

Resolution of the City of Jersey City, N.J.

City Clerk File No. Res. 08-354
 Agenda No. 10.Z.23
 Approved: MAY 14 2008
 TITLE:



RESOLUTION APPROVING THE CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDING JUNE 30, 2007.

COUNCIL **offered and moved**
adoption of the following resolution:

WHEREAS, N.J.S.A. 40A:5-4 requires the governing body of every local unit to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year; and,

WHEREAS, the audit for fiscal year ending June 30, 2007 was presented to the governing body on March 6, 2008; and,

WHEREAS, in accordance with OMB Circular A-133, 98-07, and Local Finance Notice CFO 97-16, all local government units must prepare and submit a Corrective Action Plan as part of the annual audit process; and,

WHEREAS, the Corrective Action Plan shall cover all findings and recommendations, including state, federal, and general or financial statement findings in the audit report; and,

WHEREAS, the Chief Financial Officer shall prepare said Corrective Action Plan with the assistance from other officials affected by the audit recommendations; and,

WHEREAS, the Corrective Action Plan must be approved by the governing body of the local unit and is to be submitted to the Division of Local Government Services no later than sixty days from the receipt of the audit report; and,

NOW THEREFORE BE IT RESOLVED, by the Municipal Council of the City of Jersey City that the Corrective Action Plan for fiscal year ended June 30, 2007 is hereby approved.

BE IT FURTHER RESOLVED, that a copy of the Corrective Action Plan will be placed on file in the Office of the City Clerk.

APPROVED: *Donna Marie C.F.O.*
 APPROVED: *B. O'Reilly*
Business Administrator

APPROVED AS TO LEGAL FORM
[Signature]
Corporation Counsel

Certification Required
 Not Required **APPROVED 7-0**

RECORD OF COUNCIL VOTE ON FINAL PASSAGE											
			5/14/08								
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO	ABSENT			GAUGHAN	✓			BRENNAN	✓		
SPINELLO	✓			FULOP	✓			FLOOD	✓		
LIPSKI	✓			RICHARDSON	✓			VEGA, PRES.	ABSENT		

✓ Indicates Vote N.V.-Not Voting (Abstain)

Adopted at a meeting of the Municipal Council of the City of Jersey City, N.J.
Mariano Vega, Jr. *Robert Byrne*
Mariano Vega, Jr., President of Council Robert Byrne, City Clerk

CITY OF JERSEY CITY
HUDSON COUNTY



CORRECTIVE ACTION PLAN
FY 2007 ANNUAL AUDIT

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Administration
Division: Management & Budget
Respondent: Donna Mauer

Finding Number: 1 (page# 47)

1. Description:

During the year ended June 30, 2007, the City had a forensic audit performed on its building department by an external accounting firm. The City suspected a shortfall over an indeterminable period of time and sought a forensic audit on the matter. The audit confirmed the City's suspicions and resulted in a material discrepancy over the eight periods investigated. Services for further forensic audit work were awarded subsequent to year end.

2. Analysis:

A special confidential report has been filed with the State as required by statute. The City should correct the internal control deficiencies which enabled such shortage to occur. In addition, the City should consider the results of the forensic audit and determine whether additional investigation is warranted.

3. Corrective Action:

The City's Internal Audit Division is currently working with the buildings department to correct the internal controls. The Jersey City Police Department has conducted an investigation and the Hudson County Prosecutors Office has been notified.

4. Implementation Date:

Ongoing

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: City Clerk & Council
Division: City Clerk
Respondent: Robert Byrne

Finding Number: 2 (page# 47)

1. Description:

During an analysis of the cash receipts of the City Clerk's Office, several instances were noted in which dual 'receipt summaries' were being completed by a clerk within the office, one of which was of lesser denomination and remitted to Treasury for deposit as compared to the other summary which would be internally approved.

2. Analysis:

A special confidential report has been filed with the State as required by statute. The City Clerk's office should correct the internal control deficiencies which enabled such shortage to occur.

3. Corrective Action:

The procedures for depositing daily cash have been changed to require the signature of a preparer, approval of supervisor and the Clerk before submission to Treasury. Treasury has also been advised not to accept deposits without the appropriate signatures.

4. Implementation Date:

Effective Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: City Clerk & Council
Division: City Clerk
Respondent: Robert Byrne

Finding Number: 3 (page# 47)

1. Description:

The City Clerk's Office was delinquent in filing Marriage License reports as required by the State of New Jersey and was correspondingly delinquent on marriage fee remittance to the State. Payments for three or four quarters for the year ended June 30, 2007 were delinquent.

2. Analysis:

The City Clerk's Office should file and remit the State's portion of marriage licences fees within a timely manner at the close of each quarter.

3. Corrective Action:

The dates for remittance of marriage license proceeds have been recorded so that the quarterly payments are made to the State of New Jersey on time.

4. Implementation Date:

Effective Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Health & Human Services
Division: Health
Respondent: Joseph Castagna

Finding Number: 4 (page# 55)

1. Description:

The City's Animal Control Department was delinquent in filing Dog License reports as required by the New Jersey Department of Health and Senior Services for all months comprising the year ended June 30, 2007. In addition, the City does not segregate the State's portion of dog license fees from the municipal fees collected when posting to the general ledger.

2. Analysis:

The Animal Control Department should file all State Dog License reports, along with required payments, within a timely period after each month. The City should also post all monies due to the State in a general ledger account separate from the City's portion of dog fees.

3. Corrective Action:

All dog license reports will be filed along with the required payments, within a timely period following the close of each month. The Health Department will also post all monies due to the State in a separate general ledger account from where they post the City's portion of dog license fees. Also a new Clerk was hired to rectify this problem.

4. Implementation Date:

Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Health & Human Services
Division: Health
Respondent: Joseph Castagna

Finding Number: 5 (page# 48)

1. Description:

A review of the cash receipts records of the City's Health and Animal Control Departments revealed that the majority of receipts were not deposited within 48 hours as required by the State of New Jersey. Of samples selected for audit testing, 80% of Health Department receipts and 100% of Animal Control receipts did not meet the 48 hour deposit requirement.

2. Analysis:

The Health and Animal Control Departments should put forth an effort to make certain all receipts are deposited within the 48 hour statutory limit.

3. Corrective Action:

The Health Department and Animal Control will put forth an assertive effort to make certain all receipts are deposited within the 48 hour statutory period. Also as stated in finding # 4 a employee was hired to oversee this process.

4. Implementation Date:

Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Health & Human Services
Division: Health
Respondent: Joseph Castagna

Finding Number: 6 (page# 48)

1. Description:

Analyzing and reconciling the City's Health Department cash receipts records to the records of Treasury and Accounts and Control proved difficult as no monthly or other periodic analyses were performed or maintained. The lack of a formal periodic receipt reconciliation adds additional risk to the Department and the City.

2. Analysis:

The City's Health Department should maintain periodic, preferably monthly, cash receipts records and reconcile them periodically as a preventive measure against mis-postings or other errors and even asset misappropriation.

3. Corrective Action:

With the help of the newly hired Clerk, the Health Department will maintain monthly cash receipts records. Also the Clerk will be responsible for reconciling the cash receipts records as a preventative measure against mis-postings or other errors, such as asset misappropriation.

4. Implementation Date:

Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Administration
Division: Management & Budget
Respondent: Donna Mauer

Finding Number: 7 (page#48)

1. Description:

The balance of the State and Federal Grants receivable account includes 17 grants with negative balances totaling \$1,901,489. The balance of the State and Federal Grants appropriated reserves account include five grants with negative balances totaling \$963,336. In addition, to the negative balances, both the State and Federal Grant receivable and appropriated reserve accounts have old grants recorded going back as far as 1988, that have been inactive for years.

2. Analysis:

The grants with negative balances for either receivables or appropriated reserves should be investigated for any potential mis-postings, interfunds or unbudgeted grants and adjusted accordingly. Any outdated grants should be reviewed for proper follow-up or disposition.

3. Corrective Action:

The receivable and reserve schedules are currently being reviewed and corrected. This project should be completed by the end of Fiscal Year 2008

4. Implementation Date:

Ongoing

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Finance
Division: Accounts & Controls
Respondent: Frank Rentas

Finding Number: 8 (page# 48)

1. Description:

The City's Trust Assessment Fund has had no activity for at least the previous four fiscal years.

2. Analysis:

The necessity of these funds should be reconsidered and a determination should be made whether either is legally or practically required.

3. Corrective Action:

This fund cannot be closed at this time since there may be a local improvement next year.

4. Implementation Date:

N/A

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Administration
Division: Purchasing
Respondent: Peter Folgado

Finding Number: 9 (page# 48-49)

1. Description:

P.L. 2004, c.57 requires all government contracting units in the State of New Jersey to obtain Business Registration Certificates for all vendors awarded contracts in excess of 15% of the entity's bid threshold. Audit sampling of the City's vouchers revealed several cases in which the City has not obtained Business Registration Certificates, or alternatively, did not obtain them until after purchase orders or payments were issued.

2. Analysis:

The City should make certain it obtains Business Registration Certificates for all vendors awarded contracts in excess of 15 % of its bid threshold, \$3,150 in the City's case, and vendors expected to be utilized for a series of small purchases that in aggregate exceed \$3,150 over the course of a fiscal year.

3. Corrective Action:

The Division of Purchasing is constantly communicating with the Division Directors and Fiscal Officers to stop any dealings with vendors or order any goods without a purchase requisition in place. Business Registration Certificates must be obtained prior to a purchase order being generated.

4. Implementation Date:

Ongoing

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Administration
Division: Risk Management
Respondent: Peter Soriero

Finding Number: 10 (page# 49)

1. Description:

N.J.A.C. 5:30-8.2 recommends surety bond coverage for chief financial officers and N.J.A.C. 5:30-8.3 provides for minimum surety bond coverage for municipal tax collectors. The City currently has no coverage for either official.

2. Analysis:

The City should obtain the proper surety bond coverage as outlined in N.J.A.C. 5:30-8.2 to 8.3 and reduce the potential risk associated with not obtaining the recommended and minimum levels of coverage.

3. Corrective Action:

Surety bond coverage has been provided for the Tax Collector and Chief Financial Officer.

4. Implementation Date:

Completed

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2007
Department: Finance
Division: Accounts & Controls
Respondent: Frank Rentas

Finding Number: 11 (page# 49)

1. Description:

The City was several months delinquent in completing the bank reconciliation for its tax collection credit card account.

2. Analysis:

Considering the volume and dollar amount of transactions in this account, the City should make certain this account is reconciled in a timely manner.

3. Corrective Action:

A employee from the Treasury Department was temporarily assigned to Accounts & Control to assist in the reconciling of tax collection credit card accounts.

4. Implementation Date:

March 3, 2008

