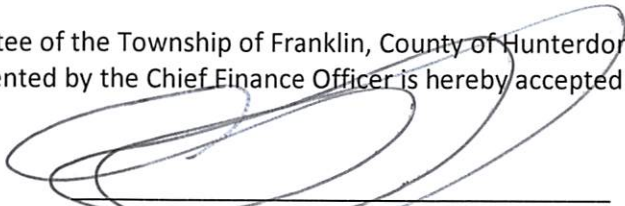


**TOWNSHIP OF FRANKLIN  
COUNTY OF HUNTERDON**

**RESOLUTION 2018 – 33**


**BE IT RESOLVED** by the Township Committee of the Township of Franklin, County of Hunterdon, that the 2017 Audit Corrective Action Plan as presented by the Chief Finance Officer is hereby accepted and approved.

ADOPTED: 5-24-2018



\_\_\_\_\_  
Craig Reppmann, Mayor  
Township Committee

Attest:



Ursula V. Stryker, RMC  
Municipal Clerk

## **2017 Audit Corrective Action Plan Franklin Township**

### **Finding 2017-01**

#### **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 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 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. But, the Township has instituted new policies to segregate the duties to increase internal control. The Chief Financial Officer shall prepare the vouchers and ledger, but the Assistant Finance Officer shall be responsible for the execution of the prepared checks. Thus, the Chief Financial Officer shall not be allowed to send checks or payments to vendors to segregate duties.

Payroll shall be prepared by the Chief Financial Officer, but payroll shall be reviewed and funds will be transferred by the Assistant Finance Officer. Thus, the Township has severely limited by the limited number of personnel, but we have created policies to strengthen internal controls.

### **Finding 2017-02**

#### **Tax Collector's Records**

During our testing, the following items were noted:

- A. A monthly tax collections report was not prepared and reconciled with collections per the Treasurer.
- B. 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. A monthly tax collections report will be prepared and reconciled with collections per the Treasurer.
- B. The difference in the balance between the Tax Collector's analysis and the Reserve for Tax Sale Premiums will be resolved.

**Finding 2017-03**

**Animal Control Fund**

Our audit procedures revealed the following deposits for the Animal Control Fund were not always made in a timely manner. It is recommended that Animal Control Fund receipts be deposited within 48 hours as per State statute.

Corrective Action:

All Animal Control Fund receipts will be deposited within 48 hours as per State statute.

**Finding 2017-04**

**Treasurer's Records**

Our audit procedures revealed there was no analysis of balance at year end for the Payroll Agency Account. It is recommended that an analysis of balance for the Payroll Agency Account be prepared.

Corrective Action:

An analysis of balance for the Payroll Agency Account will be prepared.

**Finding 2017-05**

**Outside Departments:**

Our audit procedures revealed the following:

- A. Collections per the various outside departments were not reconciled with collections per the Treasurer.
- B. There are a small number of full-time Township employees so often these employees will accept collections for the various outside departments.
- C. A cashbook was not maintained for Recreation collections

Corrective Action:

- A. Monthly reports are prepared by the various outside departments will be reconciled with collections per the Treasurer.
- B. Procedures will be developed to ensure that adequate internal controls are in place over departmental collections.
- C. A cashbook shall be maintained for Recreation collections.