portal.

The Construction Code Official will submit the DCA Training Fees each quarter to the State of New Jersey, along with a copy forward to the Comptroller.

Construction Code Director will submit a copy of the Monthly Cashbook, turnover sheets, fee logs to the finance department and reconciled as required by ALL departments.

All fees charged by all departments will adhere to the fee ordinance approved by council including Construction Code.

All reports, turn sheets, cashbooks ledgers will be available for audit upon request.

Implementation:

All of above finding corrective actions have been implemented and be monitored on an ongoing base for need changes and updates with the various department heads as part of the audit review monthly meetings. Which began January 2022.

Cash

Outstanding Checks:

Finding 2021-19: Condition:

A review of the Township's bank reconciliations revealed numerous outstanding checks that are over one year old.

Cash Reconciliations:

Our review of cash reconciliations noted the following:

Finding 2021-20: Condition:

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

Finding 2021-21: Condition:

Cash reconciliations were not in agreement with General Ledger balances.

Finding 2021-22: Condition:

Bank reconciliations were not prepared on a monthly and timely basis.

Recommendations:

That outstanding checks over one year old be reviewed and the determination made as to proper disposition.

That more care be exercised in the preparation of the Township cash reconciliations and all reconciling items be verified.

That all cash reconciliations be in agreement with General Ledger balances and be prepared on a monthly and timely basis.

Corrective Actions:

The outstanding check list be review by the comptroller and all that have been outstanding for more than one year be canceled by resolution. This resolution will be completed as of November of each year.

Most bank accounts are reconciled timely and without errors. Any reconciling differences will be review and corrected by the comptroller each month before moving on to the next month.

All the bank reconciliations will be completed within 30 - 60 days from month end, along with any differences address that month, and reconciled to the general ledger.

Implementation:

The above have been implemented and be maintain on a timely bases as of January 22, 2022, by applicable staff.

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.

Finding 2021-23: Condition:

The Township maintains a computerized general ledger for all funds. As of December 31, 2021, 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 the Collector's reports, department turnovers or bank reconciliations.

Finding 2021-24: Condition:

When the internal operations do not allow management or employees to prevent or detect a misstatement of the financial statements on a timely basis, a control deficiency exists. Control deficiencies may either be a significant deficiency or a material weakness. By definition, a material weakness "is a combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably such that there is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected".

The aforementioned comments regarding internal control can be classified as a material weakness and are reported as such under the Single Audit Section of this report.

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 comptroller and reviewed by the CFO.

The CFO, along with the Comptroller will write up all of the critical procedures in the division of Finance, to include a monthly closing and year closing checklist and workflow process.

Implementations:

Reconciliation of all the subsidiary ledgers are currently being reconciled to the general ledger monthly by the CFO as of December 31, 2022.

The workflow write up of the finance office procedures document completed by November 15, 2023.

Accounts Payable

Finding 2021-25: Condition:

A detailed list of accounts payable was not made available for audit review.

Recommendation:

That a detailed list of accounts payable be made available for audit review.

Corrective Actions:

The CFO update and maintain the Accounts Payable List as part of the Edmunds Financial system and will be made available for audit upon request.

Implementation:

Effective as December 31, 2022

Grant Fund

Finding 2021-26: Condition:

During our review it was noted that certain Grant Funds have not been realized or have not been fully expended as reflected on Exhibits "A-18" and "A-38". As of December 31, 2021, there were grants receivable in the sum of \$16,429,580.48 and unexpended grant appropriations in the sum of \$17,771,889.00. In addition, the detail computer report for Grant Funds was not in agreement with the audited balances.

Finding 2021-27: Condition:

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

Finding 2021-28: Condition:

Salaries and wages for individual grants were not posted as of December 31, 2021.

Recommendations:

That the detailed computer report for Federal and State Grants be reconciled to master controls.

That certain Federal and State Grants be reviewed and appropriate action taken as to their disposition.

That all Encumbered amounts in the detailed computer report for the Grant Funds be reviewed and properly liquidated.

That salaries and wages disbursed be recorded on a timely basis.

Corrective Actions:

The CFO will work with Edmunds to purge all of the older than five years back, after which the CFO will reconcile and make the necessary adjustments to agree with the audit report.

All open encumbered funds open will be reviewed and will be closed and canceled, that is over 1 year old. Including POs, and Contracts by the CFO.

All Salaries and Wages will properly posted to the various grants as allocated by the Accountant and reviewed by the CFO.

Implementations:

The Grant ledger has been updated and reconciled to audit and general ledger with the posting of Salary and Wages as of December 31, 2022.

Animal Control Trust Fund

Finding 2021-29: Condition:

Several revenue collections were not turned over to the Finance Department within 48 hours of receipt in accordance with provisions of N.J.S.A. 40A:5-15.

Finding 2021-30: Condition:

The Animal Control cash receipts book contained a number of omissions.

Finding 2021-31: Condition:

Animal Control applications were not made available for audit review, which precluded us from a complete test of fees.

Finding 2021-32: Condition:

Animal Control monthly reports were not submitted to the State of New Jersey in 2021.

Finding 2021-33: Condition:

Animal Control fees reflected on the monthly reports submitted to the State of New Jersey did not agree with the records of the Health Department.

Recommendations:

That revenue collections be turned over to the Finance Department within 48 hours of receipt in accordance with the provisions of N.J.S.A. 40A:5-15.

That more care be exercised in maintaining the Animal Control cash book.

That all Animal Control applications be made available for audit review.

That all Animal Control fees be reflected on the monthly reports submitted to the State of New Jersey and be reconciled to the records of the Health Department.

Corrective Action:

Provide a cash receipts book printed out on monthly bases and submitted to finance by the Health department.

The health department will get trained on preparing of State Dog Report and will file monthly.

The health department will maintain a log of all issue tag/license in numerical order, and document any acceptance in the log.

The health department will begin listing the Cat Licenses separately in cash receipt book upon being issued.

Implementation:

All of the above have been fully implemented by the Health department and are being maintained as of December 31, 2022.

Other Trust Fund

Due to State of New Jersey

Finding 2021-34: Condition:

Amounts Due to the State of New Jersey for Building Construction, Marriage and Burial Fees, as detailed on Exhibit B-8 herein, have remained unpaid for several years.

Finding 2021-35: Condition:

The DCA Training Fees and State Marriage License Fees to be paid to the State of New Jersey were not in agreement with the fees collected.

Recommendations:

That certain amounts Due to the State of New Jersey be reviewed for propriety and appropriate action taken as to payment or cancellation.

That DCA Training Fees and State Marriage License Fees due to the State of New Jersey be reconciled with the fees collected.

Corrective Action:

The Health director will review the outstanding fees due to the state and recommend action to bring balance current.

Implementation:

The Health department have reviewed all outstanding fees due state and process of payment where made. Completed as December 31, 2022.

Other Deposits

Finding 2021-36: Condition:

Premium on tax sale and lien redemptions, reflected on Exhibit B-10 herein, do not have detailed supporting documentation.

Finding 2021-37: Condition:

A detailed list of the following deposits were not available for audit review:

Performing Bonds Security Deposits Recreation Activities Escrow Deposits Miscellaneous

Street Opening Deposits

Recommendations:

That a detailed list for premiums on the tax sale and lien redemptions be maintained. That a detailed list for certain deposits be available for audit review.

Corrective Actions:

The Tax Collector will prepare and reconcile a detail list of all premium and lien redemptions of the Tax Sale and kept on file as the result of the Tax Sale for each deposit.

Implementation:

The Tax Collector have reconciled the premium and the lien accounts as January 15, 2022.

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.

Finding 2021-38: Condition:

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

Finding 2021-39: Condition:

According to Local Finance Notice #2000-14 "entities requesting the services of police officers be required to submit payment based on estimates of the work to be done in advance of services rendered". During our review it was noted that several entities receive services prior to depositing money with the Township.

Finding 2021-40: Condition:

Cash receipts collected for Outside Employment of Off-Duty Police Officers were not in agreement with the records of the Finance Department.

Finding 2021-41: Condition:

The Outside Employment of Off-Duty Police Department cash book contained unidentified receipts.

Recommendations:

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

That fees for Employment of Off-Duty Police Officers be collected by the Township before services are rendered in accordance with regulations of the Division of Local Government Services.

That more care be exercised in maintaining the cash receipts for Outside Employment of Police Officers and that collections be reconciled to the records of the Tax Collector on a monthly basis.

That the Outside Employment of Off-Duty Police Department cash book receipts be identified.

Corrective Actions:

The Police department will perform a reconciliation to the actual payroll compared to the fees charge and

collected for each job a copy of the reconciliation will be submitted to the Comptroller each month.

All jobs will be invoice before and collected prior any assignment with the collection of estimated deposits and replenish of the account as required.

The police will submitted the monthly reports of collections, invoice/billing and the payroll and other cost by each job monthly to the Comptroller.

The Cash book for the Jobs in blue clearly identified in the cash book submit be the Police department each month.

Implementation:

The Jobs in Blue are using an new software and have submitted the annual report as of December 31, with the monthly reports beginning in 2023.

Other Receivables

Finding 2021-42: Condition:

During our review it was noted that certain other receivables on the General Trust balance sheet have remained uncollected for several years in the amount of \$467,612.03.

Recommendation:

That certain other receivables be reviewed and a determination made as to proper disposition.

Corrective Actions:

The Comptroller will provide a detail run of the escrow ledger for each escrow made available for audit, and will be reconciled monthly to the master control balance.

Implementation:

Finding have been implemented and be followed as December 31, 2022.

Community Development Block Grant Trust Fund

Finding 2021-43: Condition:

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.

Urban Development Action Grant (Recycled Loan Program):

Finding 2021-44: Condition:

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.

Finding 2021-45: Condition:

There are Loans Receivable for the Community Development Block Grant Program that are

very old. There is one receivable that dates back to 1979.

Recommendations:

That the Township review the projects in the Community Development Block Grant Trust Fund for proper disposition.

That certain Urban Development Action Grants and the Community Development Block Grant Trust Loans be reviewed and appropriate action taken as to collection or cancellation.

Corrective Action:

All projects will be reviewed with HUD and proper adjustments will be made by the Director close out the outstanding receivable.

The Township Attorney will prepare a resolution for the Council to cancel the long outstanding loans as uncollectable.

Implementation:

The staff are currently review all of the HUD accounts and taken action to be completed by December 31, 2022.

Township Attorney will recommend to council to dispose the old outstanding UDAG loans.

General Capital Fund

Finding 2021-46:

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 two ordinances over five years old that has a deficit in cash, detailed as follows:

Recommendation:

That the Unfunded Improvement Authorizations in the General Capital Fund be reviewed and action taken to include them in the next bond sale or be raised in subsequent budgets.

Corrective Actions:

Implementation:

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 to 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.

Comments with respect to the Net Payroll and Payroll Agency accounts are detailed as follows:

Finding 2021-47: Condition:

A detailed list of Payroll Deductions Payable was not made available for audit review.

Finding 2021-48: Condition:

Payroll deposits were not in agreement with the payroll requirements on a monthly basis.

Finding 2021-49: Condition:

Supporting documentation was not provided for manual checks written out of the Payroll Account.

Finding 2021-50: Condition:

It appears that the salary guide was not available for audit review and was not approved by the Governing Body.

Finding 2021-51: Condition:

Two employees were paid after their termination date and no supporting documentation was available on why they were paid after their termination date.

Finding 2021-52: Condition:

The amount of the 941's for Federal income tax did not agree to the payroll register.

Finding 2021-53: Condition:

One payroll register was not available for payroll review.

Finding 2021-54: Condition:

The employee pension withholdings did not agree to the pension reports submitted to the State of New Jersey for two (2) employees.

Finding 2021-55: Condition:

Supporting documentation for health benefit deductions were not available for audit review.

Finding 2021-56: Condition:

There is an unidentified balance in the Net Payroll Account.

Recommendations:

That a detailed list of Payroll Deductions Payable be made available for audit review. That effort be made to identify the payroll deductions and appropriate action be taken. That extra pay of salaried employees be approved by the Department's Director.

That all salary guides be available for audit review and be approved by the Governing Body. That

supporting documentation be made available for all employees after termination date. That the 941's be reconciled to the payroll registers.

That all payroll registers be made available for audit review.

That the employee pension withholdings be in agreement with the pension reports submitted to the State of New Jersey for all employees.

That supporting documentation for health benefit deductions be made available for audit review.

That the unidentified balance in the Net Payroll Account be reviewed for proper disposition.

Corrective Actions:

The payroll supervisor along with the P/T account auditor will review the payroll deductions detail and make require adjustment to identify all account balances and bring all update in the system.

The approved Salary Guide will be Available upon request in the Business Administrator's office.

The extra pay paid to Salaried employees will be signed off by the Business Administrator and the Mayor.

The payroll supervisor will maintain copies of all the payroll registers in a digital folder that will be available for audit review.

All pension reports will be reconciled to the payroll records and reconciled before filing with all adjustments made will be performed by the Payroll supervisor.

HR will provide access to all the files for health benefit deductions in accordance to the law and labor contracts, for audit.

CFO will identify all balance in the net payroll account and will take corrective action if necessary.

Implementations:

All of the above have been address as October 31, 2023, including of switching payroll company.

Vouchers

Finding 2021-57: Condition:

Several vouchers were not provided for audit review.

Finding 2021-58: Condition:

Several vouchers were missing supporting documentation.

Finding 2021-59: Condition:

Several vouchers did not reflect individual claimant's signatures.

Finding 2021-60: Condition:

Several vouchers were not approved on the Township's bill list.

Finding 2021-61: Condition:

Several vouchers were not able to be traced to cancelled checks due to the fact that all of the cancelled checks were not made available for audit review.

Finding 2021-62: Condition:

A few vouchers were not in agreement with the check registers.

Recommendations:

That all vouchers be available for audit review along with supporting documentation. That all vouchers reflect individual claimant's signatures.

That all vouchers be approved on the Township's bill list. That all cancelled checks be made available for audit review. That all vouchers be in agreement with the check registers.

Corrective Actions:

All vouchers, POs, checks and approved bill list be available for audit with the proper signatures, supporting documentation and approved by council, will be maintain by the Accounts Payable Supervisor.

Implementation:

All the required procedure on the voucher has been adhered to and corrected as of July 1, 2022.

Capital Fixed Assets

Finding 2021-63: Condition:

The Division of Local Government Services in the Department of Community Affairs of the State of New Jersey requires all municipalities in the State to establish and maintain sets of accounts and inventories reflecting costs or other valuations of all of its capital fixed assets, including land, buildings, improvements, machinery, furniture and equipment. Such accounts, to be included under "Capital Fixed Assets", would insure complete fiscal reliability of records, establish a basis for claims of losses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets. Failure to maintain capital fixed asset records could jeopardize the Township's eligibility for future Federal and State Grants.

The Fixed Asset Report was an insurance company coverage report which presented the assets at replacement value. Additionally, it did not reflect a detail of the beginning balance, additions, disposals and ending balance.

Recommendation:

That the detail of the disposal and acquisition of Fixed Assets at historical cost be made available for audit.

Corrective Actions:

The CFO will update the fixed assets as to the cost bases as of December 31, 2022, and will look to hired an Consultant to complete and Inventory of all the fixed assets as required in the year of 2023/2024.

Implementation:

The internal update has been completed December 31, 2022.

Interfunds

Finding 2021-64: Condition:

The balance sheets of the various funds as of December 31, 2021 reflect Interfunds Receivable

and Payable. Subsequent to year end, efforts should be undertaken to review and liquidate the interfunds that have occurred.

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

Recommendation:

That all Interfunds be liquidated on a current basis.

Corrective Actions:

As part of the monthly review by the CFO the interfunds will reviewed and action will take to liquidate at that time.

Implementation:

The CFO is in review and will completed this finding by December 30, 2022. The Monthly process was started in May of 2023.

Municipal Court

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

Finding 2021-65: Condition:

Certain 2021 year end balances were not in agreement with payments made in January 2022.:

Finding 2021-66: Condition:

The resolution stated the Change Fund should be \$272.00. The 2021 Cash Count, indicated the amount to be \$372.00.

Finding 2021-67: Condition:

All tickets that have been assigned must be issued within six (6) months. The Tickets Assigned Not Issued Report indicated that one (1) ticket was not issued within six (6) months.

Finding 2021-68: Condition:

The Tickets Issued but Not Assigned Report indicated that seventy-two (72) tickets were issued but not assigned.

Finding 2021-69: Condition:

The General Account and Bail Account cash receipts and disbursement books reflected numerous clerical errors, whereby adjustments to the cash receipts and disbursement books are made in subsequent months.

Finding 2021-70: Condition:

Municipal Court personnel surety bonds were not available for audit review.

Finding 2021-71: Condition:

The Municipal Court is not following procedure on certain Time Payment order summaries.

Finding 2021-72: Condition:

The Municipal Court did not have an original judge's signature present on the payments.

Finding 2021-73: Condition:

Police Bail is not turned over to the Municipal Court within 48 hours of receipt.

Finding 2021-74: Condition:

The Municipal Court is not disbursing payments on or before the 15th day of the next month.

Finding 2021-75: Condition:

Several Municipal Court's general account deposit slips were not available for audit review.

Finding 2021-76: Condition:

The Township's ending balance for the Parking Offence Administrative Act does not agree to the Court's records.

Finding 2021-77: Condition:

The Police bail book was not available for audit review.

Finding 2021-78: Condition:

The Police bail receipts were not issued in numerical order.

Finding 2021-79: Condition:

All Police bail receipts were not available for audit review.

Recommendations:

That 2021 year end balances not in agreement with payments made in January 2022 be investigated for proper disposition.

That the Municipal Court change fund be approved by resolution.

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 more care be utilized in the posting of the General Account and the Bail Account cash books.

That Municipal Court personnel surety bonds be available for audit review. That the Municipal Court follow all procedures on the time payment summaries. That the Municipal Court have original judge's signatures on all time payments.

That the Police Department turn over bail receipts to the Municipal Court within 48 hours of receipt.

That the Municipal Court disburse payments on or before the 15th day of the next month.

That the Municipal Court's general account deposit slips be made available for audit review.

That the Township's ending balance for Parking Offense Administration Act be reconciled to the Municipal Court's records.

That the Police bail book be made available for audit review. That the Police bail receipts be issued in numerical order.

That all Police bail receipts be made available for audit review.

Corrective Actions:

The year balance was to be corrected by the Court Director of any differences by March 31, 2022

The Court will adhere the correct change fund as approved.

All assigned Tickets not issued in excess of six month must be return to the courts before any new tickets are allocated.

The accounts will reviewed corrected as prior to closing out the month with any adjustment and documented each month by the Court Director.

The Municipal Judges will hand sign the time payments agreements and adhere to all procedures as required.

All funds will be turnover by the 15th of the following month it the various agency, by the Court Director every month.

All court deposit slips be made available, and the tax office will return all deposit slips for the court to the courts upon receipt from the bank carrier.

Police will submit copy of its bail book, with receipts and funds to the Courts with 48 hours of receipts of funds, as well as each month for reconciliation.

The POAA account to be reconciled with courts and the finance records monthly with any adjustment made with 30 days.

Implementation:

The Court direct along with applicable departments heads have agreed on a policy, and implemented as of June 1, 2022.

Corrective Action Plan

Finding 2021-80: Condition:

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared and submitted for items found in the 2020 Report on Examination of Accounts. However, the Corrective Action Plan was neither prepared nor adopted within 60 days.

Recommendation:

That a Corrective Action Plan be prepared and submitted within 60 days after each yearly Report on Examination of Accounts is received.

Corrective Actions:

The CFO with assistance of the Business Administrator and department will review the audit findings and compile the corrective actions to be taken into a plan that will be presented to Council for approval within the required 60 days from final receipt and acceptance by Council.

Implementation:

The CFO will prepared the Corrective action report and submitted to Council for Approval at the council meeting after acceptance of the Annual audit for 2022.