

**RESOLUTION**  
of the  
**BOROUGH OF NEW PROVIDENCE**  
Resolution No. 2012-160

Council Meeting Date: 05-29-2012

Date Adopted: 05-29-2012

TITLE: RESOLUTION APPROVING CORRECTIVE ACTION PLAN REQUIRED  
AS PART OF THE ANNUAL AUDIT

Councilperson Galluccio submitted the following resolution, which was duly seconded by Councilperson Lesnewich.

WHEREAS, the Local Finance Board of the State of New Jersey has promulgated a regulation requiring that a Corrective Action Plan be prepared as part of the annual audit process; and

WHEREAS, Local Finance Notice 92-15 required that this plan be prepared by the Chief Financial Officer and approved by the Governing Body.

NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, County of Union and State of New Jersey that they hereby approve the Corrective Action Plans for the year 2011, a requirement of the annual audit, prepared by the Chief Financial Officer and which is attached hereto and made part of this resolution.

APPROVED, this 29<sup>th</sup> day of May, 2012.

## RECORD OF VOTE

	AYE	NAY	ABSENT	NOT VOTING
CUCCO	X			
GALLUCCIO	X			
GENNARO	X			
LESNEWICH	X			
MUÑOZ	X			
ROBINSON	X			
HERN			TO BREAK COUNCIL TIE VOTE	

I hereby certify that the above resolution was adopted at a meeting of the Borough Council held on the 29<sup>th</sup> day of May, 2012.

Wendi B. Barry, Borough Clerk

# **BOROUGH OF NEW PROVIDENCE**

## **CORRECTIVE ACTION PLAN FOR THE 2011 AUDIT REPORT**

### **Recommendation #1:**

**Description:** That the Fixed Asset Accounting records be updated for additions and deletions.

**Analysis:** Due to retirement of individual who maintained these records, there was a lapse in keeping information current.

**Corrective Action:** A new fixed asset accounting review will be implemented in 2012.

**Implementation Date:** This action will be completed by the end of the fourth quarter of 2012.

### **Recommendation #2:**

**Description:** That all vouchers contain Council approval signatures.

**Analysis:** While not required by the state, this is a local policy contained in our Financial Management plan that is annually adopted by the Mayor and Council. One or more members of the governing body have occasionally not signed their respective vouchers.

**Corrective Action:** The Finance Committee should first review this matter. This provision of the Financial Management Plan should be reviewed and amended if the Mayor and Council do not feel this is necessary from an ongoing approval process.

**Implementation Date:** This action will be completed by the end of the third quarter of 2012.

### **Recommendation #3:**

**Description:** That the employer's share of contributions toward the Defined Contribution Retirement Plan be budgeted and charged to the correct budget account.

**Analysis:** Over the past two years, the employer's contribution was not charged a specified line item for Defined Contribution Retirement Plan.

**Corrective Action:** The 2012 Municipal Budget contains a line item for Defined Contribution Retirement Plan where the employer's share of contributions will be charged.

**Implementation Date:** This action was implemented.

#### **Recommendation #4:**

**Description:** That the Borough Attorney and Planning Board attorney not be compensated through payroll salary.

**Analysis:** When these positions were eligible for participation in the state's pension funds, they received regular payroll payments. Now that the law changed, they no longer participate in the state pension fund but have been receiving their compensation via payroll.

**Corrective Action:** The Borough Attorney and Planning Board attorney will no longer be paid from regular payroll.

**Implementation Date:** This action will be effective January 1, 2013.

#### **Recommendation #5:**

**Description:** That performance bonds for contracts be available for audit.

**Analysis:** There was a contract where the performance bond was not readily available for inspection/review by our auditors.

**Corrective Action:** The Borough Clerk's office will ensure that all performance bonds are in place prior to contract execution. And further that all contract documents will be readily available for the auditors.

**Implementation Date:** This action was effective immediately.

#### **Recommendation #6:**

**Description:** That the Construction Code Office billing system be updated to be in agreement with the Borough Fee ordinance.

**Analysis:** One or more of the charges in the Construction Code Office billing system used outdated fees.

**Corrective Action:** The Construction Code Office billing system has been updated to be in agreement with the Borough Fee ordinance.

**Implementation Date:** This action was effective immediately.

### **Recommendation #7:**

**Description:** That the Borough follow-up with the payroll service provider to ensure that employee unemployment contributions are correctly remitted to the state.

**Analysis:** Our payroll service provider had sent the employee contributions for State Unemployment Insurance to the state as they were not aware that the Borough was self-insured for this liability.

**Corrective Action:** The payroll service provider has been informed accordingly.

**Implementation Date:** This action was effective immediately.

### **Recommendation #8:**

**Description:** That the Annual Financial Disclosure Forms be filed for all required individuals

**Analysis:** Annual Financial Disclosure Forms were not filed for a few required individuals.

**Corrective Action:** All required individuals have filed their 2012 Annual Financial disclosure Forms.

**Implementation Date:** This action was effective immediately.

### **Recommendation #9:**

**Description:** That Division of Local Government Services approval be requested for Other Trust Reserve Accounts that have not been previously approved.

**Analysis:** The Borough maintains dedicated trust and escrow accounts. Several have not been approved by the Division of Local Government Services.

**Corrective Action:** Resolutions will be submitted for Council action to request the Division of Local Government Services approve these dedicated trust and escrow accounts.

**Implementation Date:** This action will be completed by the end of the third quarter 2012.