

CORRECTIVE ACTION REPORT
VERONA TOWNSHIP, ESSEX COUNTY

Audit 12/31/22

Finding #1

That Purchase Order requisitions be submitted prior to any commitment of goods or services.

Description

Accounting practices prescribed by the Division of Local Government Services require Township expenses to follow an encumbrance accounting system. Purchases made prior to proper encumbrance of the funds can result in an over expenditure of a budget line.

Analysis

Transaction testing found purchases for which the invoice date was prior to the date of the purchase order. Occasionally, instances arise for which items must be purchased through verbal approval prior to entering into the formal requisition system.

Corrective Action

The Township has widened its use of blanket purchase orders for reoccurring purchases and vendors. The Township has communicated proper purchasing guidelines to all departments including additional training for staff. The Township will continue to train new employees on the proper purchasing protocols.

Implementation Date November 2023

Finding #2

That all bank reconciliations be in agreement with cash balances reported in the general ledger and that all interfund balances reconcile among all governmental funds.

Description

Interfunds should be cleared each year between the various ledgers. Bank reconciliations and general ledger balances should be in agreement.

Analysis

The Township has some older interfunds that have not been cleared to date and have been on the ledgers for a couple years now. Some of the bank reconciliations are not in agreement with the cash balances reported in the ledger for those funds.

Corrective Action

The CFO will work with the auditors in correcting the bank reconciliations with the cash balances. The CFO will also work on correcting the interfunds before year-end.

Implementation Date November 2023