

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 11-142

**A RESOLUTION REGARDING THE BOROUGH OF RED BANK
REPORT OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2010 AND CORRECTIVE ACTION
PLAN REQUIRED BY FEDERAL OMB CIRCULAR REFERENCE NUMBER A-133**

Mr. 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, 2010 was prepared on or about June 17, 2011; and

WHEREAS, the governing body of the Borough of Red Bank approves this report of audit and has undertaken a Corrective Action Plan to cover the two (2) Recommendations in the audited report as listed below:

Condition. Examination of the tax and water-sewer utility collections revealed that validation of payments made were not consistently made on the tax and water sewer billing stubs.

Recommendation #1: It is recommended that receipt validation for all tax and sewer payments be made.

Corrective Action: The CFO has instructed the tax and water collections staff to complete a receipt validation for all tax and water payments collected.

Condition. Three purchase orders were created in 2010 to encumber funds against three bond ordinances totaling \$846,000. The intent of these encumbrances was to preclude expenditures against these bond ordinances until future capital improvement plans were finalized. By year end, these encumbrances became unnecessary but were not cancelled.

Recommendation #2: It is recommended that all open purchase orders at year end be reviewed for accuracy.

Corrective Action: The CFO will review all open purchase orders periodically and cancel those that become unnecessary.

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, 2010 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, 2010" is hereby 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 Mr. Murphy and adopted on roll call by the following vote:

| | Yes | No | Abstain | Absent |
|--------------|-------|-----|---------|--------|
| Ms. Lewis | (x) | () | () | () |
| Mr. Zipprich | () | () | () | (x) |
| Mr. DuPont | (x) | () | () | () |
| Ms. Horgan | (x) | () | () | () |
| Ms. Lee | () | () | () | (x) |
| Mr. Murphy | (x) | () | () | () |

Dated: July 13, 2011