

Fire District No. 3

TOWNSHIP OF HANOVER, COUNTY OF MORRIS

JULY 6, 2023

RESOLUTION ADOPTING BUDGETARY CORRECTIVE ACTION PLAN

RESOLUTION 23-07-06-91

WHEREAS, the Auditor for the Fire District has identified specific areas with regards to the Board's accounting practices which need correction, as identified in the annual audit for the year ending December 31, 2022, and

WHEREAS, the State of New Jersey has required that a Corrective Action Plan be undertaken by means of resolution, and

WHEREAS, the Board of Fire Commissioners agrees with the provisions of the Corrective Action Plan attached hereto.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF FIRE DISTRICT No. 3, TOWNSHIP OF HANOVER, COUNTY OF MORRIS, STATE OF NEW JERSEY as follows:

1. The Corrective Action Plan attached hereto is hereby adopted, and
2. All necessary actions will be taken by the District to adhere to the provisions of this Corrective Action Plan.

It is hereby certified that this resolution is adopted by the Board of Fire Commissioners on this the 6th day of **July, 2023**.

MaryLou DeSimone, Secretary

Fire District No. 3

TOWNSHIP OF HANOVER, COUNTY OF MORRIS

ATTACHMENT 'A'

2022 FIRE DISTRICT AUDIT

CORRECTIVE ACTION PLAN

Item 1:

The District maintain an adequate segregation of duties with respect to the recording and treasury functions

Resolution:

The financial constraints and current staffing of the District do not allow for individuals to perform recording and treasury functions as separate individuals. Segregation of these functions is not practical, and would have a consequential negative impact to taxpayers. Guidelines could be implemented to allow other personnel with sufficient knowledge and understanding to provide oversight of these operations. While the Bookkeeper and the Treasurer of the Board are tasked with these duties, it would be practical that the District's Administrator and one other member of the Board, appointed by the Board Chairman, be so designated to regularly review all recording and treasury functions. These individuals shall be expected to review all electronic ledger sheets as prepared by the Bookkeeper and also all reports of financial institution transactions to insure that these are done consistent with expected regularly accepted practices.

Item 2:

All purchase orders are approved prior to the purchase of goods or services

Resolution:

The District has entered the principle of not paying for any goods or services before completion or delivers. Encumbrances are still consistent with the year on origin so that these are credited accordingly, and do not negatively impact the current budget. The District has entered into a shared services agreement with the Township of Boonton for a Qualified Purchasing Agent, Norman Eckstein. Mr. Eckstein has become an additional set of eyes and is supplied at regular intervals with scheduled purchases and expenditures. In doing so the District benefits from

guidance in large and/or cumulative purchases and the ability to proceed with larger projects without incurring costs of bidding.

The District is working with Mr. Eckstein and will purchase and institute a Purchase Order program which will provide significantly better delineation of purchases, and the ability to track said purchases from procurement through delivery and payment.

Item 3:

Budget versus actual expenditures be monitored a periodic basis and necessary actions be taken to avoid over expenditure of the budget in total or individual budget line items.

Resolution:

2022 presented challenges in a global sense, where costs of products and services increased significantly due to unanticipated inflation. Concurrent to this, events outside of the District's control, including an unprecedented increase in Workers Compensation Insurance predicated on reentry to the assigned risk pool, increased expenditures significantly beyond anticipated needs. The District formulates a budget annually which is fiscally prudent, and does not increase the burden on taxpayers, but by doing so narrows the allowances for unforeseen expenses, or increases in costs.

Moving forward, the District continues to closely scrutinize all areas of spending, and in not making any purchases, or expenditures that have not been anticipated and allowed for. Beyond the current fiscal year subsequent budgets will allow for current and anticipated inflationary rates, and rely on trends in costs in necessary markets such as fuel and insurances as well as recognizing the increasing maintenance costs of an aging fleet. Said budgets shall also seek funding for staffing changes consistent with the needs of the District.

Fire District No. 3

TOWNSHIP OF HANOVER, COUNTY OF MORRIS

Certification

I, **MaryLou DeSimone**, Secretary of the Board of Fire Commissioners of Fire District No. 3, Township of Hanover, County of Morris, State of New Jersey, hereby certify that the Commissioners at a meeting held on the 6th day of July, 2023 duly adopted the attached resolution;

23-07-06-91 RESOLUTION ADOPTING CORRECTIVE ACTION PLAN

This resolution was introduced by Commissioner:

Cornine **DeSimone** **Dugan, Jr.** **Waldron** **Keyser**

and was seconded by Commissioner

Cornine **DeSimone** **Dugan, Jr.** **Waldron** **Keyser**

Record of the Vote

	Cornine	DeSimone	Dugan, Jr.	Waldron	Keyser
Yes	X	X	X	X	X
No					
Abstain					
Absent					

MaryLou DeSimone, Secretary