

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

City Clerk File No. Res. 09-261

Agenda No. 10.z.20.

Approved: APR 08 2009

TITLE:



RESOLUTION APPROVING THE CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDING JUNE 30, 2008

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, 2008 was presented to the governing body on February 18, 2009; and

WHEREAS, in accordance with OMB Circular A-133, 98-07, and Local Finance Notice CFO 97-16, all 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, 2008 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: *[Signature]*
 APPROVED: *[Signature]*
 Business Administrator

APPROVED AS TO LEGAL FORM *[Signature]*
 Corporation Counsel

Certification Required
 Not Required **APPROVED 8-0**

RECORD OF COUNCIL VOTE ON FINAL PASSAGE											
				4/8/09							
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
SOTTOLANO	✓			GAUGHAN	✓			BRENNAN	✓		
KENNY	✓			FULOP	ABSENT			FLOOD	✓		
LIPSKI	✓			RICHARDSON	✓			VEGA, PRES.	✓		

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

Adopted at a meeting of the Municipal Council of the City of Jersey City, N.J.

[Signature]
 Mariano Vega, Jr., President of Council

[Signature]
 Robert Byrne, City Clerk

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CITY OF JERSEY CITY

HUDSON COUNTY



CORRECTIVE ACTION PLAN

FY 2008 ANNUAL AUDIT

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2008**

Name of Municipality: CITY OF JERSEY CITY

County: Hudson

Audit Report Year: June 30, 2008

Department: City Clerk & Council

Division: City Clerk

Respondent: Robert Byrne

Finding Number: 1 (page# 53)

1. Description:

The City Clerk's office issued 425 marriage licenses for ceremonies performed outside of the City. The City neither reported nor remitted payment to the State for these licenses.

2. Analysis:

The Clerk's office should remit the value of the State fee portion of these 425 licenses, \$10,625, to the State and report and remit all future marriage licenses accordingly.

3. Corrective Action:

This was a one time incident. The Clerk's office has taken the extra step to calendar their quarterly remittances to the state for marriage licenses and burial permits.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY

County: Hudson

Audit Report Year: June 30, 2008

Department: City Clerk & Council

Division: City Clerk

Respondent: Robert Byrne

Finding Number: 2 (page# 53)

1. Description:

Audit procedures noted a significant number of instances in which the City Clerk's office register tapes did not coincide with the amounts remitted to Treasury for deposit. It can be noted, however, the rate of occurrence of these instances decreased since the same issue was brought to the City's attention during the prior year audit.

2. Analysis:

The City Clerk's office should continue to enforce and monitor the new internal controls implemented during the year under audit.

3. Corrective Action:

Since last years audit findings, the Office of the City Clerk has instituted tighter controls that will insure that there is no reoccurrence of this finding.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Housing, Economic Development & Commerce
Division: Housing Code Enforcement
Respondent: Raymond Meyer

Finding Number: 3 (page# 53)

1. Description:

While reconciling immaterial cash differences in the Building department, it was noted daily receipt records, which originally agreed to Treasury deposits, were later altered. There is no record of the purpose of such overrides.

2. Analysis:

The Building department should keep record of all system overrides and changes in order to maintain a proper audit trail of cash receipt reporting.

3. Corrective Action:

Applications that were not acted upon were deleted from the Mitchell Humphrey System. This office will now void the application and records of the transactions will be retained.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Housing, Economic Development & Commerce
Division: Housing Code Enforcement
Respondent: Raymond Meyer

Finding Number: 4 (page# 53)

1. Description:

Several building department permit files selected for testing could not be located by the City and were not available for auditor review.

2. Analysis:

The City's Building department should make certain all permit files are properly retained.

3. Corrective Action:

To correct this problem the file room has been reorganized and access limited to specific individuals. All completed files have been removed and will be sent to Large Doc's to be put on micro film and stored.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Health & Human Services
Division: Health Department
Respondent: Joseph Castagna

Finding Number: 5 (page# 53)

1. Description:

A review of the cash receipts records of the City's Health Department revealed that several receipts were not deposited within 48 hours as required by the State of New Jersey. It can be noted, however, that all instances of violation occurred while there was a vacancy in the Health Department's bookkeeper position.

2. Analysis:

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

3. Corrective Action:

Deficiency occurred because the bookkeeper position was vacant on and off during the period of violation. To correct this deficiency a new bookkeeper was hired and a backup bookkeeper was put in place effective January 1, 2009.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Risk Management
Respondent: Peter Soriero

Finding Number: 6 (page# 54)

1. Description:

The City did not obtain sufficient surety bond coverage for its Tax Collector and municipal court as require by N.J.A.C. 5:30-8.2 and N.J.A.C. 5:30-8.4, respectively, and as recommended by N.J.A.C. 5:30-8.3 for its Chief Financial Officer.

2. Analysis:

The City should obtain the proper surety bond coverage as outlined in N.J.A.C. 5:30-8.2 to 8.4 and reduce the potential risk associated with not obtaining the recommended and minimum levels of coverage.

3. Corrective Action:

Lack of surety bond coverage for the Tax Collector and Chief Financial Officer was an oversight. It has been corrected and there are now bonds for the Tax Collector and the Chief Financial Officer in the amount of \$1,000,000 each for the period July 1, 2008 to June 30, 2009. The Risk Manager will make sure that the bonds are renewed on an annual basis. In reference to the municipal court bonds, as indicated in the Risk Managers records, municipal court judges refused to complete and return the bond applications with the exception of two judges.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Purchasing
Respondent: Peter Folgado

Finding Number: 7 (page# 54)

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:

Only in very rare instances are Business Registration Certificates not on file. We have adopted a procedure whereby no vendor will be assigned a vendor number without proper verification and a copy of the Business Registration Certificate.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Payroll
Respondent: Patricia Yurchak

Finding Number: 8 (page# 54)

1. Description:

During a test of the City's payroll, several W-4 forms were not available for auditor review.

2. Analysis:

The City should retain all employee W-4 forms.

3. Corrective Action:

In all probability the W-4 forms that the auditors were unable to locate were misfiled. The Payroll staff has been informed to be more careful when filing away any paperwork and to make sure nothing else is attached to the original document to be filed.

4. Implementation Date:

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 9 (page# 54)

1. Description:

Test of the Municipal Court ATS/ACS reversals and dismissals revealed several dismissals lacking supervisor approval. In addition, there were several instances in which documentation supporting ticket dismissal, as authorized by a judge, could not be located.

2. Analysis:

A) All documentation relating to reversals or adjustments should accompany cashiers' daily journals or monthly journal. B) Any adjustments performed by a supervisor should be approved and documented by a higher ranking official. C) In addition, dismissed tickets should be filed in a way consistent with easy retrieval.

3. Corrective Action:

A) A dismissal is a disposition that only a judge can authorize, in court and on the record. Dismissals are not approved by supervisors and are not processed by cashiers. Dismissals are processed by court administrators and/or deputy court administrators. The only documents that would support a ticket dismissal would be the original complaint or a print out from the ATS/ACS system, noting the dismissal and having the judge's signature. Regardless of the documentation, the ultimate "proof" of a judge's decision is contained in the sound recording record.

B) Since 2004 cashiers in the violations unit have filled out an adjustment transmittal form (See Attachments 1 & 2) when an adjustment or reversal is made on a ticket on the statewide automated system (ATS/ACS) or on TIPS (Ticket Information Processing System). All adjustment forms require approval and a signature by the shift supervisor. These forms are then attached to the cashiers' daily journal. Corrective action is taken against employees who do not obtain a supervisor's approval.

C) Parking and moving tickets are filed numerically and electronic tickets are filed by date of disposition.

4. Implementation Date:

All items have been previously implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 10 (page# 55)

1. Description:

Testing of the Municipal Court time payments noted many instances in which time payment installment orders were not provided or supported by proper authorization of a judge. In addition, no time payment orders selected resulted in a disbursement of the Parking Authority when paid in full.

2. Analysis:

A) The Municipal Court should make certain all time payment installment orders are accompanied by documentation providing a judge's authorization. B) In addition, the Municipal Court should review time payment orders paid in full to ensure properly calculated disbursements to the Parking Authority.

3. Corrective Action:

A) Procedures will be put into effect whereby a copy of the time payment order will be date stamped and signed by a judge within 24 hours after disposition and attached to the original traffic summons(es). (See Attachment 3). It should be noted, once again, that all time payment orders are authorized in open court, by a judge and can be verified by listening to the official court record.

In accordance with the guidelines established by the Administrative Office of the Courts the City, not the Municipal Court, is responsible for making disbursements to the Parking Authority.

4. Implementation Date:

A) Date stamping and signing of time payment orders will begin April 1, 2009
B) Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 11 (page# 55)

1. Description:

During the audit procedures performed on the Open Bail accounts, it was noted the Court did not reconcile open bail to the ATS/ACS system. It was also noted that the primary differences related to forfeited bail amounts turned over to the Treasurer without adjustments to the ATS/ACS system. In addition, there were significant time lags on the entry of refunded bail into the ATS/ACS system.

2. Analysis:

The Court should investigate, analyze and cross-reference the differences in the monthly balances for aged differences. Simultaneously, the Court should implement procedures to reconcile current activity on a monthly bases to ensure accurate balances in open bail.

3. Corrective Action:

The ATS/ACS bail account is current and reconciled on a monthly basis on part 4 (reconciliation sheet) of the bail cashbook. (See attachment 4). Every bail forfeited by a judge is processed into ATS/ACS within 24 hours. Forfeited bail automatically gets disbursed to the City and is reflected on part 4 of the monthly cashbook report.

The bail unit refunds bail to the public Monday through Friday between the hours of 8:30am and 3:30 pm. A check is written out to the surety and then it is processed as a refund in ATS/ACS. Bail refunds that come from a courtroom as per a judge's authorization are processed in ATS/ACS within 24 hours. If a bail refund requires that a portion of the bail be applied to the complaint/traffic summons then the balance of the bail is sent certified mail to the surety.

4. Implementation Date:

All items are currently implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30,2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 12 (page# 55)

1. Description:

Testing of Municipal Court ATS/ACS cash receipts and disbursements noted that several receipts and disbursements did not have the sufficient supporting documentation available to ascertain whether receipts were properly recorded or authorized.

2. Analysis:

All supporting documentation relating to cash receipts should be maintained in accordance with guidelines established by the State of New Jersey, Administrative Office of the Courts.

3. Corrective Action:

All supporting documentation relating to cash receipts is maintained in accordance with guidelines established by the State of New Jersey, Administrative Office fo the Courts. Cashiers do not make disbursements other than providing change to individuals that pay with cash.

ATS/ACS receipt printers generate a 2 ply register receipt for all payments processed via the system. As per AOC procedures both copies are to be given to the payer if the violator is paying at the violations window or if the violator has mailed a self addressed stamped envelope. Receipts are not to be kept or attached to daily journals.

Daily journals which reflect all payments, whether cash, check or money order are then printed at the end of the cashiers shift. Cashiers are then checked by supervising cashiers as to the accuracy or discrepancies of their journal.

4. Implementation Date:

All items are currently implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30,2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 13 (page# 55)

1. Description:

Testing of Municipal Court TIPS bail receipts and disbursements noted many receipts and disbursements did not have the sufficient supporting documentation available to ascertain whether receipts and disbursements were properly recorded or authorized. In addition, bail recognition forms, while maintained, were not cross-referenced on either manual bail receipts or in the ATS/ACS system, and so were difficult to retrieve. Finally, one item was noted as being reported on the TIPS daily run, but not on the cash receipt report, and was deposited six days later.

2. Analysis:

All supporting documentation relating to cash receipts and disbursements should be maintained in accordance with guidelines established by the State of New Jersey, Administrative Office of the Courts, and all receipts/ATS/ACS entries referring to a bail reconciliation form should be cross-referenced to the form.

3. Corrective Action:

Bail recognizance forms are kept in the bail unit and they are filed in numerical order. (See Attachment 5A). Currently, the court uses the State approved bail recognizance form and a manual bail receipt book whenever an ATS/ACS bail is posted. Effective immediately the manual bail receipt book will no longer be utilized by the bail unit when posting and ATS/ACS bail. Instead, the bail recognizance number will serve as the bail receipt number when posting an ATS/ACS bail.

4. Implementation Date:

Immediately

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30,2008
Department: Administration
Division: Municipal Court
Respondent: Gerald Buccafusco

Finding Number: 14 (page# 56)

1. Description:

The Municipal Court does not actively pursue cases of 'jumped' bail. There are instances in which citizens, after posting a percentage of their bail, do not attend their scheduled court proceeding. The City is still entitled to the remaining bail, however it appears little, if any, effort is being made to recoup the remainder. Although no formal calculations of uncollected bail revenue have been made, the amount can be significant.

2. Analysis:

The City should perform an analysis of lost revenue due to 'jumped' bail and, if determined significant enough, the City should make a concerted effort to retrieve the uncollected bail funds. The City should coordinate efforts with the Municipal Court, whose responsibility it is to report 'jumped' bail to the County, and with the County of Hudson as intermediary, as it is the County's responsibility to maintain record. City personnel, probably through corporation counsel or its designee, should obtain this listing from the County as it is the City's sole responsibility to go after these funds. If lost revenues are determined significant enough, it may even be beneficial to the City to hire counsel specifically for this purpose.

3. Corrective Action:

This finding refers to the 10% bail option. Under the court rules, the non-corporate surety, if other than the defendant, is responsible for the 10% deposit if the bail is forfeited. The defendant is responsible for the remaining 90%. (See Rule 7:4-3(g)). On a breach of a condition of the recognizance, the court may order a forfeiture of the bail on its own or on the prosecuting attorney's motion and a default judgement may be entered. A copy of the judgement is to be served on the municipal attorney, who is then responsible for the collection of the forfeited amounts. (See Rule 7:4-5 (c)). (See Attachment 5B).

The court does not plan to enter default judgements for a breach of the defendant's recognizance (i.e., the 90% on a 10% bail option). Presently, the court issues a warrant, and forfeits the bail when the defendant fails to appear.

4. Implementation Date:

N/A

SECTION II
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Finance
Respondent: Lakhram Basanta
Adelle Tirona

Finding Number: FS08-01 (page# 45)

1. Condition:

Unfunded Deferred Charges to both Future Taxation and Water Rents exist for projects in excess of five years old.

2. Recommendation:

The City should follow up on any Unfunded Deferred Charges in Excess of five years old, determine whether the corresponding projects are completed and provide funding for any projects completed. This comment is repeated from the prior year.

3. Corrective Action:

The City is in the process of reviewing Unfunded Capital Authorizations and will either cancel or fund these projects. This project should be completed by the end of Fiscal Year 2009.

4. Implementation Date:

Ongoing

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Purchasing
Respondent: Peter Folgado

Finding Number: FS08-02 (page #46)

1. Condition:

A test of the City's voucher/disbursement system revealed many instances in which funds were not being properly encumbered. This was evidenced by purchase order dates falling after invoice dates for items with no long-term contracts.

2. Recommendation:

The City must make certain funds are encumbered and certified by purchase order before goods are ordered or services rendered.

3. Corrective Action:

The Division of Purchasing communicates regularly with Division Directors and Fiscal Officers requesting to eliminate any dealings with vendors until a purchase order is issued. Funds for goods and services must be encumbered first. Also, the Business Administrator distributed a memo to all division directors prohibiting the use of confirming orders. Any employee who was found to issue a confirming order after November 1, 2008 was subject to disciplinary action. (See attached memo).

4. Implementation Date

Currently Implemented

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Management & Budget
Respondent: Donna Mauer

Finding Number: FS08-03 (page #47)

1. Condition:

The City's current fixed asset accounting system is non-functional and does not provide for any of the requirements per N.J.A.C. 5:30-5.6.

2. Recommendation:

The City must upgrade its fixed asset accounting system. The City should consider hiring a vendor to update and inventory all fixed assets on hand, then utilize the functions of its current accounting system to maintain an accurate record-keeping. A specific position or individual should be designated with the responsibility of maintaining an accurate accounting of fixed assets once the correct inventory is updated

3. Corrective Action:

The City is in the process of modifying the financial system to enforce capturing fixed asset data. An RFP is also being prepared to hire a vendor to do a physical inventory.

4. Implementation Date

Ongoing - Estimated completion by the end of FY 2009

Name of Municipality: CITY OF JERSEY CITY
County: Hudson
Audit Report Year: June 30, 2008
Department: Administration
Division: Management & Budget
Respondent: Donna Mauer

Finding Number: FS08-04 (page #48)

1. Condition:

No actuarial information is available for not disclosure, as required by GASB 45 and LFN 2007-15.

2. Recommendation:

The City must make certain an actuarial valuation of its OPEB is performed as per the requirements set forth in GASB 45 so proper note disclosure per GASB 45 and LFN 2007-15 can be made.

3. Corrective Action:

The City has hired an actuarial to value our OPEB. Currently, they are working with the health benefits office on compiling information so that they can perform a accurate valuation.

4. Implementation Date

Ongoing