

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
R-106-21**

**RESOLUTION AUTHORIZING THE ADOPTION  
OF A CORRECTIVE ACTION PLAN**

WHEREAS, the 2019 Annual Audit of the Township of Franklin, conducted by Holman, Frenia, Allison, P.C. contained recommendations requiring actions; and

WHEREAS, the recommendations have been reviewed by the Township's Chief Financial Officer; and

WHEREAS, the Chief Financial Officer, in accordance with the requirements promulgated by the New Jersey Division of Local Government Services, has developed a plan to address the recommendations listed by the auditor;

NOW THEREFORE BE IT RESOLVED by the Mayor and Committee of the Township of Franklin, County of Gloucester, State of NJ, that the Corrective Action Plan for the 2019 Annual Audit, hereto attached, is hereby approved and accepted; and

BE IT FURTHER RESOLVED, that the Municipal Clerk is hereby directed to transmit a certified copy of this resolution and its attachments to the New Jersey Division of Local Government Services.

**ADOPTED** at a meeting of the Township Committee of the Township of Franklin held on July 13, 2021.

Adopted: July 13, 2021

COMMITTEE MEMBER	MOTION	2 <sup>nd</sup>	YES	ABSTAIN	NO	ABSENT
<b>T. Doyle</b>						
<b>D. Deegan</b>						
<b>M. Petsch-Wilson</b>						
<b>H. Flaim</b>						
<b>J. Bruno</b>						

Attest:

Township of Franklin

\_\_\_\_\_  
Barbara Freijomil, Clerk

\_\_\_\_\_  
John Bruno, Mayor

**CERTIFICATION**

I, Barbara Freijomil, Clerk of the Township of Franklin, do hereby certify that the foregoing Resolution was presented and duly adopted by the Township Committee at a meeting held on Tuesday, July 13, 2021.

\_\_\_\_\_  
Barbara Freijomil, Clerk

FRANKLIN TOWNSHIP  
COUNTY OF GLOUCESTER  
STATUTORY AUDIT 2019  
CORRECTIVE ACTION PLAN

Auditor's Finding:

2019-1 The Township's Current Fund and Grant Fund Statements of Expenditures reflect over-expenditures of budget appropriations.

Auditor's Recommendation:

That the Township should only expend funds as appropriated (N.J.S.A. 40A:4-57).

Chief Financial Officer's Correction Action Plan:

We recognize the significance of the issues and will be making significant changes to the personnel to correct the issues i.e. Administrator & CFO. Furthermore, the Administrator and CFO shall provide budget status reports to Township Committee Members prior to voting to approving bill list during Township Committee Meetings. This will provide for a two level control system between senior management and elected officials to ensure that no over-expenditures occur in the future.

Auditor's Finding:

2019-2 Closing and adjusting entries are not being properly posted in the Township's general ledger accounting system for the Current Fund.

Auditor's Recommendation:

That the client posts all adjusting & closing entries to the general ledger at the end for the Current Fund.

Chief Financial Officer's Correction Action Plan:

We recognize the significance of the issues and will be making significant changes to the personnel to correct the issues i.e. Administrator & CFO. The Administrator will be charged with ensuring that the Finance Department properly maintains the Township's General ledger for the current fund. With regular maintenance of the general ledger within the Edmunds system that allows all transactions to post correctly minimizing end of the year adjustments going forward.

Auditor's Finding:

2019-3 During our audit we noted that general and subsidiary ledgers and bank reconciliations were not accurately or timely maintained by the Township.

Auditor's Recommendation:

That the Township maintain accurate & timely general & subsidiary ledgers & bank reconciliations.

Chief Financial Officer's Correction Action Plan:

We recognize the significance of the issues and will be making significant changes to the personnel to correct the issues i.e. Administrator & CFO. The CFO will be required to report

monthly to the Administrator with documentation to show that bank reconciliations are being maintained in a timely fashion. The Administrator will then ensure that the general ledger in the Edmunds System ties to the back reconciliations provided by the CFO.

Auditor's Finding:

2019-4 During our audit we noted various transactions during the year that did not have proper supporting documentation.

Auditor's Recommendation:

That the Township obtain proper approval & supporting documentation for all financial transactions.

Chief Financial Officer's Correction Action Plan:

We recognize the significance of the issues and will be making significant changes to the personnel to correct the issues i.e. Administrator & CFO. The Finance Department will also institute the Requisition System through Edmunds which provides for three levels of approvals before a PO is issued so that both the Administrator and CFO are able to confirm that funds are available and that proper documentation is provided.

Auditor's Finding:

2019-5 During our audit we noted various interfunds still open at the end of the year.

Auditor's Recommendation:

That the Township take all efforts to make sure interfunds are returned by the end of the year.

Chief Financial Officer's Correction Action Plan:

All personnel actions were taken in 2020. Staff is now working to address these issues and weaknesses. Specifically at the close out meeting annually the CFO will ensure that all interfunds are rectified before end of year. In addition, the Township will work to building appropriation reserves to ensure that the need for interfunds in the future are minimized or not needed at all.

Auditor's Finding:

2019-6 The Township did not maintain a fixed asset accounting system for land and building in accordance with N.J.A.C. 5:30-5.6.

Auditor's Recommendation:

That internal control policies and procedures should be developed to properly maintain the general fixed assets accounting system in accordance with N.J.A.C. 5:30-5.6.

Chief Financial Officer's Correction Action Plan:

All personnel actions were taken in 2020. Staff is now working to address these issues and weaknesses. Specifically the Finance Office shall provide to the Administrator and the JIF Fund Commissioner for the Township a complete fixed asset inventory prior to April 15 of the following year to ensure that not only the fixed asset inventory is up to date for the preceding year and is insured by the Township's property and casualty insurance.