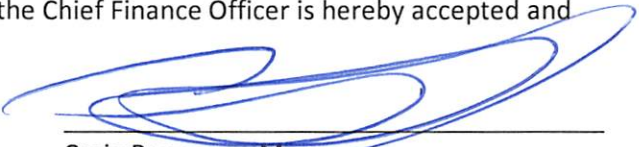


TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON

RESOLUTION 2019 – 43

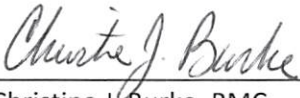
BE IT RESOLVED by the Township Committee of the Township of Franklin, County of Hunterdon, that the 2018 Audit Corrective Action Plan as presented by the Chief Finance Officer is hereby accepted and approved.

ADOPTED: 07/11/2019



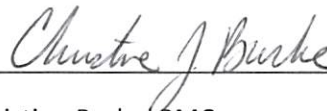
Craig Repmann, Mayor
Township Committee

Attest:



Christine J. Burke, RMC
Municipal Clerk

I, Christine J. Burke, Municipal Clerk of the Township of Franklin, County of Hunterdon, do hereby certify this to be a true copy of a resolution adopted by the Township Committee at a meeting held on July 11, 2019.



Christine Burke, RMC
Municipal Clerk



2018 Audit Corrective Action Plan Franklin Township

Finding 2018-01

Formal approval for purchases of goods or services through cooperative purchasing agreement:

The purchase of goods or services through a cooperative purchasing agreement requires formal approval in the minutes or resolution by the governing body.

Corrective Action:

The Township will formally adopt approval of purchases of goods or services through a cooperative via the minutes or a resolution by the governing body.

Finding 2018-02

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.

Payroll shall be prepared by the Chief Financial Officer. Thus, the Township has severely limited by the limited number of personnel, but we have created policies to strengthen internal controls.

Finding 2018-03

Financial Records:

- a. The individual withholding balances included in the analysis of balance for the payroll agency account be reviewed for accuracy and any necessary adjustments be made. In the future, the analysis of balance should be reviewed on a monthly basis to ensure that the individual withholding balances are accurate.
- b. The Township make every effort to ensure that employees are paid in accordance with the related contract or salary ordinance.
- c. The older reconciling items on the bank reconciliation for the tax collector's bank account be investigated and resolved.
- d. Every effort be made to limit interfund activity in the future and liquidate all interfunds by the end of the year especially those interfunds due to the Current Fund.

Corrective Action:

- a. The Township will work with the auditors during the current year to resolve balances from prior years.
- b. The Township changed payroll providers and converted from bi-weekly to bi-monthly pay periods. Thus, this was the result of a singular event or fiscal year. Ordinances will be reviewed at year-end.
- c. The older reconciling items were investigated and resolved.
- d. Interfunds will be liquidated to Current Fund.

Finding 2018-04

Animal Control Fund

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

Corrective Action:

The Clerk will receive and record all revenues or receipts pertaining to the animal control fund, recreation and other miscellaneous receipts before turning them over to the finance department for deposit.

Finding 2018-05

Zoning & Board of Health:

Board of Health and Zoning collections are deposited within 48 hours of receipt as per State statute and that Board of Health applications are available for audit review.

Corrective Action:

The Board of Health applications will be available for audit review. The Board of Health and Zoning deposits will be left in the finance directed mailbox at the end of the day for deposit.