

BOROUGH OF BRADLEY BEACH

RESOLUTION 2021-241

2020 AUDIT CORRECTIVE ACTION PLAN

Mayor Fox offered the following resolution and moved its adoption:

WHEREAS, the 2020 Audit was received by the Mayor and Council of the Borough of Bradley Beach; and

WHEREAS, certain comments and recommendations were made in the 2020 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 2020 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 as set forth in the 2020 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 Councilman Sexsmith and adopted on roll call by the following vote:

	AYES	NAYS	ABSTAIN	ABSENT
Mr. Bonnell	X			
Ms. Gubitosi	X			
Mr. Sexsmith	X			
Mr. Weber	X			
Mayor Fox	X			

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 September 21, 2021 Council Meeting.


 Erica Kostyz, RMC, CMR
 Municipal Clerk

Borough of Bradley Beach

Corrective Action Plan

To Correct Audit Recommendations Contained in the
Independent Auditor's Report
For the Year ended December 31, 2020

September 7, 2021

1. **Finding/Comment:** Resolutions for professional services contracts do not contain maximum "not-to-exceed" amounts.

Recommendation: That all resolutions awarding contracts for professional services contain stated Maximum or "not-to-exceed" amounts.

Explanation and Corrective Action: All future resolutions awarding professional services contracts will contain appropriate "not-to-exceed" amounts

Implementation Date: immediately

2. **Finding/Comment:** The Borough has entered into various employment contracts where the compensated absence amount exceeds the permissible threshold of \$15,000.00

Recommendation: That employment contracts be reviewed by personnel to ensure that compensated absence amount does not exceed maximum permissible amounts.

Explanation and Corrective Action: Future employment agreements with any Borough Employee Will contain appropriate maximums for accumulated absences as permitted by law except in instances where an employee may be "grandfathered" in to a more lenient agreement.

Implementation Date: upon execution of a newly negotiated Collective Bargaining Agreement with UFCW Local 152, PBA Local 50 or any other employment agreement that may be negotiated.

3. **Finding/Comment:** The Borough's Payroll account bank reconciliation contains old outstanding checks that should be reviewed for propriety, and an unreconciled difference should be investigated.

Recommendation: That the Boroughs payroll account bank reconciliation be reviewed and old outstanding checks and differences be formally cancelled.

Explanation and Corrective Action: The Payroll bank reconciliation has been reviewing and any old outstanding checks have been cancelled by resolution of the Governing Body. Additionally, all Borough employees are currently utilizing Direct Deposit avoiding any future outstanding checks.

Implementation Date: August 31, 2021 by Resolution # 2021-223

4. **Finding/ Comment:** Detailed Escrow accounts for the Planning Board and Police Off duty are not being maintained.

Recommendation: That the Borough Maintain detailed escrow accounts for Planning Board and Police off duty services, and that these accounts be reconciled to the general ledger on a timely basis.

Explanation and Corrective Action: Detailed bank reconciliations have been created for both Planning Board and Police Off Duty Escrow accounts. Old Escrow accounts are being reviewed with the planning board secretary for validity and will be subsequently closed. Possibility of utilizing a banking institution to set up an escrow account system for managing sub account services.

Implementation Date: immediately

5. **Finding/Comment:** IRS Form 1099 's are not being issued to all qualifying vendors.

Recommendation: That procedures be reviewed to ensure that all qualifying vendors are issued IRS form 1099.

Explanation and Corrective Action: All Vendors listed in Edmunds have been reviewed and are being contacted to ensure up to date W9 and Business Registration information is on file. All vendor set up in Edmunds is being reviewed to ensure the appropriate W9 settings are utilized.

Implementation Date: Immediate and ongoing

6. **Finding/Comment:** Employee Health contributions are being reported post-tax without a written letting stating that they were opting-out of pre-tax contributions.

Recommendation: Pretax health benefit opt-out contribution forms should be prepared and given to employees to sign and opt –out of pretax health benefits contributions.

Explanation and Corrective Action: All employees who receive health benefits through the Borough have been given a memo to sign and checking off that they are to receive either Pre or post tax medical deductions

Implementation Date: immediate. Memo issued to all insured employees August 18, 2021.

7. **Finding/ Comment:** There was a reconciliation difference for \$44,669 between the general ledger accounts and the bank reconciliations.

Recommendation: That all cash accounts be reconciled to the general ledger on a monthly basis.

Explanation and Corrective Action: All cash accounts are reconciled to the general ledger on a monthly basis, as is proper procedure. Reconciliation differences from prior years are beginning to be recognized and moved to the proper accounts and all interfunds are being liquidated.

Implementation Date: Immediate

8. **Finding/Comment:** The cash clearing account transactions were not being entered into the general ledger accounting system.

Recommendation: That the clearing account monthly receipts and disbursements be recorded in the general ledger and reconciled to the clearing bank statement.

Explanation and Corrective Action: A general ledger account for the Clearing account has been created in Edmunds and all receipts and disbursements are being recorded and reconciled to the clearing account bank statement on a monthly basis. Additionally, possible future dissolution of the Boroughs' clearing account will rectify this situation.

Implementation Date: Immediate

9. **Finding/Comment:** The Police Department is not utilizing the prescribed payroll software to ensure proper accounting of sick time, vacation time, personal time, compensatory time, or overtime.

Recommendation: That the Police Department utilize the prescribed payroll software which is Utilized by the rest of the Borough.

Explanation and Corrective Action: The police department has been given a date of October 1, 2021 to comply with this request. The police department will be completing the software transition that allows the scheduling program to integrate with the timekeeping software.

Implementation Date: October 1, 2021