

**RESOLUTION #2020-42
TOWNSHIP OF FRANKLIN, HUNTERDON COUNTY**

ACCEPT AND APPROVE CORRECTIVE ACTION PLAN FOR CY2019 AUDIT

BE IT RESOLVED by the Township Committee of the Township of Franklin, County of Hunterdon, that the 2019 Audit Corrective Action Plan as presented by the Chief Finance Officer is hereby accepted and approved.

ADOPTED: 08/13/2020



Philip Koury, Mayor
Township Committee

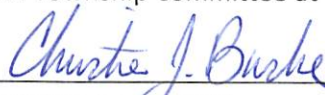
Attest and Affix Seal:



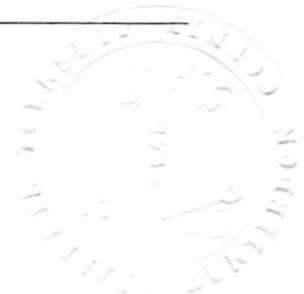
Christine J. Burke, RMC
Municipal Clerk



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 August 13, 2020.



Christine Burke, RMC
Municipal Clerk



2019 Audit Corrective Action Plan Franklin Township

Finding 2019-01

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.

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 2018-02

Financial Records:

- a. The unallocated balance for the payroll agency account is reviewed.
- b. Employees' pensionable salaries are accurately reported on the quarterly State of New Jersey Public Employee's Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) reports.
- c. The reconciling items on the various bank reconciliations are investigated and resolved in a timely manner.
- d. Every effort is 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 unallocated balance from prior years will be balanced.
- b. PERS and PFRS were updated for the most recent adjustments due to the new bargaining agreements.
- c. Reconciling items will be resolved.
- d. Interfunds will be liquidated.

Finding 2018-03

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.