

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 14-290

**A RESOLUTION REGARDING THE BOROUGH OF RED BANK
REPORT OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2013 AND CORRECTIVE
ACTION PLAN REQUIRED BY FEDERAL OMB CIRCULAR REFERENCE NUMBER A-133**

Councilman Murphy 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, 2013 was prepared on or about May 9, 2014; 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 four (4) recommendations in the audited report as listed below:

Condition #1: During 2013, the Borough advised us that one day's collection of taxes and water-sewer rents that were received and processed by the Borough did not get deposited into their respective bank accounts.

Recommendation #1: That the significant deficiencies in the tax and water-sewer departments be corrected.

Corrective Action #1: We have identified the control deficiencies and have strengthened existing and implemented new internal controls to prevent incidents like this one from recurring.

Implementation Date: Already implemented.

Condition #2: Our examination revealed that deposits of taxes and water-sewer rents that were received and processed by the Borough were not deposited within forty-eight hours of receipt.

Recommendation #2: That all funds collected by the Borough be deposited within forty-eight hours of receipt.

Corrective Action #2: The Borough has implemented internal controls in the collection function to make sure all payments received and processed are deposited within forty eight hours as required by N.J.S.A. 40A:5A-15.

Implementation Date: Already implemented.

Condition #3: The Borough's Mayor and Council approved six resolutions throughout the year adding revenues and appropriations to the current fund budget as special items of revenue. Only three of the six amounts were recorded into the Borough's accounting system.

Recommendation #3: That all Chapter 159 special items of anticipated revenue approved by resolution be inserted into the budget.

Corrective Action #3: A new procedure has been implemented that requires resolutions for Chapter 159 must be originated by the CFO only to make sure they are all inserted properly into the budget.

Implementation Date: Already implemented.

Condition #4: Bank reconciliations are not being completed on a timely basis.

Recommendation #4: That all bank reconciliations be prepared on a timely basis.

Corrective Action #4: The Finance Department and the CFO will perform all bank reconciliations on a timely basis.

Implementation Date: Immediately.

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, 2013 prepared by David Kaplan, R.M.A., of the firm of DAK CPA, the Borough Auditors, entitled "Comprehensive Annual Financial Report of the Borough of Red Bank for the Fiscal Year Ending December 31, 2013" 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 Councilman Zipprich and adopted on roll call by the following vote:

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

Dated: November 5, 2014