

**BOROUGH OF RED BANK
COUNTY OF MONMOUTH
RESOLUTION NO. 18-186**

**A RESOLUTION REGARDING THE BOROUGH OF RED BANK
REPORT OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2017 AND CORRECTIVE
ACTION PLAN REQUIRED BY FEDERAL OMB CIRCULAR REFERENCE NUMBER A-133**

Councilman Ballard offered the following resolution and moved its adoption:

WHEREAS, the New Jersey Department of Community Affairs, Division of Local Government Services, requires that all municipalities prepare and submit a Corrective Action Plan as part of their annual audit process; and

WHEREAS, the report of audit for the Borough of Red Bank for the year ended December 31, 2017 was prepared on or about June 29, 2018; and

WHEREAS, the governing body of the Borough of Red Bank approved this report of audit and has undertaken a Corrective Action Plan to cover the two (2) recommendations in the audited report as listed below;

Condition #2017-001: There were a number of grants that were not correctly identified as either state, federal, or other. Furthermore, there were a number of grants appropriated with balances that should have been canceled either because the grant period had run out or because the grant was not going to be fully utilized.

Recommendation #2017-001: Written policies and procedures should be drafted related to the completion of a year-end review of all the Borough's grants, for their appropriate identification as to the source of funds and that all the activity within the accounts are complete and accurate, the policy should be adopted by the governing body. Management should design, implement, and monitor a system of internal controls to ensure the policies and procedures are being carried out as the governing body intended.

Corrective Action #2017-001: Policies and procedures will be adopted to ensure that grants and their funding sources are identified in accordance with the applicable federal and state single audit guidelines.

Implementation Date: By December 31, 2018.

Condition #2017-002: Interfund balances exist as of December 31, 2017.

Recommendation #2017-002: All Accounts should be reviewed at year end to assure that no interfund balances exist, and if adjustments need to be made that may create interfund balances, those adjustments should be made prior to year-end.

Corrective Action #2: All accounts will be carefully reviewed, and any necessary adjustment will be made prior to year end to assure that no interfund balances exist as of December 31, 2018.

Implementation Date: By December 31, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Red Bank that the report of audit for the year ended December 31, 2017 prepared by Charles J. Fallon, C.P.A/R.M.A., of the firm of Fallon & Larsen LLP, the Borough Auditors, entitled "Comprehensive Annual Financial Report of the Borough of Red Bank for the Fiscal Year Ending December 31, 2017 has been previously accepted by the Borough of Red Bank and a Corrective Action Plan has been implemented to cover all findings and recommendations in the audit report and the appropriate steps have been taken as to these comments and recommendations as more particularly set forth above.

Seconded by Councilman Zipprich and adopted on roll call by the following vote:

| | Yes | No | Abstain | Absent |
|---------------------|-------|-----|---------|--------|
| Councilman Taylor | (X) | () | () | () |
| Councilman Whelan | (X) | () | () | () |
| Councilman Yngstrom | () | () | () | (X) |
| Councilman Ballard | (X) | () | () | () |
| Councilman Zipprich | (X) | () | () | () |
| Councilwoman Horgan | (X) | () | () | () |

Dated: July 18, 2018

I hereby certify the above to be a true copy of a resolution adopted by the Council of the Borough of Red Bank, in the County of Monmouth, at a meeting held on July 18, 2018.

Pamela Borghi

Pamela Borghi, Municipal Clerk