February 18, 2025

BOROUGH OF BRADLEY BEACH

RESOLUTION 2025-94

2022 AUDIT CORRECTIVE ACTION PLAN

Mayor Gubitosi offered the following resolution and moved its adoption:

WHEREAS, the 2022 Audit was received by the Mayor and Council of the Borough of Bradley Beach; and

WHEREAS, certain comments and recommendations were made in the 2022 audit and are attached hereto and made part hereof as schedule “A”; and

WHEREAS, a Corrective Action Plan has been submitted to the Business Administrator of the Borough of Bradley Beach and is attached hereto and made part hereof as schedule “A”; and

WHEREAS, it is the desire of the Mayor and Council of the Borough of Bradley Beach to implement the Corrective Action Plan in response to comments and recommendation contained in the 2022 Audit Report.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Borough Council of the Borough of Bradley Beach, County of Monmouth, State of New Jersey as follows:

1. That the Mayor and Council have implemented the Corrective Action plan filed by the Business Administrator to comply with the comments and recommendations set forth in the 2022 Audit

2. That a certified copy of this resolution shall be forwarded to the Division of Local Government Services, the Business Administrator, Chief Financial Officer and the Borough Auditor.

Seconded by Councilperson ______________ and adopted on roll call by the following vote:

	AYES	NAYS	ABSTAIN	ABSENT
Ms. DeNoble				
Ms. Greenblatt				
Mr. Nowicki				
Mr. Weber				
Mayor Gubitosi				

CERTIFICATION

I, Erica Kostyz, Municipal Clerk, Borough of Bradley Beach, Monmouth County, New Jersey, do hereby certify that the foregoing resolution was duly adopted by the Governing Body at the February 18, 2025 Council Business Meeting.

____

Erica Kostyz, RMC, CMR
Municipal Clerk

SCHEUDLE "A"

BOROUGH OF BRADLEY BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CORRECTIVE ACTION PLAN 2022 AUDIT

COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022

Finding 2022-001

We consider the following deficiency in internal control over financial reporting to be a material weakness relative to the maintenance of complete and accurate general ledgers on a timely basis.

Criteria

Internal control over financial reporting allows for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Condition

The Borough did not maintain complete and accurate general ledgers for all funds during 2022 on a current and timely basis.

Cause

Internal control procedures were not in place for preventing, or detecting and correcting, misstatements of account balances recorded in the general ledger on a current and timely basis.

Effect

General ledgers that are not completely and accurately maintained present a reasonable possibility that a material misstatement in financial statement balances will not be prevented, or detected and corrected, on a timely basis by management or employees.

Recommendation

It is recommended that the Borough enhance its internal control system to ensure the maintenance of complete and accurate general ledgers for all funds on a current and timely basis.

Corrective Action:

Borough officials agree with the finding and will enhance its internal control system to ensure the maintenance of complete and accurate general ledgers for all funds on a current and timely basis.

2022-002*

Comment

We noted that the general fixed assets and accounting and reporting system was not maintained on a current and timely basis.

Recommendation

We recommend that the general fixed assets and accounting and reporting system be maintained on a current and timely basis.

Corrective Action:

The general fixed assets and accounting and reporting system will be maintained on a timely basis.

2022-003*

Comment

We noted that there were interfund balances at year-end.

Recommendation

We recommend that, where practicable, interfund balances be liquidated prior to year-end or subsequently liquidated on a timely basis in the following year.

Corrective Action:

Interfund balances will be liquidated prior to year end.

2022-004*

Comment

We noted that there were inactive accounts recorded on the balance sheets of various Borough funds.

Recommendation

We recommend that inactive accounts recorded on the balance sheets of various Borough funds be reviewed on an annual basis for potential disposition.

Corrective Action:

Inactive accounts will be reviewed and disposed of accordingly.

2022-005*

Comment

We noted that dedication by riders were not obtained from the Division of Local Government Services for certain reserve balances recorded in the trust other fund.

Recommendation

We recommend that all reserve balances recorded in the trust other fund be reviewed and where appropriate, dedication by rider resolutions be adopted and submitted to the Division of Local Government Services for approval.

Corrective Action:

All reserve balances recorded in the trust other fund will be reviewed and where appropriate, dedication by rider resolutions be adopted and submitted to the Division of Local Government Services for approval.

2022-006*

Comment

In prior years it was recommended that employment contracts be reviewed to ensure that compensated absence amounts do not exceed the maximum permissible limits and the Borough had engaged accounting consultants to review prior and current year employment contracts.

Recommendation

We recommend that, once prior and current year employment contracts are finally reviewed, the Borough consult with its attorney to ensure that its labor contracts and employee agreements are in compliance with applicable State of New Jersey statutes.

Corrective Action:

The Borough consult with its attorney to ensure that its labor contracts and employee agreements are in compliance with applicable State of New Jersey statutes.

2022-007*

Comment

We noted that detailed escrow accounts were not maintained for the planning board, and that these accounts were not reconciled to general ledger.

Recommendation

We recommend that, once detailed escrow accounts for the planning board are finally analyzed and established, these accounts be reconciled to the general ledger on a current and timely basis.

Corrective Action:

The accounts be reconciled to the general ledger on a current and timely basis.

<u>2022-008</u>*

Comment

In prior years it was recommended that clearing account monthly receipts and disbursements be recorded in the general ledger and reconciled to the clearing account bank statement.

Recommendation

We recommend that clearing account bank reconciliations be completed and reconciled to the general ledger on a current and timely basis.

<u>Corrective Action:</u>

The clearing account bank reconciliations be completed and reconciled to the general ledger on a current and timely basis.

<u>2022-009</u>*

Comment

We noted that there were overexpenditures of appropriations in the current fund and the beach utility operating fund.

Recommendation

We recommend that internal control procedures be enhanced to avoid overexpenditure of appropriations.

<u>Corrective Action:</u>

The internal control procedures will be enhanced to avoid overexpenditure of appropriations.

<u>2022-010</u>

Comment

We noted that certain bank reconciliations were not completed and accurately reconciled to the general ledger on a current and timely basis.

Recommendation

We recommend that bank reconciliations be completed and accurately reconciled to the general ledger on a current and timely basis.

<u>Corrective Action:</u>

The bank reconciliations will be completed and accurately reconciled to the general ledger on a current and timely basis.

2022-011

Comment

We noted that, on certain purchase orders selected for audit, a Borough officer's certification that materials and supplies were received or that services were rendered was not executed. In addition, we noted that a claimants certification was not executed on certain purchase orders selected for audit.

Recommendation

We recommend that internal control procedures be enhanced to ensure that all required certifications be executed on all purchase orders prior to payment.

Corrective Action:

The internal control procedures will be enhanced to ensure that all required certifications be executed on all purchase orders prior to payment.

2022-012

Comment

We noted that various purchase orders for goods and services were not encumbered prior to the goods being received or the services being rendered.

Recommendation

We recommend that internal control procedures be enhanced to ensure that all purchase orders for goods and services be encumbered prior to the goods being received or the services being rendered.

Corrective Action:

The internal control procedures will be enhanced to ensure that all purchase orders for goods and services be encumbered prior to the goods being received or the services being rendered.

2022-013

Comment

We noted that the liability for compensated absences as of December 31, 2022 was not presented in the user friendly budget and was not presented in the financial statements.

Recommendation

We recommend that a compensated absences liability amount be calculated on an annual basis for presentation in the user friendly budget and in the financial statements.

Corrective Action:

The compensated absences liability amount will be calculated on an annual basis for presentation in the user friendly budget and in the financial statements.

2022-014

Comment

We noted that current fund revenue and appropriation status reports were not reconciled and proved to the general ledger to ensure agreement with the financial statements presented for audit.

Recommendation

We recommend that current fund revenue and appropriation status reports be reconciled and proved to the general ledger to ensure agreement to the financial statements presented for audit.

Corrective Action:

The current fund revenue and appropriation status reports will be reconciled and proved to the general ledger to ensure agreement to the financial statements presented for audit.

2022-015

Comment

We noted that an ordinance, as required by N.J.A.C. 5:30-17.6, was not adopted that authorizes the Borough's payroll service provider to perform the payroll tax disbursement function. In addition, the ordinance is required to designate a responsible individual to authorize and supervise the activities of the payroll service provider.

Recommendation

We recommend that Borough adopt an ordinance in accordance with N.J.A.C. 5:30-17.6 that authorizes the payroll service provider to perform the payroll tax disbursement function and that a responsible individual is designated to authorize and supervise the activities of the provider.

Corrective Action:

The Borough will adopt an ordinance in accordance with N.J.A.C. 5:30-17.6 that authorizes the payroll service provider to perform the payroll tax disbursement function and that a responsible individual is designated to authorize and supervise the activities of the provider.

2022-016

Comment

The Borough was unable to provided us with a copy of the Uniform Construction Code Annual Report required to be filed with the State of New Jersey Department of Community Affairs for the for the year ended December 31, 2022.

Recommendation

We recommend that Borough enhance internal control procedures to ensure that the Uniform Construction Code Annual Report has been filed with the State of New Jersey Department of Community Affairs.

Corrective Action:

The Borough will enhance internal control procedures to ensure that the Uniform Construction Code Annual Report has been filed with the State of New Jersey Department of Community Affairs.