

BOROUGH OF WOODCLIFF LAKE, N.J.

CORRECTIVE ACTION PLAN REPORT/PLAN

2017 AUDIT – YEAR ENDED DECEMBER 31, 2017

Finding/Condition No. 1 National Cooperative purchasing contracts were awarded for purchase of various vehicles and procedures required by the State procurement guidelines for National Cooperative contract purchases were not followed.

Recommendation Purchases made under National Cooperative contracts be made in accordance with State procurement guidelines.

Explanation and Corrective Action The Borough Administrator and also the Qualified Purchasing Agent had misinterpreted the purchasing guidelines for these purchases from the National Cooperative. Both individuals have been made aware of the State procurement guidelines.

Implementation Date Effective August 1, 2018.

Finding/Condition No. 2 The Borough's third party payroll provider, Consolidated Human Resources (CHR) had filed Federal Tax Form 940 for the tax year 2015 in error. Government Entities are not required to file this form.

Recommendation The Borough pursues with the IRS for the removal of all penalties and interest resulting from the filing of the 2015 Federal Tax form 940. In addition the Borough to obtain and review copies of all Federal and State tax form filed by their third party payroll provider.

Explanation and Corrective Action Form 940 was filed in error. Borough has been in contact with IRS to resolve issue. Current payroll provider has filed federal and state forms and is being reviewed by Borough.

Implementation Date July 1, 2018 – ongoing issue until resolved

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2017 AUDIT – YEAR ENDED DECEMBER 31, 2017

<u>Finding/Condition No. 3</u>	Payroll agency reserve account had insufficient balance and payroll account had unreconciled differences that should be reviewed and cleared from the records.
<u>Recommendation</u>	The Borough maintains a sufficient balance in the payroll agency reserve and that the payroll bank statements are reconciled to the Borough's books and all unreconciled differences be reviewed and cleared of record.
<u>Explanation and Corrective Action</u>	Borough will be resolving issues with payroll account and to ensure has sufficient funds in account.
<u>Implementation Date</u>	August 1, 2018
<u>Finding/Condition No. 4</u>	Certain employees' W-2 forms did not include the excess group term life benefits as taxable state wages.
<u>Recommendation</u>	All state taxable wages are reported on the employee's W-2 forms at year end.
<u>Explanation and Corrective Action</u>	It appears that payroll company did not code the group term life insurance correctly. Third party payroll provider is aware of the handling of group term life benefits as state taxable wages.
<u>Implementation Date</u>	August 1, 2018. Also will follow up with payroll provider.

CORRECTIVE ACTION PLAN REPORT/PLAN

2017 AUDIT – YEAR ENDED DECEMBER 31, 2017

Finding/Condition No. 5 Political contribution disclosure forms were not obtained for certain vendors that were paid in excess of the \$17,500 threshold.

Recommendation Political contribution disclosure forms are obtained for vendors that exceed the \$ 17,500 threshold.

Explanation and Corrective Action Borough did not have disclosure statements that exceeded threshold on file. Borough Clerk and Qualified Purchasing Agent will follow up with vendors.

Implementation Date August 1, 2018

Finding/Condition No. 6 Borough enhances internal controls for purchasing procedures to ensure that materials only be ordered after a purchase order has been executed.

Recommendation Borough to enhance the internal controls over purchasing procedures to ensure that purchase orders is issued when the goods and/or services are ordered.

Explanation and Corrective Action Materials have been purchased and then a purchase order is executed after items had been purchased. The Borough enhanced purchasing procedures with a requisition system module with current software vendor in April 2015. Borough personnel will be informed on purchasing and requisition system procedures.

Implementation Date August 1, 2018- Ongoing training with Borough personnel.

CORRECTIVE ACTION PLAN REPORT/PLAN

2017 AUDIT – YEAR ENDED DECEMBER 31, 2017

Finding/Condition No. 7

Audit of the police outside duty revealed that the accounts receivable ledger was not updated with all vendor activity. Auditor was unable to verify the accounts receivable ledger at year end.

Recommendation

Police outside duty accounts receivable ledger are updated to include all vendor invoices and payments received and reconciled to the revenue report on a monthly basis.

Explanation and
Corrective Action

Borough personnel responsible for the ledger was not properly maintaining ledger. Borough will enhance and monitor ledger.

Implementation Date

August 1, 2018