Resolution of the Demarest Governing Body

Resolution No. 150-26

July 13, 2026

Council Member	Motion	Second	Yes	No	Abstain	Absent
Slowikowski			✓			
Carmeli						✓
Collins	✓		✓			
Jiang			✓			
Marks			✓			
Reiss		✓	✓			

TITLE: **RESOLUTION TO APPROVE THE CORRECTIVE ACTION PLAN FOR THE 2025 AUDIT**

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WHEREAS, the 2025 Annual Audit of the Borough of Demarest conducted by Lerch, Vinci & Bliss LLC, contained certain recommendations requiring action; and

WHEREAS, these recommendations have been reviewed by the Chief Financial Officer; and

WHEREAS, the Chief Financial Officer in accordance with the requirements promulgated by the New Jersey Division of Local Government Services, has developed a plan to address the recommendations listed by the auditor.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Demarest that the Corrective Action Plan for 2025 for the 2025 Annual Audit, hereto attached, is hereby approved and accepted; and

BE IT FURTHER RESOLVED, that the Municipal Clerk is hereby directed to transmit a certified copy of this resolution and its attachments to the Division of Local Government Services.

APPROVED:

Brian Bernstein, Mayor

CERTIFICATION

I, Julie Falkenstern, Borough Clerk, of the Borough of Demarest, in the County of Bergen and the State of New Jersey do hereby certify that the foregoing Resolution is a true copy of the original resolution duly passed and adopted by the Governing Body at the meeting on July 13, 2026.

Julie Falkenstern, RMC
Borough Clerk

Borough of Demarest
Bergen County, New Jersey
118 Serpentine Road
Demarest, New Jersey 07627
Phone 201-768-3611

Julie Falkenstern
Borough Clerk

CORRECTIVE ACTION PLAN 2025

Prior Years Finding # 1 Internal control procedure over purchasing was not in agreement with the Division of Local Government Services Technical Directives, Administrative Code and the Local Public Contracts Law.

Action: The Borough Administration will take steps to be in compliance with the laws and requirements as requested.

Implementation Date: December 2026

Prior Years Finding # 2. The Escrow Deposit Ledger was not in agreement with the general ledger.

Action: The CFO will reconcile the escrow deposit ledger to the general ledger on a monthly basis and review the Trust Fund Accounts to verify funds are available prior to payments of bills.

Implementation Date: November 2026 for the Escrow Deposit Ledger

Prior Years Finding # 3. The Recreation Department Annual Fee Schedule was not submitted to the Governing Body for approval.

Action: The Administrator will prepare Recreation Fee Ordinance and submit it to Governing Body for approval.

Implementation Date: November 2026

Prior Years Finding # 4. Borough's fixed assets were not updated in a timely manner or in agreement with the Borough's purchasing system.

Action: The Administrator will review the Borough's purchasing system and coordinate with the finance department to update fixed asset accounting system.

Implementation Date: November 2026

Prior Years Finding # 5. Internal control procedures were not in place to ensure sufficient funds are available prior to expenditures of funds.

Action: The CFO will review its internal control procedures to ensure sufficient funds are available prior to certifying funds for payment. Department Heads will be trained in how to enter requisitions for approval by finance department before expenditures are made. Purchasing training will be updated for Department Heads.

Implementation Date: September 2026

Prior Years Finding # 6. Employee Unemployment Insurance payroll withholdings were not deposited into the Unemployment Trust Bank Account.

Action: The CFO will review deductions with the payroll clerk and deposit all Employee Unemployment Insurance withholdings into the Unemployment Trust Bank Account.

Implementation Date: November 2026

Prior Years Finding # 7. Prior year Current and General Capital Fund had uncollectible receivable balances.

Action: The CFO and Administrator will review uncollected grant receivables and either take appropriate action to collect or clear receivables of record.

Implementation Date: December 2026

Prior Years Finding # 8. Payroll tax returns and remittances to federal and state agencies were not made by the required due dates.

Action: The CFO and payroll department will set up procedures to ensure filings and remittances are verified on returns and payments are made by the required due dates.

Implementation Date: December 2026

Prior Years Finding # 9. The payroll agency ledger by deduction is not maintained by the Borough.

Action: The Borough's payroll department will implement a payroll agency ledger by deduction and will maintain it accordingly. Bank Reconciliation will be done on a monthly basis.

Implementation Date: December 2026

Prior Years Finding # 10. Pension withholdings deducted from employee's payroll checks don't agree to reported quarterly pension report amounts filed with the State.

Action: The CFO along with the Payroll Clerk will verify that correct withholdings are being made and reports are filed accordingly. Finance Clerk will proof calculations by payroll clerk.

Implementation Date: December 2026

Prior Years Finding # 11. Required employee health insurance contributions (Chapter 78) were not in agreement with amounts being deducted from employee's salary.

Action: More attention will be paid to the calculation of employee health insurance contribution to be in agreement with the New Jersey statutes. Finance Clerk will proof calculations by payroll clerk.

Implementation Date: December 2026

Prior Years Finding # 12. The payroll amounts deposited did not agree with the payroll summaries.

Action: More attention will be paid to the payroll postings and that deposits will match the payroll summaries. Finance Clerk will proof calculations by payroll clerk.

Implementation Date: December 2026

Current Year Finding # 1. Pension withholdings deducted from employee's payroll checks don't agree to reported quarterly pension report amounts filed with the State.

Action: The CFO along with the Payroll Clerk will verify that correct withholdings are being made and reports are filed accordingly. Finance Clerk will proof calculations by payroll clerk.

Implementation Date: December 2026