

CORRECTION PLAN

Township of West Orange
County of Essex
Audit Report Year 2012

COMMENTS AND RECOMMENDATIONS December 31, 2013

CONSTRUCTION CODE

Finding: There were differences noted during testing of the cash receipts. The revenue collected exceeds the amount turned over to the finance department by \$3,720.50. In addition, certain transactions made to the county should be waived; however, the employee did not record them as waived on the system.

Recommendation: Greater care should be taken when inputting cash receipts into the system. All revenue reports should be reconciled and agreed on a monthly basis.

Explanation: The department's processes enter information into two systems which were not reconciled between each other historically. Therefore, voided transactions and waivers artificially increased the reported revenue to be turned over to the finance department. This is a repeat comment from the 2012 audit issued in December 2013. There was not sufficient time correct this process for the 2013 audit. It will be addressed in the 2014 audit.

Corrective Action: Entries into both systems of cash receipts will be reconciled and reconciled on a monthly basis.

Implementation Date: January 1, 2014

RECREATION

Finding: Receipts were issued only for cash transactions and not for transactions executed with checks.

Recommendation: Receipts should be issued to the payor for all amounts paid to the department.

Explanation: Funds for recreation programs are held until it is determined that the program will commence. If the program does not commence, the original funds are returned to the payor.

Corrective Action: Receipts will be issued to the payor for all amounts paid to the department.

Implementation Date: No later than January 31, 2015

Finding: There are funds held by the department for more than 48 hours and in some cases in excess of 30 days. Funds for recreation programs are held until it is determined that the program will commence. If the program does not commence, the original funds are returned to the payor.

Recommendation: Greater care should be taken when inputting cash receipts into the computer system. All revenue reports should be reconciled and agreed on a monthly basis. All deposits should be made within forty-eight hours.

Explanation: Departmental processes allows funds for recreation programs to be held until it is determined that the program will commence. If the program did not commence, the original funds are returned to the payor.

Corrective Action: The department will deposit all funds within 48 hours.

Implementation Date: No later than January 31, 2015

Finding: The cash book for recreation is not totaled on a monthly basis and does not consistently record receipts by program.

Recommendation: The department should maintain a cash receipts book on a monthly basis in order to allow reconciliation to the amounts recorded in the finance department. Additionally, receipts should be recorded by program/revenue code.

Explanation: It was not the department's process to have the cash book totaled on a monthly basis and nor consistently record receipts by program.

Corrective Action: The department will maintain a cash receipts book on a monthly basis and be recorded by program/revenue code.

Implementation Date: No later than January 31, 2015

Finding: The permits issued by the department of recreation are not pre-numbered.

Recommendation: The department should utilize pre-numbered receipts to increase accountability.

Explanation: It was not the department's process to utilize pre-numbered receipts to increase accountability.

Corrective Action: The department will utilize pre-numbered receipts to increase accountability.

Implementation Date: No later than January 31, 2015

OUTSIDE POLICE SERVICES

Finding: Expenditure for Outside Police Services are being made by the Township prior to the collection of funds from the vendor.

Recommendation: The Township should take greater care in securing payments from vendors prior to the incursion of any associated costs.

Explanation: Police officers are paid when work is performed in accordance with the Fair Labor Standards Act. These jobs have not historically been help up until payment is made by the contractor or utility companies in order to facilitate the efficient completion of what is mostly categorized as emergency street openings, although there are sufficient non-township funds on deposit in total to cover these expenses

Corrective Action: All processes have been reviewed for compliance with statutes and Township Ordinances and the Township will begin the process of soliciting escrow payments from all vendors prior to services being provided.

Implementation Date: January 31, 2015

COLLECTION CONTRACT

Finding: We reviewed Suburban Disposal Co. contract for residential, commercial/bulk, and recycling. For contract commencing September 8, 2013, we were unable to obtain the tonnage volume for residential units.

Recommendation: The Township should inform Suburban Disposal Co. to provide. With these invoices, the tonnage volume associated with the residential units.

Explanation: Upon the new contract, tonnage volume reports were not submitted simultaneously with the bills.

Corrective Action: All tonnage volumes have been attached to bills and are now being filed with each payment purchase order.

Implementation Date: September 30, 2014

HEALTH CARE WAIVER

Finding: We have reviewed the calculation of the Health Care Waiver per Local Finance Notice an P.L. 2010, C.2, %.11, 5.18. The Township is calculating the waiver without regard to the savings the Township would have realized from the employee's co-payment responsibilities under Chapter 78. The premium should be reduced by the amount the employee would have contributed if they were enrolled in a benefit plan. The employee is then entitled to 25% or 50% of the saved amount depending on when they signed the waiver.

Recommendation: The Township should review applicable regulations and recalculate the determination of the amount paid to the non-participating employee.

Explanation: The Township's waiver policies do not include costs for dental and prescription benefits, although Chapter 78 allows them to be included. When calculations of waiver payments are recalculated in accordance with Chapter 78's limitations, the Township's payments are less than what is allowed in Chapter 78.

Corrective Action: The Township will continue to monitor it's payments to insure they are not in excess of the limitations set forth in Chapter 78.

Implementation Date: January 1, 2015

VOUCHER TESTING

Findings: During voucher testing various exceptions were noted including the use of confirming orders, non- issuance of 1099's and authorization signatures.

Recommendation: All applicable purchasing guidelines and Local Public Contracts Laws should be adhered to.

Explanation: During the conversion of the finance software systems, certain requirements were discovered to be deficient and others were not properly documented. This is a repeat comment from the 2012 audit issued in December 2013. There was not

sufficient time correct this process for the 2013 audit. It will be addressed in the 2014 audit.

Corrective Action: All applicable purchasing guidelines and Local Public Contracts Laws will be adhered to and documented.

Implementation Date: January 1, 2014

FINANCE

Finding: The financial statements were not prepared timely in order to facilitate the issuance of an audit report.

Recommendation: Financial statements should be prepared within a reasonable amount of time in order to file the audit report by the statutory due date.

Explanation: The delays in the previous audit caused by the conversion of the finance software systems, continued to delay the 2013 audit. As of this date, the finance department is current and the 2014 financials have been prepared, avoiding any future audit delays.

Corrective Action: The financial statements will be prepared in a timely manner in order to facilitate the issuance of an audit report.

Implementation Date: January 1, 2015

Finding: The journal entries prepared did not have sufficient detail describing the purpose of the entries

Recommendation: Journal entries should be properly described and adequately documented.

Explanation: Certain abbreviations and group transactions did not have sufficient descriptions to allow immediate understanding of the purposes of the transactions without researching further detail.

Corrective Action: Such abbreviations and group transactions will not be utilized without sufficient description.

Implementation Date: January 1, 2015

CAPITAL FUND

Finding #1: Green Acres matching grant receivable on Ordinance #1992-04 of \$103,270.02 has been carried for a number of years as well as grants from the West Orange Board of Education totaling \$286,666.70.

Recommendation: These receivables should be reviewed in order to determine its collectability.

Explanation: These receivables have been reviewed and are collectable.

Corrective Action: All grant receivables will continue to be reviewed to determine collectability.

Implementation Date: January 1, 2014

