

Township of Raritan, County of Hunterdon
Corrective Action Plan for the year ended December 31, 2016 Audit Report

Finding Number 2016-01:

1. **Description:** Although the Township prepared monthly cash reconciliations, with the exception of Payroll Net and Agency accounts and Escrow deposits bank account, they were not fully reconciled with the cash activity reflected in the general ledger. Receipts and disbursements were not always correctly recorded in the general ledger. Tax collector receipts were not reconciled with the Assistant Supervisor of Account's records. The Assistant Supervisor of accounts is one of the authorized signatures on the various checking accounts and has custody of the Mayor's signature stamp and utilized the stamp to apply the signature of the Mayor on the various fund's checks.
2. **Analysis:** The adjusting journal entries were not received from the prior year auditor until the second half of 2016 which delayed the completion of bank reconciliations for the various funds. Also, the Chief Financial Officer also served as the Acting Administrator for several months and was very involved with both refunding and general improvement bond sales and the related bond rating process. However, now that the position of Township Administrator has been filled and the Finance Department has added an additional person to assist in accounting functions, the Finance Department expects these recommendations will be resolved during the current year.
3. **Corrective Action:** Bank reconciliations will be prepared for all accounts and reconciled to the general ledger. Greater care will be taken in the posting of all transactions to the general ledger and that the Tax Collector's receipts are in proof with the Assistant Supervisor of Account's records. The custody of the Mayor's signature stamp will be assigned to an employee independent of purchasing and accounts payable duties.
4. **Implementation Date:** To be completed by December 31, 2017.

Finding Number 2016-02:

1. **Description:** The Township utilized certain credit cards to make purchases which is not permitted per State Statute.
2. **Analysis:** The Township should not have been using certain credit cards to make purchases.
3. **Corrective Action:** The Township will cease use of the credit cards.
4. **Implementation Date:** Immediately.

Finding Number 2016-03:

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:** A periodic review of petty cash and change funds was not performed.
3. **Corrective Action:** All petty cash funds will be approved by the Division of Local Government Services in accordance with 40A:5-21 and properly updated with the

authorized custodian of the funds and change funds will be properly authorized by resolution

4. **Implementation Date:** To be completed by December 31, 2017.

Finding Number 2016-04:

1. **Description:** The Township's 2015 appropriation reserves were overexpended in the amount of \$2,823.38.
2. **Analysis:** Due to late receipt of 2015 adjusting entries from the prior year's auditor a prior year's line item expense was overexpended.
3. **Corrective Action:** Adjusting entries and schedule of appropriation reserves was received very early on in 2017. That in conjunction with the Finance Department's Standard Operating Procedure of monitoring appropriation reserve balances as well as all budget account lines and making necessary transfers will eliminate overexpenditures.
4. **Implementation Date:** July 01, 2017.

Finding Number 2016-05:

1. **Description:** It was determined that the Township did not prepare an annual salary resolution or ordinance for non-union employees. It did not prepare an analysis of the balance for the Payroll Agency account. Although the Township did provide an analysis of compensated balances as of March 31, 2017 a detailed analysis as of December 31, 2016 was not performed. It was also determined that employee prescription benefit withholdings were not always calculated correctly.
2. **Analysis:** The Township Administrator has ensured that salary ordinances are in place covering all non-union employees. The Township will ensure that an analysis of balance for the payroll agency account is maintained and that an analysis of compensated balances will be prepared as of December 31, 2017 and that employee prescription benefit withholdings are properly calculated.
3. **Corrective Action:** The Township will approve an annual salary ordinance for all employees not covered by a union. The Township will maintain an analysis of balance in the payroll agency account. The Township will provide a detailed analysis of compensated absences as of 12/31/2017. And finally, the Township will ensure that all prescription benefit withholdings are calculated corrected.
4. **Implementation Date:** To be completed by December 31, 2017.

Finding Number 2016-06:

1. **Description:** It was determined that a Dedication by Rider was not obtained by the Division of Local Government Services for various Other Trust Fund reserves
2. **Analysis:** Dedication by Riders for certain Other Trust Fund reserves were not forwarded to the Division of Local Government Services.
3. **Corrective Action:** A Dedication by Rider will be obtained for all Other Trust Fund reserves.
4. **Implementation Date:** To be completed by December 31, 2017.

Finding Number 2016-07:

1. **Description:** It has been determined that the Finance Department should provide for a more adequate segregation of duties with respect to the recording and treasury functions.
2. **Analysis:** The Finance Department has been staffed over the past several years with only a Chief Financial Officer and an Assistant Supervisor of Accounts.
3. **Corrective Action:** Additional personnel have been added to the Finance Department. This will provide for a more adequate segregation of duties with respect to the recording and treasury functions
4. **Implementation Date:** July 01, 2017.

Finding Number 2016-08:

1. **Description:** It has been determined that the tickets assigned but not issued report revealed that there were a large number of tickets listed on the tickets assigned but not issued report which were assigned over six months ago. It has also been determined that only one cashbox is utilized by the Municipal Court personnel.
2. **Analysis:** There has been assigned but not issued tickets that are over six months old that need to be collected or reassigned to the respective officers.
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. Consideration will be given to the use of separate cashboxes by the Municipal Court personnel.
4. **Implementation Date:** December 31, 2017.