

Township of Maplewood

MUNICIPAL BUILDING, 574 VALLEY STREET
MAPLEWOOD, NEW JERSEY 07040-2691
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JOSEPH KOLODZIEJ
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CORRECTIVE ACTION PLAN To Correct Audit Recommendations Contained in the Independent Auditors' Report For the Year Ended December 31, 2019

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*Repeat findings from prior year audit noted in red



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Current Year Finding # 2019-1 Purchasing

Finding/Condition:

- During review, it was noted that three (3) contracts were awarded without competitive bidding
- During review, it was noted that four (4) window contracts were awarded without a resolution adopted by the Township Committee.

Recommendation:

Purchasing procedures be reviewed to ensure compliance with the Local Public Contracts Law and the Pay-to-Play Law.

Explanation:

- Contracts exceeding the bid threshold were created through cumulative purchasing by various departments with the same vendor
- Window contracts were created through cumulative purchasing by various departments with the same vendor

Corrective Action:

Finance Department established thresholds in the purchasing requisition module that required administrative override in August 2019 to assist the Qualified Purchasing Agent with identifying vendors approaching bidding requirements or window contracts. Many cumulative vendors are reoccurring and will be included in a resolution at the beginning of the year to encumber budgeted funds utilizing State Contracts and Cooperative Purchasing Contracts to comply with bidding requirements. Qualified Purchasing Agent will utilize the requisition module monthly to produce resolutions as required through the year for cumulative purchasing thresholds. Consideration should be given to centralize purchasing in the Finance Department instead of the Administrative Department.

Implementation Date:

September 2020



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Current Year Finding # 2019-17 Contracts & Lease Agreements

Finding/Condition:

The lease agreement with N.J. Transit expired on July 31, 2019 and a new lease agreement was not available for audit review.

Recommendation:

A new lease agreement be established with N.J. Transit

Explanation:

The Administrator is negotiating with N.J. Transit to include maintenance and repairs to the leased parking lot in addition to lease payments for N.J. Transit use.

Corrective Action:

The Administrator will make a greater effort to conclude the negotiation or if an agreement isn't eminent then temporarily extend the length of a current expired lease.

Implementation Date:

December 2020



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Current Year Finding # 2019-2 Revenue Collection

Finding/Condition:

Several cash receipts collected for escrow deposits by the Engineering Department were not recorded in the cash receipts book which resulted in the inability to reconcile collections to the records of the Tax Collector.

Recommendation:

More care be exercised in maintaining the cash receipts book for the Engineering Department and that collections be reconciled to the records of the Tax Collector on a monthly basis.

Explanation:

Turnover sheets matched the total amount of deposits but the ability to match them to specific accounts could not be documented because of missing entries in Engineering Department cash receipts book.

Corrective Action:

Finance Department has installed an Escrow module in the accounting system and will provide access to the Engineering Department to facilitate the maintenance of an accurate cash receipts book.

Implementation Date:

September 2020



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Current Year Finding # 2019-13 General Trust Fund

Repeat recommendation from prior year audit

Finding/Condition:

A detailed list of Premiums on Tax Sale and Tax Title Lien Redemptions were prepared by the Tax Collector, however they were not in agreement with audit controls.

Recommendation:

A complete, detailed list of Premiums on Tax Sale and Tax Title Lien Redemptions be reconciled to cash controls on a monthly basis.

Explanation:

Significant progress has been made in completing the list that reconciled Premiums and Tax Title Lien Redemptions dating back to 2013. Premiums however date back to 2008.

Corrective Action:

Work will continue to complete the detailed list of Premiums and Tax Title Lien Redemptions and all Premiums older than five years will eschew by resolution to the Township's Fund Balance.

Implementation Date:

December 2020



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Current Year Finding # 2019-16 Vouchers

Finding/Condition:

Several vouchers did not have a signed claimant certification.

Recommendation:

All vouchers have a signed claimant certification.

Explanation:

Vendors that do not accommodate the signing of vouchers such as copier leases and website services were erroneously interpreted as utilities.

Corrective Action:

Greater effort will be made to determine the appropriate contact to sign vouchers by various leasing vendors.

Implementation Date:

December 2020

Current Year Finding # 2019-18 Payroll Fund

Repeat finding from prior year audit

Finding/Condition:

A list of payroll deductions payable was not in agreement with the audit control balance, as detailed in the following schedule:

List	\$ 178,262.94
Audit Control Balance	<u>\$ 173,119.28</u>
Difference	<u>\$ 5,143.66</u>

Recommendation:

The detailed list supporting the account balance for payroll deductions payable be reconciled to master controls.

Explanation:

Audit Control Balance is in agreement with ADP disbursed payroll deductions. Journal entries to record the cancelation of lost paychecks and the reissue of replacement paychecks were one sided entries creating a larger deductions payable than actually exists.

Corrective Action:

Reconstruction of Payroll journals will be made to facilitate better journal entries.

Implementation Date:

December 2020



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Current Year Finding # 2019-12 Accounts Receivable

Repeat finding from prior year audit

Finding/Condition:

Certain older accounts receivable, as reflected on the Current Fund and General Trust Fund balance sheets have remained open as of December 31, 2019 and are detailed as follows:

Current Fund:			
Maplewood Village Condominium Association	Lease		\$500.00
YMCA	Lease		\$812.50
General Trust Fund			
Outside Employment of Police	Other		\$154,933.47

Recommendation:

Certain older accounts receivable be reviewed and a determination made as to proper disposition.

Explanation:

Maplewood Village Condominium Association is disputing the missing payment from 2 years ago and is investigating their canceled checks to document payment.

This YMCA receivable predates the current lease and the YMCA is disputing the missing payment from 4 years ago.

Outside Employment of Police is largely due the inadequate budgeting in previous years' Township Capital projects leading to awarded contractors shifting the Outside Duty invoicing directly to the Township creating accounts receivable outstanding as far back as 2015.

Corrective Action:

Maplewood Village Condominium Association and YMCA outstanding receivable will either be collected or canceled by resolution by the end of 2020.

Outside Employment of Police will be charged to the appropriate prior year Bond Ordinance Capital Project or canceled by resolution by the end of 2020.

Implementation Date:

December 2020



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Current Year Finding # 2019-14 Outside Employment of Off-Duty Police Officers

Repeat finding from prior year audit

Finding/Condition:

According to Local Finance Notice 2000-14 “entities requesting the services of police officers be required to submit payment based on estimates of the work to be done in advance of services rendered.” During our review it was noted that all entities receive services prior to depositing money with the Township.

Recommendation:

Fees for employment of off-duty police officers be collected by the Township before services are rendered, in accordance with regulations of the Division of Local Government Services.

Explanation:

Previous corrective action plan sought to address this issue and comply with the provisions of LFN 2000-14 by informing the Police Department that no officers will be paid for outside employment work unless sufficient funds are deposited in the trust account to cover the expense. Federal law prohibits actually enforcing this action. Additionally, frequent contractors such as utility companies, were required to provide an annual deposit that will be replenished at pre-established minimum balances throughout the year that eliminated these entities from the finding in 2019. The issue is again awarded contractors performing work for the Township deferring the Outside Duty payments to the Township because of inadequate Capital Projects budgeting.

Corrective Action:

Greater effort will be made to provide more accurate Capital budgeting so the liability will remain with the awarded contractor. The Police Department budget will be charged when the department fails to receive payment in advance and only reimbursed to the Police Department Budget upon collection or compliance.

Implementation Date:

December 2020



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Current Year Finding # 2019-15 Outside Employment of Off-Duty Police Officers

Finding/Condition:

Cash receipts collected for Outside Employment of Police Officers was not in agreement with the records of the Tax Collector.

Recommendation:

More care be exercised in maintaining the cash receipts for Outside Employment of Police Officers and that collections be reconciled to the records of the Tax Collector on a monthly basis.

Explanation:

Collections are reconciled on a monthly basis with an outstanding accounts receivable list provided after this monthly reconciliation. Subsequent collections were not posted against the initial invoice but in the subsequent month leading to records that were not in agreement.

Corrective Action:

Greater care will be made in posting cash receipts in the Revenue journals. Police Department will make a greater effort to more accurately estimate the contractor deposits to promote refunds instead of collection efforts.

Implementation Date:

December 2020



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Current Year Finding # 2019-6 Revenue Collection

Finding/Condition:

Supporting documentation for three (3) of the DPW turnover slips was not available for audit review.

Recommendation:

Supporting documentation for turnover slips for revenue collected by the Public Works Department be available for audit review.

Explanation:

Turnover sheets not in agreement with cash were returned to Public Works for correction. Administrative staff responsible for the corrections are no longer with the Township but it is likely that turnover sheets were corrected from memory and not supporting documents.

Corrective Action:

Training has been provided to newly hired staff members to reestablish standard operating procedures to maintain cash receipts books in agreement with turnover sheets.

Implementation Date:

June 2020



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Current Year Finding # 2019-7 Revenue Collection

Finding/Condition:

Several cash receipts collected by the Public Works Department were not recorded in the cash receipts book which resulted in the inability to reconcile collections to the records of the Tax Collector.

Recommendation:

More care be exercised in maintaining the cash receipts book for the Public Works Department and that collections be reconciled to the records of the Tax Collector on a monthly basis.

Explanation:

The lack of adherence to standard operating procedures by former administrative staff members in the Department of Public Works prevented the maintenance of an accurate cash receipts book.

Correction Action:

Training has been provided to newly hired staff members to reestablish standard operating procedures and the maintenance of an accurate cash receipts book.

Implementation Date:

June 2020



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Current Year Finding # 2019-8 Revenue Collection

Repeat finding from prior year audit

Finding/Condition:

Several applications for the Public Works Department were not available for audit review.

Recommendation:

All applications for the Public Works Department be available for audit review.

Explanation:

The lack of adherence to standard operating procedures by former administrative staff members resulted in misplaced or discarded applications that were paid but not recorded.

Corrective Action:

Training has been provided to newly hired staff members to reestablish standard operating procedures and the need for accurate record keeping.

Implementation Date:

June 2020



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Current Year Finding # 2019- 9 Animal Control Trust Fund

Repeat finding from prior year audit

Finding/Condition:

Several dog licenses reports reflecting license fees and amounts Due to the State of New Jersey were not filed on a timely basis.

Recommendation:

Dog license reports be filed with the State of New Jersey on a timely basis.

Explanation:

The previous health officer responsible for filing reports to the State consistently ignored due dates.

Correction Action:

The newly hired replacement for the health officer position is maintaining a calendar of multiple due dates for multiple reporting requirements.

Implementation Date:

January 2020



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Current Year Finding # 2019- 10 Animal Control Trust Fund

Finding/Condition:

Several dog license tags were not issued in numerical order.

Recommendation:

All dog license tags be issued in numerical order.

Explanation:

The previous health officer wouldn't record information as the license was issued but instead keep copies of receipts for bulk inputting. This created transposition errors so tags were issued numerically but recorded out of sequence.

Corrective Action:

The Health Department is now utilizing SDL to issue and track dog licenses and the corresponding tags in real time.

Implementation Date:

February 2020

Current Year Finding # 2019-11 Animal Control Trust Fund

Repeat finding from prior year audit

Finding/Condition:

Several dog and cat license fees were paid late and were not charged the late fee.

Recommendation:

All dog and cat license fees that pay after the due date be charged the proper late fee.

Explanation:

The previous health officer waived late fees for hardship cases without authorization.

Corrective Action:

The new health officer will strictly adhere to the ordinance fee structure.

Implementation Date:

January 2020



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Current Year Finding # 2019-3 Revenue Collection

Finding/Condition:

Revenue collected by the Recreation Department (Cultural Affairs) was not turned over to the Tax Collector within 48 hours after receipt in accordance with the provisions of N.J.S.A. 40A:5-15.

Recommendation:

Collection procedures be reviewed for the Recreation Department (Cultural Affairs) to ensure compliance with deposit provisions of N.J.S.A. 40A:5-15

Explanation:

An employee no longer with the Township placed deposit checks in a desk drawer to return to Woodland renters instead of depositing the check and then creating a Township check for the return of a deposit.

Corrective Action:

The responsible staff member is no longer employed by the Township and the remaining staff was reminded about the "48 hour deposit rule."

Implementation Date:

February 2020

Current Year Finding # 2019-4 Revenue Collection

Finding/Condition:

The cash receipts book for Cultural Affairs does not record the actual collection date.

Recommendation:

Cultural Affairs post the actual date of collection in the cash receipts book.

Explanation:

After employee departure, staff members discovered deposit checks in the desk drawer and submitted a turnover sheet that reflected the date of discovery not the booking date..

Corrective Action:

The responsible staff member is no longer employed by the Township and the remaining staff was reminded of the need to maintain an accurate cash receipts book.

Implementation Date:

February 2020



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Current Year Finding # 2019-5 Revenue Collection

Finding/Condition:

A detailed list of security deposits for the Woodland was prepared, however it was not in agreement with audit controls.

Recommendation:

Completed, detailed list of security deposits be reconciled to cash controls on a monthly basis.

Explanation:

The detailed list was produced by the booking software utilized by the Woodland but the entries into the Township accounting software used two different revenue accounts to record deposits.

Corrective Action:

The booking software is no longer utilized and Cultural Affairs staff was re-trained to the ensure turnover sheets aligned with the appropriate revenue accounts for security deposits.

Implementation Date:

September 2020

