

CITY COUNCIL

The City of Orange Township, New Jersey

DATE December 20, 2022

NUMBER 507-2022

TITLE:

A RESOLUTION TO APPROVE THE CORRECTIVE ACTION PLAN FOR CALENDAR YEAR 2021.

WHEREAS, the Division of Local Government Services has promulgated a regulation that each municipality shall prepare and submit a Corrective Action Plan that “shall cover all findings and recommendations in the audit report, including state, federal and general findings, as well as the status of all prior year findings and recommendations” and that the Governing Body shall approve the Corrective Action Plan; and

WHEREAS, the Chief Financial Officer, with assistance from other municipal officials as appropriate, is required to prepare a Corrective Action Plan in accordance with the State of New Jersey, Division of Local Government Services and the Single Audit Policy Circular OMB A_133; and

WHEREAS, the Plan shall cover all findings and recommendations in the Audit Report, including State, Federal and general findings and shall be approved by the governing body; and


WHEREAS, the members of the Governing Body have reviewed and approved the Corrective Action Plan submitted by the Chief Financial Officer.

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Orange Township that the Corrective Action Plan for Fiscal Year 2021 be accepted and approved.

Adopted: **December 20, 2022**

Joyce L. Lanier
City Clerk

Tency A. Eason
Council President



CITY ATTORNEY

City of Orange Township 0717
Corrective Action Plan of Audit Findings 2021

#	Finding	Recommendation	Explanation & Corrective Action	Responsible Party	Implementation Date
Status of Grants					
1	Presently the Grant Fund, General Capital Fund and Utility Capital Fund include a large number of old grant receivables and reserves. There is also a reserve in the Grant Fund 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.	Departments charging expenditures against grants will be required to provide the appropriate documentation to the grants coordinator, Wendy Sykes and to the finance department for reimbursement billing. The Finance department will perform an analysis of old grant receivables and will attempt to collect where possible and will cancel where necessary. Funding will be placed in the CY2022 budget for a new hire who will assists with Grant outreach and collection.	CFO, Finance Director, and Grants Coordinator Wendt Sykes	December 1, 2022
Interfunds					
2	The City had more than \$10.1 million of interfund balances throughout the City's financial statements.	The City should perform timely reconciliations of its bank and general ledger accounts in order to minimize the amount of interfunds at the end of the year.	Reconciliations are being done on a monthly basis to liquidate interfunds and money has been liquidated from various interfunds to resolve this problem.	CFO Nile Clements	December 1, 2022
Purchasing					
3	The City was found to have made a purchase of a fire truck without following bidding procedures.	The City should implement procedures to ensure compliance with Local Public Contracts Law.	All Co-op purchases should be done by resolution and the department should be made to provide all supporting documentation prior to approval of the contract. Fire purchased equipment and said it was under the co-op but it was not. Finance will work with all of the departments involved to ensure that documentation pertaining to all co-ops and contracts are valid and maintained in a file that is available for audit.	Finance Director, QPA, CFO, Fire Director, BA and the Law Department	Immediate
Pilot Revenue					
4	During our audit of the City's PILOT (Payment in Lieu of Taxes) program, it was noted that the five percent portion due to the County was not turned over to the County during the year.	All PILOT agreements should be reviewed to ensure that the appropriate amount due to the County is remitted.	PILOT agreements and the developers' audited financial statements will be reviewed on a regular basis to determine the proper amounts to be billed and budgeted. If we choose to pay the 5% to the County, it should not be a budgeted line item. It should be netted against the revenue with the net amount going to the city and anticipated as a revenue in the following year's budget.	BA Hartwyk, Finance Director Mapp, CFO Clements,	December 1, 2022
UCC Office					
5	During the testing of Construction Code activity, the following was noted: a. Total revenues per the UCC Department fee log did not agree to the UCC Report by \$74,107.00. b. Total revenues per the UCC Department permit fee log did not agree to the general ledger by \$77,210.00. c. Four instances were noted where amounts collected were not deposited in a timely manner. d. One instance where the permit fee collected was not in agreement with the fee schedule set by resolution.	The activity of the UCC office should be reviewed to ensure that amounts reported as revenue agree, that deposits are made in a timely manner and that permit fees charged are in agreement with the fee schedule set by resolution.	The Finance Department will work closely with the Planning/UCC department to ensure deposits are being made in a timely manner, and both of our ledgers are in agreement for amounts collected. Additionally, Administration and Planning will ensure that software bills related to UCC are paid in a timely manner so there is no interruption of services.	BA Hartwyk, Finance Director Mapp, CFO Clements, Director Best	December 1, 2022
Accounts Receivable - Police Outside Services					
6	The City has a \$480,693.31 receivable balance at year end related to police outside services that did not have any related activity during the year.	The City should investigate this balance and assess the collectability of amounts receivable. Collection efforts should be made for amounts deemed collectable.	The City will attempt to collect on what balances are due to us and for those that cannot be collected we will write them off.	BA Hartwyk, Finance Director Mapp, CFO Clements	December 1, 2022