

COUNTY OF HUDSON
CORRECTIVE ACTION PLAN

December 31, 2016

Section III – Schedule of Federal Awards and State Financial Assistance –
Findings and Questioned Costs

Finding 2016-001 Hudson County Division of Welfare
Material Weakness in Internal Control

Criteria: Sound accounting policies suggest that the County is required to reconcile and compare information reported in its financial records to the underlying accounting records and reports provided to and from grantor and oversight agencies, and to do so in a timely manner.

Condition: 2016 reconciliations for the County Department of Family Services, Division of Welfare (the Division) Administration Account were completed more than 8 months after the close of the fiscal year. There remains an unidentified reconciling item of \$572,846.

Context: The discrepancy was noted in a review of the Division’s “Administrative Fund Disbursements Worksheet” which is a report submitted to the State of New Jersey for reimbursement of certain administrative costs allocated to various grants

Cause: The County is not properly reconciling administrative account bank reconciliations on a timely basis.

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Finding 2016-001 (con't)

Comment and

Corrective Action: The County takes exception with this finding as it can be interpreted to mean that there existed a material weakness in internal controls within the County Finance Department rather than the Division of Welfare. While it is true that the Division of Welfare did not reconcile its internal records on a timely basis to discover the discrepancy on the State fiscal report, these are not the official books and records of the County Finance Department. Moreover, it is the responsibility of the County Finance Department to reconcile all bank accounts, not the Welfare Division, and those reconciliations were prepared timely. There were no materials reconciling items on the Welfare Administration Account at December 31, 2016. Notwithstanding the foregoing, the County has instituted an additional level of review before the Welfare Division is permitted to release its expenditure reports to the State. In addition, The Welfare Division has instituted a 3 part reconciliation process to ensure that all expenditures are reconciled to the County Finance Department on a timely basis

Implement Date: Immediately

Contact Persons: Benjamin Lopez, Director, Department of Family Services
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