

**BOROUGH OF BOGOTA  
CORRECTIVE ACTION PLAN  
FOR  
COMMENTS AND RECOMMENDATIONS FROM  
REPORT OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2017**

**Finance:**

**Finding/Condition #1:**

A corrective action plan for the year ended December 31, 2016 audit comments and recommendations was not prepared.

**Recommendation:**

That a corrective action plan be prepared and approved by Mayor and Council.

**Explanation and Corrective Action:**

The CFO spoke with the DLGS and was advised that a Corrective Action Plan for 2016 will not be necessary. Moving forward, corrective action plans will be prepared in accordance with OMB Circular A-133, 98-07, and Local Finance Notice CFO 97-16.

**Implementation Date:** November 2018

**Finding/Condition #2:**

Prior year interfund balances were not liquidated prior to the close of the current fiscal year

**Recommendation:**

That all interfund balances be liquidated prior to the close of the year.

**Explanation and Corrective Action:**

The CFO is implementing a fully integrated general ledger utilizing the Borough's financial software. This allows for regular monitoring of all interfund balances in real-time and will facilitate the liquidation of all interfunds prior to the close of the fiscal year.

**Implementation Date:** Ongoing

**Finding/Condition #3:**

Technical Accounting Directive #2, codified as N.J.A.C 5:30-5.6., requires the Borough to place a value on all fixed assets put into service. The fixed asset report provided does not include Land and Buildings/Improvements.

**Recommendation:**

That the Fixed Asset Report be updated to include all eligible Borough owned assets.

**Explanation and Corrective Action:**

The Borough hired a third party to compile a fixed asset inventory as of 12/31/2017. The inventory was completed in February of 2018 and is on file in the Borough Clerk's office. For 2018, the Borough will ensure that the report is inclusive of land and buildings/improvements.

**Implementation Date:** February 2018

**Finding/Condition #4:**

The Fixed Asset Report does not include all eligible items purchased in the year under review.

**Recommendation:**

That more care be taken to ensure all eligible purchases are included in the fixed asset report.

**Explanation and Corrective Action:**

We will work more closely with our vendor to ensure that all eligible items purchased in 2018 are included in the inventory.

**Implementation Date:** February 2018

**Finding/Condition #5:**

There were instances in which receipts were not posted in a timely manner.

**Recommendation:**

That all transactions be recorded in the accounting software in a timely manner.

**Explanation and Corrective Action:**

We are implanting standard operating procedures to ensure that all receipts are posted on a daily basis. All transactions are reconciled monthly against the bank statements and reviewed by the CFO for completeness.

**Implementation Date:** Ongoing

**Finding/Condition #6:**

The Reserve for Tax Title Lien Premiums and Redemptions within the Other Trust Fund does not agree to the analysis prepared for outside liens.

**Recommendation:**

That the Reserve for Tax Title Lien Premiums and Redemptions within the Other Trust Fund be reviewed to ensure adequate funds are available to support all outstanding certificates.

**Explanation and Corrective Action:**

The tax collector has ensured that the Reserve for Tax Title Lien Premiums and Redemptions will be reviewed more closely so that adequate funds are available for all outstanding certificates.

**Implementation Date:** July 2018

**Finding/Condition #7:**

Outside Tax Title Liens are not properly maintained within the Munidex System.

**Recommendation:**

That all Outside Tax Title Liens be reviewed and properly maintained within the tax system.

**Explanation and Corrective Action:**

The tax collector has ensured that Outside Tax Title Liens will be appropriately maintained within the Munidex System moving forward.

**Implementation Date:** July 2018

**Finding/Condition #8:**

There were over-expenditure of Appropriation Reserves resulting in deferred charges of \$4,434.

**Recommendation:**

That more care be taken to ensure over-expenditures do not occur.

**Explanation and Corrective Action:**

Appropriation reserves are now monitored to ensure that over-expenditures do not occur.

**Implementation Date:** Ongoing

**Finding/Condition #9:**

There were over-expenditures of Appropriations resulting in deferred charges of \$92,565.

**Recommendation:**

That more care be taken to ensure over-expenditures do not occur.

**Explanation and Corrective Action:**

Prior to the end of the year in 2017, there were no budget transfers approved by resolution which resulted in an over-expenditure of Appropriations. Appropriations are being monitored closely by the CFO for necessary transfers.

**Implementation Date:** Ongoing

**Finding/Condition #10:**

There were over-expenditure of Other Trust Fund Reserves for Uniform Fire Safety and Police Vests in the total amount of \$3,860.

**Recommendation:**

That more care be taken to ensure over-expenditures do not occur.

**Explanation and Corrective Action:**

Sub accounts within the Other Trust Fund Reserves are being monitored closely so that over-expenditures do not occur.

**Implementation Date:** July 2018

**Finding/Condition #11:**

A detailed analysis of the liability for accrued sick and vacation was not available for audit review

**Recommendation:**

That a detailed analysis of the accrued liability for sick and vacation be maintained and provided for auditor review.

**Explanation and Corrective Action:**

Since receiving the audit, department heads have been notified to submit 2018 accrued sick and vacation balances to the finance department by year end for all employees.

**Implementation Date:** Ongoing

**Finding/Condition #12:**

Verification of issuance of IRS Form 1099s to vendors receiving payments in excess of IRS thresholds could not be provided for audit review.

**Recommendation:**

That verification of form 1099's that were issued be maintained and provided for auditor review.

**Explanation and Corrective Action:**

The finance department has implemented a filing system for all documents so that they are readily available for review upon request.

**Implementation Date:** July 2018

**Finding/Condition #13:**

There is a cash deficit in the General Capital Fund in the amount of \$12,940.

**Recommendation:**

That more care be taken to ensure a cash deficit does not occur.

**Explanation and Corrective Action:**

Bank reconciliations are being performed on a monthly basis and are reviewed by the CFO to ensure accuracy. By performing this and a cash analysis the finance department will be able to ensure that a cash deficit does not occur.

**Implementation Date:** July 2018

**Borough Administrator:**

**Finding/Condition #1:**

The Borough increased the annual LOSAP contribution for 2017 based on the allowable CPI adjustment without an authorizing resolution.

**Recommendation:**

That any adjustments to the annual LOSAP contribution be approved via resolution in accordance with Local Finance Notice 2018-02, "LOSAP CY 2017 Annual CIP Adjustment."

**Explanation and Corrective Action:**

In 2017, the prior CFO increased the LOSAP contributions without an authorizing resolution. In the future when there is an increase to the annual LOSAP contribution, a resolution authorizing the increase will be prepared and approved by Mayor and Council.

**Implementation Date:** July 2018

**Board of Health:**

**Finding/Condition #1:**

Payments to the State of New Jersey for Dog Licenses collections were not remitted in a timely manner.

**Recommendation:**

That more care be taken to ensure that fees collected that are "Due to the State" be remitted in a timely manner.

**Explanation and Corrective Action:**

The Health Officer who prepares these reports has been notified of this recommendation and has ensured that these reports will be given to the finance department to process to remit to the state monthly, provided that there is a report for that month.

**Implementation Date:** July 2018

**Municipal Court:**

**Finding/Condition #1:**

There are 50 tickets Eligible for DSUS/RSUS on the December Monthly Management Report.

**Recommendation:**

That tickets Eligible for DSUS/RSUS be processed in a timely manner.

**Explanation and Corrective Action:**

The Borough contracted with the Borough of Little Ferry in 2011 to provide municipal court services. As part of its agreement, Little Ferry is required to operate the Borough's court in accordance with the laws

and standards put forth by the State. The Borough has alerted the Court Administrator of this finding and she has ensured that this finding has been rectified.

**Implementation Date:** January 2018

**Finding/Condition #2:**

There are 100 tickets Assigned over 180 days on the December Monthly Management Report.

**Recommendation:**

That tickets Assigned over 180 days be recalled by the Court Administrator.

**Explanation and Corrective Action:**

The Borough has alerted the Court Administrator of this finding and she has ensured that this finding has been rectified.

**Implementation Date:** January 2018

**Finding/Condition #3:**

There are 54 tickets Issued but Not Assigned on the December Monthly Management Report.

**Recommendation:**

That more care be taken to ensure tickets are assigned prior to issuance.

**Explanation and Corrective Action:**

The Borough has alerted the Court Administrator of this finding and she has ensured that this finding has been rectified.

**Implementation Date:** January 2018

**Finding/Condition #4:**

There are 33 tickets Eligible for Dismissal on the December Monthly Management Report.

**Recommendation:**

That tickets Eligible for dismissal be processed in a timely manner.

**Explanation and Corrective Action:**

The Borough has alerted the Court Administrator of this finding and she has ensured that this finding has been rectified.

**Implementation Date:** January 2018

**Finding/Condition #5:**

There are 33 complaints Eligible for FTA over 14 days on the December Monthly Management Report.

**Recommendation:**

That tickets Eligible for FTA be process in a timely manner.

**Explanation and Corrective Action:**

The Borough has alerted the Court Administrator of this finding and she has ensured that this finding has been rectified.

**Implementation Date:** January 2018

**Building Department:**

**Finding/Condition #1:**

The annual UCC Enforcement Fee Report submitted to the State was not provided for review at the time of audit.

**Recommendation:**

That the annual UCC Enforcement Fee Report submitted to the State be maintained and provided for review at the time of audit.

**Explanation and Corrective Action:**

The UCC Enforcement Fee Report was not submitted in a timely manner to the state and as a result was not available for review at the time of audit. The UCC official has ensured me that the report for the subsequent year will be remitted in a timely fashion and the report will be available for the time of audit.

**Implementation Date:** July 2018

**Payroll:**

**Finding/Condition #1:**

\*The portion of employees' unemployment withholdings for state unemployment insurance that is to be retained by the Borough is not being deposited into a separate reserve for unemployment as required under the Benefit Reimbursement Method.

**Recommendation:**

\*That the Borough create a separate reserve for the percentage portion of the employees' unemployment withholdings required to be maintained.

**Explanation and Corrective Action:**

The CFO is working on establishing and maintaining a separate reserve in the payroll fund.

**Implementation Date:** Ongoing

**Finding/Condition #2:**

\*There were two manual check books used throughout the course of the year for the Payroll Deductions bank account.

**Recommendation:**

\*That only one checkbook be utilized for the issuance of manual checks from the Payroll Deductions bank account.

**Explanation and Corrective Action:**

Two checkbooks have been used for the issuance of manual checks in the finance office during the course of the year. The finding has since been corrected and only one checkbook is being used for the issuance of manual checks.

**Implementation Date:** July 2018

**Finding/Condition #3:**

\*An analysis of the remaining balance in the Payroll Deductions bank account was not provided at the time of audit

**Recommendation:**

That an analysis of the remaining balance be maintained for the Payroll Deductions bank account.

**Explanation and Corrective Action:**

The finance department is currently working on reconciling the balance in the Payroll Deduction account.

**Implementation Date:** July 2018

**Finding/Condition #4:**

\*There were instances in which employee W-4 forms could not be located for review for selected individuals.

**Recommendation:**

\*That all W - 4 forms be maintained and made available for review at the time of audit.

**Explanation and Corrective Action:**

All personnel paperwork that is handed in for payroll are put into their respective personnel files after the adjustment has been made for payroll purposes.

**Implementation Date:** July 2018

**Finding/Condition #5:**

There were instances in which employee time sheets could not be located for review for selected individuals.

**Recommendation:**

That all employee time sheets be maintained and made available for review at the time of audit.

**Explanation and Corrective Action:**

All timesheets are kept in their respective pay date folders and will be made available for review at time of audit.

**Implementation Date:** July 2018

**Finding/Condition #6:**

There were instances in which amounts transferred into the Payroll Deductions Account did not agree to the payroll summaries.

**Recommendation:**

That more care be taken to ensure the amounts transferred to the Payroll Deductions Account agree to the payroll summaries.

**Explanation and Corrective Action:**

New payroll procedures in which reconciliations are done after every payroll have been put in place so that the accuracy of monies transferred into the Payroll Deductions Account is correct.

**Implementation Date:** July 2018

**Finding/Condition #7:**

A monthly bank reconciliation is not being prepared for the Payroll Deductions Account.

**Recommendation:**

That bank reconciliations be prepared for all accounts on a monthly basis.

**Explanation and Corrective Action:**

Bank reconciliations for all funds are being performed on a monthly basis and are reviewed by the CFO to ensure that all reconciliations are accurate.

**Implementation Date:** July 2018

**Purchasing:**

**Finding/Condition #1:**

\*The awarding resolutions for Request for Qualifications do not include the required information such as the anticipated value of the contract or “not to exceed” cost language and a certification of availability of funds.

**Recommendation:**

\*That resolutions awarding contracts for Request for Qualifications contain the required language in accordance with N.J.S.A. 19:44A-20.4.

**Explanation and Corrective Action:**

The finance office is working closely with the Clerk’s office to ensure that the required language is on resolutions moving forward.

**Implementation Date:** July 2018

**Finding/Condition #2:**

\*Documentation of formal evaluations for Request for Qualifications submissions were not available at the time of audit

**Recommendation:**

\*That documentation of formal evaluations be prepared prior to awarding contracts resulting from Request for Qualifications.

**Explanation and Corrective Action:**

Formal evaluations will be prepared prior to awarding contracts and will be available at time of audit.

**Implementation Date:** July 2018

**Finding/Condition #3:**

\*There were instances in which the certification of available funds was not included in resolutions awarding contracts resulting from bids requested by public advertising.

**Recommendation:**

\*That a certification of available funds be included in all resolutions awarding contracts.

**Explanation and Corrective Action:**

Effective July 1, 2018, certification of available funds are being included on resolutions awarding contracts. The Clerk’s office is working to add the required language on resolutions moving forward.

**Implementation Date:** July 2018

**Finding/Condition #4:**

There were instances in which informal bids were not solicited for purchases which exceeded the bid threshold as required by N.J.S.A. 40A:11-6.1.

**Recommendation:**

That bids be requested by public advertising for all purchases that will exceed the bid threshold as required by the Local Public Contracts Law.

**Explanation and Corrective Action:**

The Clerk's office is working with the QPA to ensure that any purchases that exceed the bid threshold are requested by public advertising as required by N.J.S.A. 40A:11-6.1. The contract shall then be awarded by resolution of the governing body.

**Implementation Date:** July 2018

**Finding/Condition #5:**

There were instances in which purchase orders were missing required signatures and supporting documentation.

**Recommendation:**

That more care be taken to ensure all purchase orders contain the required signatures and supporting documentation prior to payment in accordance with the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.

**Explanation and Corrective Action:**

All purchase orders will be reviewed by the finance department prior to payment to ensure that all signatures and supporting documentation are in good order.

**Implementation Date:** July 2018

**Finding/Condition #6:**

There were various instances in which purchase orders selected for review were not available at the time of audit.

**Recommendation:**

That more care be taken to ensure all requested purchase orders are available for review in accordance with the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.

**Explanation and Corrective Action:**

Effective July 1, 2018, purchase orders are being filed away after each Bills List to ensure that they are available for review for the audit.

**Implementation Date:** July 2018

**Finding/Condition #7:**

There are numerous vendor numbers being utilized for the same vendor

**Recommendation:**

That the vendor history be reviewed and vendors be consolidated.

**Explanation and Corrective Action:**

The finance department is currently working on this to ensure that vendors are consolidated and that there are not multiple vendor numbers within the Munidex system.

**Implementation Date:** July 2018