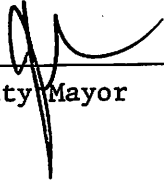


TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON

RESOLUTION 2017 – 48.1

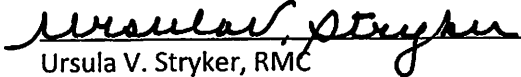
BE IT RESOLVED by the Township Committee of the Township of Franklin, County of Hunterdon , that the 2016 Audit Corrective Action Plan as presented by the Temporary CFO is hereby accepted and approved.

ADOPTED: July 27, 2017



Joseph Darocha, Deputy Mayor
Township Committee

Attest:


Ursula V. Stryker, RMC
Municipal Clerk

2016 Audit Corrective Action Plan Franklin Township

JUL 20 2017

Finding 2016-1

FRANKLIN TOWNSHIP

Segregation of Duties:

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds, as well as certain payroll duties are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is recommended that consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.

Corrective Action:

The finding was evaluated, however, due to budgetary constraints; no resolution can be made at this time.

Finding 2016-2

Tax Collector's Records

During our testing, the following items were noted:

- a.) Tax collections were not always deposited within 48 hours as per State statute.
- b.) The tax bank account was not reconciled on a monthly basis. Also, a monthly tax collections report was not prepared and reconciled with collections per the Treasurer.
- c.) In 2016, the Township changed tax accounting software providers. Only the original certificate amount information was recorded in the new tax accounting software for the tax title liens.
- d.) The amount of tax sale premiums per the analysis prepared by the Tax Collector is \$14,100 less than the amount in the Reserve for Tax Sale Premiums recorded in the Finance Department's records.

Corrective Action:

- a.) All tax collections will be deposited within 48 hours as per State statute.

- b.) Monthly bank reconciliations for the tax account will be prepared. Also, a monthly tax collections report will be prepared and reconciled with the collections per the Treasurer.
- c.) All tax title lien account activity is properly recorded into the new tax accounting software.
- d.) The difference in the balance between the Tax Collector's analysis and the Reserve for Tax Sale Premiums will be resolved.

The Township will ensure that all tax collections are deposited within 48 hours as per State statute. The new tax collector has already been preparing monthly bank reconciliations for the tax account as well as a monthly report of tax collections. The Township will ensure that these monthly reports are reconciled with collections per the Treasurer, that all of the activity for the tax title liens is properly recorded into the tax accounting software and that the difference in the balance between the Tax Collector's analysis and the Reserve for Tax Sale Premiums is resolved.

Finding 2016-3

Animal Control Fund

Our audit procedures revealed the following:

- a.) There was one deposit of Animal Control Fund fees for 2016.
- b.) The State dog reports were not prepared on a monthly basis.
- c.) The Animal Control Treasurer's account was not in the custody of the Treasurer.

Corrective Action:

- a.) Animal Control Fund receipts will be deposited within 48 hours as per State statute.
- b.) The State Dog reports will be completed on a monthly basis.
- c.) The Animal Control Treasurer's account will be in the custody of the Treasurer. An Animal Control Collector's account will be established for animal control fees collections by the Dog Registrar.

The Township will ensure that Animal Control Fund receipts are deposited within 48 hours as per State statute and that State dog reports are prepared on a monthly basis. The custody of the Animal Control Treasurer's account has already been transferred to the Treasurer and a separate Animal Control Collector's account has already been established.

Finding 2016-4

Treasurer's Records

Our audit procedures revealed the following:

- 1) One of the current Township employees was assigned the duties of the Land Use Board Clerk after the position became vacant. However, the employee was not officially approved by the Governing Body for this new position.
- 2) The General Trust bank account was not fully reconciled at December 31, 2016. However, since the reconciling difference was relatively minor in amount and the Township has already taken steps to resolve the difference, no formal recommendation is judged to be warranted.

It is recommended that when existing Township employees are assigned new duties that the Township formally approve these new duties in the minutes.

Corrective Action:

The Township will ensure that when existing Township employees are assigned new duties that the Township formally approve these new duties in the minutes.

Finding 2016-5

Outside Departments

Our audit procedures revealed the following:

- 1) Collections per the various outside departments were not reconciled with collections per the Treasurer.
- 2) Prenumbered receipts were not issued for all collections especially cash collections.
- 3) There are a small number of full-time Township employees so often these employees will accept collections for the various outside departments.
- 4) A cashbook was not maintained for Recreation collections. Also, we were not able to obtain an explanation for the variance between current and prior year Recreation collections.

Corrective Action:

- 1) Monthly reports are prepared by the various outside departments which are reconciled with collections per the Treasurer.
- 2) Prenumbered receipts are issued for all collections especially cash collections.
- 3) Procedures should be developed to ensure that adequate internal controls are in place over departmental collections.

- 4) A cashbook be maintained for Recreation collections. An explanation is provided for the variance between current and prior year Recreation collections.

Monthly reports will be prepared by the various outside departments and reconciled with collections per the Treasurer, prenumbered receipts will be issued for all collections especially cash collections, procedures will be developed to ensure that adequate internal controls are in place over departmental collections and a cashbook will be maintained for Recreation collections. An explanation will be provided for the variance between the current year and prior year Recreation collections for the 2017 audit.