

City of Orange City 0717

Corrective Action Plan of Audit Findings 2018

#	Finding	Recommendation	Explanation & Corrective Action	Responsible Party	Implementation Date
Payroll Department - Significant Deficiency					
1	During the course of our engagement, the following issue was noted in the Payroll Department: 1 out of 25 employees tested received total gross salary in excess of the approved salary range approved by ordinance or collective bargaining agreement.	The City should implement procedures so that required documentation is properly reviewed, approved, and retained. The City should also ensure that all salaries are covered by either ordinance or collective bargaining agreement.	The City conducted a review of the identified employee and s/he was not overpaid in 2018.	Director of Finance Adrian Mapp, Comptroller Teikeshia Hubert and Administrative Clerk TaQuisha Knight	Already Implemented
Purchasing - Significant Deficiency					
2	During the course of our engagement, the following items were noted during the compliance testing of the purchasing cycle over the various funds: General Purchasing: 3 of 25 purchases reviewed were confirming orders.	The City should be in compliance with the New Jersey Local Public Contracts Law.	The City conducted a training session for all department heads and staff who enter requisitions into Edmunds on April 25, 2018 and plans to repeat a similar session in 2019. A representative from the Governmental Purchasing Association of New Jersey (GPANJ) will be asked to provide instructions on the Local Public Contract Law at this training session. The attendance will be mandatory for all employees for the 2019 session.	Director of Finance/QPA Adrian Mapp; Director of Fire Kenneth Douglas; Director of Community Service Wendy Skyes; Director of Planning and Public Works Marty Mayes; Director of Police Todd Warren; and City Attorney Gracia Montilus	October 15, 2019
Purchasing - Significant Deficiency					
3	During the course of our engagement, the following was noted during the compliance testing of the bid process of a sample of 10 contracts subject to the bid procurement laws. A contract for \$57,500 for postage at a discount was awarded without adherence to the public bidding procurement requirements.	The City should adhere to the public bidding procurement requirements.	During the budget process all expenditures from the prior three years will be reviewed to determine a master list of contracts that must comply with the Local Purchasing Laws. Thereafter, all new contracts will be added to the list.	Business Administrator Christopher Hartwyk and Director of Finance/QPA Adrian Mapp	September 30, 2019
Off-Duty - Significant Deficiency					

4	During the course of our engagement, it was noted that there are 71 accounts with negative balances which reflects off duty police services rendered and paid without the benefit of full payments from the vendors. The negative balance or amounts due from vendors totaled \$433,731.11	The City should provide greater oversight of the Off-Duty Police accounts. Off-duty police officers should not be assigned prior to the collection of advance payments from vendors.	The City will ensure that the escrow accounts are properly funded as required by Ordinance 10-2002 prior to the assignment of off-duty police officer. The only exception should be in the case of a Utility emergency. Between now and December, the Law Department along with the Finance Department will procure collection of the outstanding balance. And any item deemed uncollectable will be presented in a resolution to be written off. Also, Administration is exploring a software options to automate the collection and payment of Off-Duty police.	Director of Finance Adrian Mapp, City Attorney Gracia Montilus, and Police Director Todd Warren	December 31, 2019
PILOT Revenue - Other Matters					
5	During our PILOT (Payment in Lieu of Taxes) testing, it was noted there were material differences between amounts anticipated and amounts received. Additionally, the five percent portion was not turned over to the County.	All PILOT agreements be reviewed to ensure that the appropriate amount of revenue is collected. Also, these agreements should be reviewed on an annual basis for proper compliance. Amounts due to the County should be made.	The City has created a master list of all the PILOTs, that is on a shared drive maintained in the Tax Collector, Tax Assessor, and Finance Office. Quarterly bills are prepared in the Finance Department. The Tax Assessor, Tax Collector, and Planning Department has be charged with notifying the Finance Department and each other about any new PILOT agreements. All PILOT billing and receipts will be reviewed by the Director of Finance.	Director of Finance Adrian Mapp, Tax Collector Paula Ferreira, Tax Assessor Christopher Murray, and Director of Planning Marty Meyes	September 30, 2019
Journal Entry Authorization - Material Weakness					
6	During our audit, we examined client prepared journal entries for proper posting and approval in the City's general ledger accounting system. We noted all 10 journal entries tested were not authorized and approved by management.	We recommend all journal entries be reviewed and approved by management prior to posting in the general ledger.	The Comptroller will review and approve all proposed journal entries on a daily basis prior to posting in the general ledger. All monthly journal entries must be reviewed and approved by the CFO and Director of Finance at the end of each month. Any proposed journal entry equal to or greater than \$50,000 must be approved by the Director of Finance with notice to the Business Administrator prior to posting in the general ledger.	Comptroller Teikeshia Hubert, CFO, Director of Finance Adrian Mapp and Business Administrator Christopher Hartwyk	September 30, 2019
Other Matters					
Status of Grants					

7	Presently the Grant Fund includes a large number of old grants receivable and reserves. There is also a reserve for an amount of \$580,543 which represents cancellations from prior years.	A review should be made of all grants to establish their availability and collectability. Funds should be expended, related receivables collected, or grants should be cancelled.	The Finance Department with the appropriate City Department will review existing old grant receivable balances to determine the feasibility of collection and make recommendation to the Business Administrator.	Director of Community Service Wendy Skyes; Louis Copeland; Director of Finance Adrian Mapp; Director of Fire Kenneth Douglas; Director of Community Service Wendy Skyes; Director of Planning and Public Works Marty Mayes; Director of Police Todd Warren; City Attorney Gracia Montilus; and Business Administrator Christopher Hartwyk	October 15, 2019
Cash Reconciliations					
8	It was noted that bank reconciliations were not completed on a timely basis. Subsequent to year-end, reconciliations were revised and additional time was required to finalize. Also, there were many reconciling items and deposits in transit. The major deposits in transit occurred at the year-end due to the volume of material transactions that happened close to December 31st including issuance of emergency notes and a tax sale. Additionally, several outstanding checks did not clear the books at the time of our testing on April 30, 2019.	All bank reconciliations should be completed on a timely basis. Reconciling items should be reviewed and appropriate adjustment made. Outstanding checks should be monitored and adjustments made if they do not clear the bank within a reasonable time frame.	The Finance Department will perform bank reconciliations each month within 10 days in the subsequent month. The disposition of unreconciled items will be immediately reported to the CFO and the Director of Finance. The City will take the appropriate steps to promptly cancel all checks, which the City's bank considers stale dated and will not cash.	Director of Finance Adrian Mapp and CFO	October 15, 2019
Material Weakness					
Payroll Account					

9	As with other bank reconciliation, the Payroll Account was not reconciled on a timely basis. In addition, this account should be maintained on an imprest basis. A detail of all liabilities within this account should reconcile to zero. Payroll transfers are rounded up when made to this account from appropriations. Reserves and liabilities of this account total \$1,078,406.19 including \$463,280.03 which has not been adequately identified. The cash in this account amounts to \$975,280.03, which shows a cash deficiency. The true excess in this account needs to be determined and, as was the case in prior years, taken back in to the Current Fun as miscellaneous revenue.	The Payroll Account should be reconciled on a timely basis and any excess funds be transferred to the proper fund as miscellaneous revenue.	The City will review and reconcile the payroll account on a monthly basis. At a minimum the reconciliation of the payroll account will be reviewed quarterly and monthly during the last quarter of the year by the Director of Finance.	Director of Finance Adrian Mapp and Administrative Clerk TaQuisha Knight	October 15, 2019
Accumulated Sick and Vacation Pay					
10	It was noted that accurate records of employee sick and vacation pay are no longer being maintained.	The City should have a staff to maintain these records and establish communications amongst departments.	The City has at its disposal a software system, PrimePoint, for human resource time and payroll management. Utilizing PrimePoint and requiring ALL designated Department representative responsible for timekeeping to be properly trained on the software. And requiring ALL employees to scan in and scan out through the PrimePoint system is the only way to maintain a centralized timekeeping system. The City Council should adopt a resolution or ordinance amending the employee handbook to require all employees to utilize PrimePoint as instructed by Administration.	Business Administrator Christopher Hartwyk, Administrative Clerk TaQuisha Knight, Director of Finance Adrian Mapp and CFO	October 15, 2019
Other Matters					
Refund of State Board Judgments					
11	During our disbursement testing, it was noted 5 out of 5 State Board judgments were not refunded within 60 days as required by law.	All State Board Judgment be refunded within 60 days.	The City has notified the State to update their contact records to ensure all judgments will be received by the Tax Collector.	Director of Finance Adrian Mapp and Tax Collector Paula Ferreira	Already Implemented
Utility					
12	The City has retained Suez Water to manage the City's water/sewer operations. From the reports reported by Suez Water the City cannot determine amounts relating to consumption, interest, and revenue recognition.	The City establish lines of communications to enhance the financial reporting between the two entities.	The City has assigned new staff to water operation. Staff is working to streamline billing, collection, and account management process. Suez Water has assigned additional staff to manage the City's billing. The City and Suez are in discussion to modify the existing operation agreement in order to bring compatible between the software utilized by Suez and the City's software, this is an ongoing discussion.	Director of Public Works Marty Meyes and Business Administrator Christopher Hartwyk	Already Implemented

Uniform Construction Code					
13	The City was unable to provide the information for the auditor to complete the Uniform Construction Code annual report.	We recommend that City implement procedures in order ensure that the State reports are completed and submitted timely.	The City will submit the 2018 Uniform Construction Code annual report via the State website.	Director of Finance Adrian Mapp and Uniform Construction Code Official Paul Arthur	October 15, 2019