

RESOLUTION 2014 – 031

**RESOLUTION APPROVING
THE BORDENTOWN SEWERAGE AUTHORITY
CORRECTIVE ACTION PLAN**

WHEREAS, The Bordentown Sewerage Authority is required to prepare a Corrective Action Plan as part of its annual audit process that addresses all findings and recommendations contained in the annual audit report, and specifies the manner in which the findings and recommendations will be corrected; and

WHEREAS, the Corrective Action Plan is required to be submitted to the Division of Local Government Services and kept on file in the office of the Authority within sixty (60) days from the date that the audit is received by the Authority.

NOW, THEREFORE, BE IT RESOLVED by The Bordentown Sewerage Authority, this 21st day of April, 2014 as follows:

1. The Corrective Action Plan attached hereto is hereby adopted by the Authority.
2. A copy of the Corrective Action Plan shall be submitted to the Division of Local Government Services and kept on file in the office of the Authority, as required by law.

THE BORDENTOWN SEWERAGE AUTHORITY

By: 
Ronald L. Marino, Chairman

Attest:


Nancy Liberman, Secretary

CORRECTIVE ACTION PLAN

AUDIT REPORT YEAR:
DECEMBER 1, 2012 – NOVEMBER 30, 2013

APPROVED: April 21, 2014

The Bordentown Sewerage Authority hereby approves the following Corrective Action Plan for the audit year indicated above.

Finding 2013-1

Criteria:

Payroll tax reports should agree to the payroll records.

Condition:

The first quarter NJ payroll tax report shows state withholding amounting to \$8,353.59 while actual withholding totaled \$8,087.37, a misstatement of \$266.12.

Effect:

The state of New Jersey was overpaid by \$266.12.

Recommendation:

Quarterly payroll reports should be reconciled with payroll records before filing.

Explanation and Corrective Action:

State Quarterly taxes were over paid as a result of a clerical error. An amended Quarterly Tax report was filed and a refund was received from the State of New Jersey. When Quarterly taxes are due, the Administrative Manager will arrange to be in an environment that is conducive to the concentration necessary to the process.

Finding 2013-2

Criteria:

Subsidiary Ledgers should be routinely reconciled to the general ledger.

Condition:

The connection fee control amount did not agree with the detail listing of connections by \$25,030.

Cause:

Transactions related to installment interest received on deferred connection fee payments were recorded incorrectly.

Effect:

Revenue was understated by \$25,030.

Recommendation:

The connection fee subsidiary ledger should be routinely reconciled to general ledger.

Explanation and Corrective Action:

The process for treating interest as revenue on deferred connection fee payments was not communicated to the Administrative Manager immediately after the prior year's audit (2012). There is a clear written procedure in place currently with respect to the interest received from payments on deferred connection fee agreements.

The subsidiary ledger will continue to be routinely reconciled to the general ledger.

Finding 2013-3

Criteria:

Budgeted line-items should be recorded with amounts approved in the annual budget document.

Condition:

Recorded capital budget line items did not agree with amounts approved in the annual budget. The amount for the Energy Audit Improvements differed by \$846,303.

Effect:

Budget was misstated.

Recommendation:

Budget Line items should agree with amounts approved in annual budget.

Explanation and Corrective Action:

The Energy Audit Improvement line item was funded via NJEIT funds. The total amount funded at the inception of the program equaled \$2,242,283.00. The 2013 budget document reflected the funded amount of \$2,242,283.00 received from other sources as directed by the State. The Authority's line item budget used a reduced budgeted amount by \$846,303.00. The line item budget for NJEIT projects will agree with the budget document going forward.