

**TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON, NEW JERSEY**

RESOLUTION #18-148

**RESOLUTION APPROVING THE CORRECTIVE ACTION PLAN
RECOMMENDED IN THE ANNUAL REPORT OF AUDIT FOR 2017**

BE IT RESOLVED by the Mayor and Township Committee of Raritan Township, County of Hunterdon, State of New Jersey that the attached Corrective Action Plan, submitted by William Pandos, Chief Financial Officer, be approved and submitted by the Township Clerk to the Division of Local Government Services.

BE IT FURTHER RESOLVED that a copy will be placed on file in the Clerk's Office at the Municipal Building and made available for public inspection within the next 45 days.

ATTEST:

**TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF RARITAN**



Lisa Fania, RMC
Township Clerk



Michael Mangin
Mayor

CERTIFICATION

I, Lisa Fania, Clerk of the Township of Raritan, County of Hunterdon, State of New Jersey, hereby certify that the foregoing resolution is a true, complete and accurate copy of a resolution adopted by the Township Committee of the Township of Raritan at a meeting held on July 17, 2018.



Lisa Fania, RMC
Township Clerk

2017 Corrective Action Plan
For year-ended December 31, 2017 Audit Report
Township of Raritan, County of Hunterdon

Finding Number 2017-01:

1. **Description:** Although there was definite improvement noted in the condition of the Finance Department's records, receipts and disbursements were not always recorded in the general ledger for the Other Trust Funds and one cash account is maintained in the general ledger for all the Other Trust Fund bank accounts. The Assistant Supervisor of Accounts is one of the authorized signatures on the various checking accounts. This employee is responsible for the accounts payable functions and this employee's signature is commonly on the various account's checks. A Dedication by Rider was not obtained from the Division of Local Government Services for the following Other Trust Fund reserves – Engineering Inspections, School and Park Donations, and Traffic Study. The Clerk's performance bond escrow account is in the custodianship of the Clerk's Office and the accounting records for this account are maintained by that office. The various balance sheets contain a number of interfund balances.
2. **Analysis:** It is recommended that greater care be taken in the posting of all transactions to the general ledger for the Other Trust Funds and that separate cash accounts are maintained in the Other Trust Funds general ledger for each Other Trust Fund cash account. It is also recommended that the authorized signatures on the various Township Bank Accounts are independent of the purchasing and accounts payable duties. It is recommended that a Dedication by Rider is obtained for the following Other Trust Fund Reserves – Engineering Inspections, School and Park Donations, and Traffic Study. It is further recommended that the Finance Department have custodianship of and maintain the accounting records for the Performance Bond Escrow Account. And finally, it is recommended that the interfund balances are liquidated in a timely manner and an effort is made to limit the number of interfund transactions in the future.
3. **Corrective Action:** Since the addition of another assistant in the Finance Office, greater care is being taken in the posting of all transactions to the general ledger for the Other Trust Funds. The main issue was that there were deposits clearing the bank that were not recorded in the general ledger. Additionally, separate cash accounts will be set up in the general ledger for each Other Trust Fund cash account. The authorized signatures on the Township's General Bank Account has been changed so that they are independent of the purchasing and accounts payable duties. In a November 30, 2018 e-mail to the Township Clerk, Mr. Robert Kennedy of the DLGS, confirmed that Raritan Township's Resolution dated August 1988 covered an approved Dedication by Rider to establish both a Developer's Escrow Trust Fund and

an Engineering Inspection Trust Fund. Mr. Kennedy also forwarded a copy of the law confirming his opinion. Mr. Kennedy also recommended simply cancelling the balances for the School and Park Donations and the Traffic Study. The Township has researched and found no statute that requires the Finance Department to have custodianship of the Performance Bond Escrow Account. This account has always been under the custodianship of the Township Clerk's Office. Therefore, the Township has decided to leave the account under the custodianship of the Clerk's Office. And finally, interfund balances will be liquidated in a timely manner. There will not be a need for the amount of interfund transfers as seen in 2017. The Township has made the decision to do estimated tax bills going forward and will continue to maintain a positive cash flow. Cash flow was greatly impeded in 2017, which the delay of New Jersey adopting its budget caused County taxing authorities delays in certifying municipal budgets, delaying the mailing of third quarter tax bills.

4. **Implementation Date:** To be completed by December 31, 2018.

Finding Number 2017-02:

1. **Description:** It is recommended that consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. **Analysis:** The Township's Finance Department has been understaffed for many years, making a true segregation of duties an impossibility.
3. **Corrective Action:** The Township hired an additional employee in the Finance Department.
4. **Implementation Date:** Completed.

Finding Number 2017-03:

1. **Description:** Not all petty cash funds were approved by the Division of Local Government Services or properly updated with the authorized custodian of the funds and change funds be properly authorized by resolution.
2. **Analysis:** It is recommended that all change funds be properly authorized by resolution.
3. **Corrective Action:** On October 17, 2017, Mr. Jorge Carmona of the DLGS, forwarded an e-mail which included the updated Petty Cash Report for Raritan Township to the Township Clerk. It included the requested custodian changes and the requests for

new Petty Cash accounts for Fire Prevention, Engineering, Planning and Zoning, and the Clerk's Office, which were approved.

4. **Implementation Date:** Completed.

Finding Number 2017-04:

1. **Description:** The Township's Fire Prevention Department's collections were not always turned over to the Treasurer for deposit within forty-eight hours of receipt.
2. **Analysis:** It is recommended that the Fire Prevention Department turns over receipts in a timely manner to ensure deposits are made within forty-eight hours of receipt as per state statute.
3. **Corrective Action:** The Township's Fire Prevention Department had been inadequately staffed. Beginning in the second half of 2017, an Administrative Assistant was added to the department. At such time, collections were being turned over to the Treasurer for deposit within forty-eight hours of receipt.
4. **Implementation Date:** Completed.

Finding Number 2017-05:

1. **Description:** A review of the Municipal Court has revealed that the Tickets Assigned But Not Issued Tickets Report contains a large number of tickets which were assigned over six months ago.
2. **Analysis:** It is recommended that the Tickets Assigned But Not Issued Tickets Report be reviewed for all tickets over six months old, so they can be collected from the respective officers and voided. Also, consideration should be given to the use of separate cashboxes by the Municipal Court personnel.
3. **Corrective Action:** The Court Administrator will review all assigned but not issued tickets over six months old so that they are collected or reassigned to the respective officers. Separate cash boxes are used by the Municipal Court personnel.
4. **Implementation Date:** Third quarter 2018.

Finding Number 2017-06:

1. **Description:** An analysis of the balance for the Reserve for Tax Sale Premiums was not maintained.
2. **Analysis:** It is recommended that an analysis of balance for the Reserve for Tax Sale Premiums is maintained.
3. **Corrective Action:** A lien register has been maintained for each year of the tax sale by the Tax Department and has each block and lot that was sold. For each property it has the details of the sale including how much was collected for a premium. If needed, a report of all the open and closed liens which will have the premiums associated with each block and lot can be generated out of Vital to show the amount of the premiums that have not been released back to the lien holders or have been given back to the lien holders. All of the above was offered to the audit team and they did not want to see any of the details. Yet, they could not explain to the Tax Collector what kind of analysis they were looking for. Furthermore, they led the Tax Collector to believe that they wanted what they are calling "an analysis" to go back to when the premium account was established. The Tax Collector believes this would require an exorbitant amount of time and has no idea for what purpose. Additionally, there is no requirement or statutory law that requires this analysis.
4. **Implementation Date:** Completed.