

**TOWNSHIP OF TEANECK  
REVISED Corrective Action Plan  
For the Year Ended December 31, 2014**

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**Finding No. 2014-001**

**Recommendation**

That all expenditures in excess of the bid threshold be in compliance with the Local Public Contracts Law, that contracts awarded to vendors in excess of \$17,500.00 be in compliance with Chapter 271 of the laws of 2005 and that an emergency procurement report be filed for emergency contracts awarded in excess of the bid threshold.

**Corrective Action**

The Purchasing Agent, Township Engineer and the Director of Public Works are drafting annual public bidding specifications for emergency street and sewer repairs in order to prevent potential future non-compliance with bidding thresholds. In addition, the Municipal Clerk has been directed to review all contract related resolutions with the Purchasing Agent to ensure proper compliance prior to being added to the agenda for Council Action. Lastly, the Purchasing Agent will develop a "Process for Purchasing" checklist.

**Date of Implementation**

December 2015

**Finding No. 2014-002**

**Recommendation**

That escrow statements be sent to developers on a monthly basis when escrow charges exceed \$1,000.00 or quarterly when escrow charges are \$1,000.00 or less.

**Corrective Action**

The Township has begun using the services of a banking escrow team that has the experience and resources to properly fulfill the escrow tracking and reporting requirements. In addition, the Municipal Clerk and CFO will develop a "Process for Handling Developers' Escrow" checklist to ensure the requirements of LFN 1998-7 are met.

For those accounts where the owner cannot be identified and/or located, the Township will presume those funds to be abandoned property, and those funds will be turned over to the State Treasurer/Unclaimed Property Administrator.

**Date of Implementation**

December 2015

**Finding No. 2014-003**

**Recommendation**

That the Township ensure that pension remittances be made by the seventh of the following month.

**Corrective Action**

The payroll clerk has established a system whereby pension payment requirements are tracked in a calendar and electronic alerts are generated on the 3<sup>rd</sup> of each month. In addition, the payroll clerk has been providing evidence to the CFO each month demonstrating timely remittances prior to the 7<sup>th</sup> of each month. As of February 2015, all pension payments have been made within the grace period established by the Division of Pensions and no further penalties have been imposed.

**Date of Implementation**

February 2015

#### **Finding No. 2014-004**

##### **Recommendation**

That the Township comply with the health benefit withholding requirements in Public Law 2011 Chapter 78 and Local Finance notice 2011-20R and that Section 451 of the Internal Revenue Code be followed and taxable wages be reported when funds are made available to the employee.

##### **Corrective Action**

The CFO and the payroll clerk have reviewed the waivers for the employees affected by the requirements in Public Law 2011 Chapter 78 and Local Finance notice 2011-20R and have made the appropriate corrections to ensure compliance as of July 1, 2015.

In addition, the CFO and the payroll clerk have taken measures to ensure that all terminal leave payments are taxed as wages in accordance with Section 451 of the Internal Revenue Code when the funds are made available to the employee rather than when disbursed.

##### **Date of Implementation**

July 2015

#### **Finding No. 2014-005**

##### **Recommendation**

That proper internal control procedures be established to ensure adequate segregation of duties for payroll processing and that the reconciliation of payroll bank accounts and payroll deductions payable be performed on a monthly basis.

##### **Corrective Action**

Significant changes to payroll laws and labor contracts in recent years have caused increased calculation complexities and have strained the capacity of the existing payroll department. Coupled with low staffing levels in the finance and payroll departments, it had been difficult to establish procedures to ensure adequate segregation of duties.

The CFO recommends adding an additional finance staff person. That person would be responsible for maintaining the electronic personnel records and rates, while the payroll clerk's computer access would be limited to the processing function. The finance staff person would review and approve the payroll calculations prior to final submission. In addition, the finance person would also take over responsibility for the reconciliations of the payroll and payroll deductions bank accounts and activity each month as well as posting the activity into the general ledger. The proposed changes would address other internal control issues, while providing an adequate segregation of duties for the payroll department.

In the interim, certain responsibilities and accesses have been reassigned where practical in order provide some improved controls.

##### **Date of Implementation**

September 2015

#### **Finding No. 2014-006**

##### **Recommendation**

That proper internal control procedures be established to ensure adequate segregation of duties over the payment of claims.

##### **Corrective Action**

Computer checks drawn on the main operating account now require one live signature prior to being issued. This procedure establishes adequate segregation of duties over the payment of claims.

##### **Date of Implementation**

July 2015

**Finding No. 2014-007**

**Recommendation**

That police outside service receipts, disbursements and balances by vendor be tracked and accounted for.

**Corrective Action**

Police department personnel have reviewed the procedures related to police outside services billing and collections and the department is now tracking individual balances by vendor.

**Date of Implementation**

February 2015

**Finding No. 2014-008**

**Recommendation**

That proper internal control procedures be established to ensure that posting of self-insurance funds and that the reconciliation of third party administrator reports be performed on a monthly basis.

**Corrective Action**

The insurance risk professionals are now providing the CFO with monthly reports supporting all self-insurance activity and other reconciliations. In addition, the CFO uses the data provided to update the general ledger each month.

**Date of Implementation**

July 2015

Resubmitted by Christine Brown, CFO