

**RESOLUTION – SFY2008 AUDIT – CORRECTIVE ACTION PLAN – AUDITOR’S  
RECOMMENDATIONS**

**WHEREAS**, the Local Finance Notice No. 92-15 requires the Governing Body to adopt a Corrective Action Plan in relation to recommendations contained in a Municipality’s Audit; and;

**WHEREAS**, the Township’s SFY 2008 Audit included certain recommendations, which require the adoption of a Corrective Action Plan;

**NOW, THEREFORE, BE IT RESOLVED** that the following Corrective Action Plan be adopted by the Township Council of the Township of Franklin, County of Somerset and State of New Jersey; and

**CORRECTIVE ACTION PLAN FOR SFY-2008 AUDIT REPORT**

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**BE IT FURTHER RESOLVED** that two (2) certified copies be forwarded to the Division of Local Government Services; and

**CORRECTIVE ACTION PLAN –SFY 2008 AUDIT  
AUDIT RECOMMENDATIONS**

**1. FINDINGS:**

That the Municipal court open bail list be proved to the account balance on a monthly basis.

**CORRECTIVE ACTION PLAN:**

The Municipal Court Administrator and the Finance Office will review the court bail account and prove the open bail list to the account balance. The Court Administrator will be required to submit a copy of all the bank reconciliation statement to the Finance Office for further review

**IMPLEMENTATION DATE:** May 2008

**STATUS:**

Completed Prior to Audit

**2. FINDINGS:**

That accounts receivable balances for all funds be reviewed as to their current status and appropriate action taken.

**CORRECTIVE ACTION PLAN:**

The Finance Department is in the process of reviewing all accounts receivable balances in all the funds as to their status. The status will be reconfirmed with the respective government agencies, before action is taken. The review will be done routinely on a monthly basis.

**IMPLEMENTATION DATE:** May 2009

**STATUS:**

This is a work in progress. The Chief Financial Officer will continue reviewing the balances and will submit a resolution to Township Council for cancellation of some of the balances when all the reconciliations are completed.

**3. FINDINGS:**

That a review of accounts payable balances be made to determine the validity of the accounts payable balance.

**CORRECTIVE ACTION PLAN:**

The Finance Office will review monthly all accounts payable balances with Heads of department to determine the validity of the balances. A report will be generated from the new financial system to all departments with accounts payable balances for their review and comments.

**IMPLEMENTATION DATE:** June 2009

**STATUS:**

The Chief Financial Officer will cancel accounts payable balances that are not valid.

**4. FINDINGS:**

That all bank reconciliations be performed and agreed to the general ledger.

**CORRECTIVE ACTION PLAN:**

This is a work in progress. The Chief Financial Officer will make sure the bank reconciliation statements agree with the general ledger.

**IMPLEMENTATION DATE:** June 2009

**STATUS:**

The Chief Financial Officer will continue to work on adjusting reconciling items in the general ledger.

**5. FINDINGS:**

That reconciling items be adjusted in the general ledger on a timely basis, in order to bring the general ledger in proof with the bank reconciliation.

**CORRECTIVE ACTION PLAN:**

The Chief Financial Officer will continue to retrain staff to post transactions correctly and on a timely basis to avoid having reconciling items. All reconciling items will be adjusted by the Chief Financial Officer when reviewing of all bank reconciliation statements.

**IMPLEMENTATION DATE:** June 2009

**STATUS:**

The Chief Financial Officer is reviewing all reconciling items in the general ledger.

**6. FINDINGS:**

That the monthly reports from third party for the Flexible Spending Account be downloaded so the correct amount of disbursements for the month can be posted to the general ledger.

**CORRECTIVE ACTION PLAN:**

The Chief Financial Officer has complied with the above findings.

**IMPLEMENTATION DATE:** June 2008

**STATUS:**

Done

**7. FINDINGS:**

That the signature used on the Flexible Spending Account checks be updated for the current CFO.

**CORRECTIVE ACTION PLAN:** Done

**IMPLEMENTATION DATE:** March 2008

**STATUS:**

Done.

**8. FINDINGS:**

That Township take proper steps to obtain reimbursement from the SCIA for payments the Township made to vendors for equipment purchases.

**CORRECTIVE ACTION PLAN:**

The Chief Financial Officer has submitted all the bills for payments made by the Township for equipment purchases to the SCIA for reimbursements. The SCIA now has a third party financial institution to make payments directly to the Vendors after approval from the Township.

**IMPLEMENTATION DATE:** June 2009

**STATUS:**

The Chief Financial Officer and the SCIA are working together to reconcile this account.

**9. FINDINGS:**

That prior year's grants receivable balances and unexpended grant reserve balances are reviewed for proper disposition.

**CORRECTIVE ACTION PLAN:**

The Grant Coordinator is scheduled to go on disability shortly. The Grant Office is in the process of being restricted. A grant manual has been prepared and will be implemented shortly. The Chief Financial Officer will coordinate with the Grant Office in reviewing all the grant balances and their current status. Upon completion of the Chief Financial Officer will recommend proper disposition of grant balances to Township Council.

**IMPLEMENTATION DATE:** June 2009.

**STATUS:**

A resolution recommending the disposition of some of the prior year grants is being reviewed and will be submitted to Township council.

**10. FINDINGS:**

That all transactional activity be recorded for developer's escrow and that the escrow accounts for the amounts deposited for less than \$5,000.00 be reconciled to subsidiary accounts.

**CORRECTIVE ACTION PLAN:**

The Chief Financial Officer will make sure all transactional activity for developers escrow accounts are recorded and reconciled to subsidiary accounts.

**IMPLEMENTATION DATE:** June 2009.

**STATUS:**

The process is on going.

**11. FINDINGS:**

That the employees listed on the health insurance be compared to payroll records for the same period to insure that the correct adjustment have been made to the bill for that quarter.

**CORRECTIVE ACTION PLAN:**

The Chief Financial Officer and the Assistant Manager will develop a system to reconcile payroll records for the same period with health insurance records.

**IMPLEMENTATION DATE:** June 2009.

**STATUS:**

This is a work in progress.

**CERTIFICATION**

I, Ann Marie McCarthy, Clerk of the Township of Franklin, in the County of Somerset, do hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the Township Council at a regular meeting held on the 28<sup>th</sup> day of April 2009.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of said Township this 29<sup>th</sup> day of April 2009.

Ann Marie McCarthy  
Township Clerk