

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 15-184

**A RESOLUTION REGARDING THE BOROUGH OF RED BANK  
REPORT OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2014 AND CORRECTIVE ACTION  
PLAN REQUIRED BY FEDERAL OMB CIRCULAR REFERENCE NUMBER A-133**

Councilman DuPont offered the following resolution and moved its adoption:

**WHEREAS**, the New Jersey Department of Community Affairs, Division of Local Government Services, requires that all municipalities prepare and submit a Corrective Action Plan as part of their annual audit process; and

**WHEREAS**, the report of audit for the Borough of Red Bank for the year ended December 31, 2014 was prepared on or about June 26, 2015; and

**WHEREAS**, the governing body of the Borough of Red Bank approved this report of audit and has undertaken a Corrective Action Plan to cover the three (3) recommendations in the audited report as listed below:

Condition #1: During our testing of Water-Sewer cash receipts, we noticed that approximately 70 accounts are set-up in the Borough's accounting software with an incorrect billing rate, according to the Borough's billing structure. We also noted water and sewer connection fees revenues decreased significantly, due in part to several omitted billings.

Recommendation #1: We recommend that the Borough institute a stronger review process over the water-sewer billing process to ensure that the correct fees are being charged to each customer.

Corrective Action #1: We have identified all 69 accounts affected and taken proper steps to correct the billing error; we are also implementing new internal controls to prevent incidents like this one from recurring. As far as the collection of connection fees, a procedure has been set up between the various departments for better communications in the collection effort of these fees.

Implementation Date: Already implemented.

Condition #2: During our audit of the Borough's financial records, we noted that the Borough is not currently performing break even analysis on a programmatic level.

Recommendation #2: We recommend that the Borough institute a stronger accounting process for the Recreation Department programs to enable programmatic break-even analysis.

Corrective Action #2: The Parks and Recreation Acting Director is looking into using the Capture Point software they have to the fullest. This will help to implement the programmatic break-even analysis going forward.

Implementation Date: In process, to be finally implemented for 2016 programs.

Condition #3: During our audit of the Municipal Court, we noted that the receipts for October and November 2014 were not disbursed until December 15, 2014.

Recommendation #3: We recommend that Municipal Court institute stronger controls over the process for disbursing funds within timeframes required by the Administrative Office of the Courts.

Corrective Action #3: During October and November of 2014 the Court was under the supervision of an Interim Court Administrator due to retirement. A permanent Municipal Court Administrator has been appointed as of December 15, 2014; she brought all disbursements up to date and, is continuing to make payments on a timely basis as required by the Administrative Office of the Courts.

Implementation Date: Already implemented.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Borough of Red Bank that the report of audit for the year ended December 31, 2014 prepared by David Kaplan,

R.M.A., of the firm of Wiss & Company, LLC, the Borough Auditors, entitled "Comprehensive Annual Financial Report of the Borough of Red Bank for the Fiscal Year Ending December 31, 2014" has been previously accepted by the Borough of Red Bank and a Corrective Action Plan has been implemented to cover all findings and recommendations in the audit report and the appropriate steps have been taken as to these comments and recommendations as more particularly set forth above.

Seconded by Councilwoman Schwabenbauer and adopted on roll call by the following vote:

	Yes	No	Abstain	Absent
Councilman Murphy	( x )	( )	( )	( )
Councilwoman Burnham	( x )	( )	( )	( )
Councilwoman Horgan	( x )	( )	( )	( )
Councilwoman Schwabenbauer	( x )	( )	( )	( )
Councilman Zipprich	( x )	( )	( )	( )
Councilman DuPont	( x )	( )	( )	( )

Dated: July 22, 2015

I hereby certify the above to be a true copy of a resolution adopted by the Council of the Borough of Red Bank, in the County of Monmouth, at a meeting held on July 22, 2015.

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Pamela Borghi, Municipal Clerk