

BOROUGH OF HILLSDALE
RESOLUTION 22227

CORRECTIVE ACTION PLAN 2021 AUDIT

WHEREAS, the 2021 Annual Audit of the Borough of Hillsdale, conducted by Garbarini & Co., P.C., contained certain recommendations requiring action; and

WHEREAS, these recommendations have been reviewed by the Chief Municipal Financial Officer; and

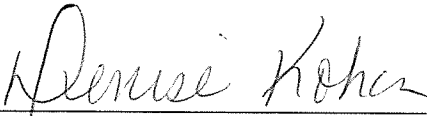
WHEREAS, the Certified Municipal Financial Officer, in accordance with the requirements promulgated by the New Jersey Division of Local Government Services, has developed a plan to address the recommendations listed by the auditors;

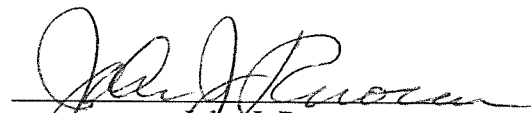
NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Hillsdale, that the Corrective Action Plan for the 2021 Annual Audit, hereto attached, is hereby approved and accepted; and

BE IT FURTHER RESOLVED that the Certified Municipal Financial Officer is hereby directed to transmit a certified copy of this resolution and its attachments to the Division of Local Government Services.

Council member	Motion	Second	Yes	No	Absent	Abstain	Recuse
DeRosa, Anthony		X	X				
Escobar, John			X				
Horvath, Zoltan			X				
Lundy, Abby	X		X				
Pizzella, Frank			X				
Trochimiuk, Janetta			X				
Ruocco, John							

Adopted: December 6, 2022

Attest: 
Denise Kohan
Municipal Clerk


John J. Ruocco
Mayor

CORRECTIVE ACTION PLAN – 2021 AUDIT

Finding – Federal Award Reporting

During review of the SLFRF program it was noted that the Project and Expenditure Report was not submitted to the Division of Local Government Services on a timely basis. The Borough failed to compile and submit project and expenditure information and reports to the Division.

Recommendation: The Borough should compile and submit required reports for all Federally funded programs. Management should continue to develop a program and reasonable timelines to compile and submit reports on a timely basis.

Corrective Action – This finding was resolved prior to the audit was finalized. Due to change in staff, the CFO and Administrator did not have authorization to access the portal for reporting. The Borough was granted an extension the Division until the technical issue with the portal were resolved.

Repeat Findings:

20-01 & 21-02 Finding – The Employee 457 Deferred Compensation Plan statements are not being obtained, reviewed, and reconciled to Borough's payroll records and contribution remittances. There was a contribution posting error by AXA Equitable, one of the employee's contributions of \$150 was posted to another participant's account.

Recommendation: That all Employee 457 Deferred Compensation Plan statements should be obtained at least quarterly, reviewed, and reconciled to the Borough's payroll records and contributions remitted and that all errors be corrected timely.

Corrective Action: This has been corrected. Process has been implemented that all deferred compensation payments need to be verified against the payroll reporting and the AXA Equitable contribution statements.

20-02 & 21-03 Finding – Capital Ordinances greater than 5 years old with cash deficits should be funded in accordance with State of New Jersey Bond Law 40A:2. It is recommended that the balances currently outstanding as grant receivables be reviewed and cleared of record.

Recommendation – Same as finding comment

Corrective Action – In conjunction with bond counsel, the ordinances and grant receivables will be reviewed in order to fund the cash deficits. The 2023 and future budgets will need to appropriate the funding.

New Findings:

21-04 Finding- Examination of employee benefits revealed the following:

- A. An employee received a medical benefit waiver while being enrolled in the medical benefits plan. That same employee was not contributing towards the health benefits. The amount due from the employee as of December 31, 2021 is \$1,609.30 and since the issue continued for 15 pays in 2022, it added \$1,724.75 due from the employee for a total of \$5,979.36

Corrective Action – CFO will update daily receipt processing to have a universal deposit sheet for all departments to use when submitting deposits to the tax office. This will be a multi-sheet that a copy will be given back to the department as proof of submission and one kept with daily batch reconciliation .