

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
RESOLUTION 2023-19**

**ADOPTING A CORRECTIVE ACTION PLAN FOR THE CARNEYS POINT TOWNSHIP
SEWERAGE AUTHORITY'S 2020 ANNUAL AUDIT**

WHEREAS, pursuant to N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made, and;

WHEREAS, N.J.A.C. 5:31-7.6(i), requires that each Authority prepare a corrective action plan and file the same within 45 days of receipt of the annual audit with the State of New Jersey, Department of Communities Affairs, Division of Local Government Services (the "Division") when any findings and recommendations appear in the annual Audit Report; and

WHEREAS, this Authority's auditors have completed the audit report for the year ended December 31, 2020; and

WHEREAS, said audit report contains findings and recommendations, therefore requiring preparation of a corrective action plan; and

WHEREAS, the Authority, in order to address these findings, has prepared the required Corrective Action Plan, which is attached hereto and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY, as follows:

1. That the recommended practices established in the attached Corrective Action Plan for the Carneys Point Township Sewerage Authority's audit for the year ended December 31, 2020, be adopted and implemented immediately.
2. That the Carneys Point Township Sewerage Authority will forward a certified copy of this resolution to the Division of Local Government Services upon adoption.

Dated February 21, 2023



AUTHORITY CHAIRMAN

Committee	Moved	Seconded	Y	N	Abstain	Absent
Mr. Bomba	✓		✓			
Mr. Basile			✓			
Mr. Brown			✓			
Mr. Newton		✓	✓			
Dr. Racite			✓			

CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2020

2020 Audit Report approved January 17, 2023:

Finding No. 2020-001

- A. Description: The Authority's internal control system lacks certain controls with respect to separation of duties and its system does not consistently produce information and classifications to bring the accounting records into alignment with generally accepted accounting principles.
- B. Analysis: The Authority has a limited number of staff members to perform all accounting functions. Cost benefit considerations prohibit increasing staff size, and while, as described below, the Authority has engaged an accounting firm to provide fee accounting services and guidance, certain internal control functions are still in the process of being implemented. Note that this is a partial repeat of a prior year finding with improvement noted.
- C. Corrective Action: The Authority will continue to implement controls to better achieve segregation of duties, and the draft financial statements prepared by the auditors, including the related footnote disclosures, will be carefully reviewed by the Fee Accountant/Outsourced CFO prior to issuance. Responsible parties to include The Authority's office staff, Fee Accountant/Outsourced CFO with Board oversight.
- D. Implementation Date: January 17, 2023

Finding No. 2020-002

- A. Description: The general ledger and certain subsidiary ledgers were not maintained properly and timely. Various general ledger asset and liability account balances did not reconcile with the subsidiary ledgers, specifically the Developers' Escrow reserve balances and consumers accounts receivable.

- B. Analysis: The Authority has a limited number of staff members to perform all accounting functions. Cost benefit considerations prohibit increasing staff size, and while, as described below, the Authority has engaged an accounting firm to provide fee accounting services and guidance, certain control procedures over financial transactions are still being implemented. Note that this is a partial repeat of a prior year finding with improvement noted.

- C. Corrective Action: The Authority will continue to implement control procedures over financial transactions to better ensure the general ledger is maintained in a timely and accurate manner and to ensure adequate control over the preparation of the financial statements and related footnotes is achieved. Responsible parties to include The Authority's office staff, Fee Accountant/Outsourced CFO with Board oversight.

- D. Implementation Date: January 17, 2023