

RESOLUTION NO. 29- 15

THE BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

February 23, 2015

**A Resolution Authorizing and Adopting a Corrective Action Plan
in Response to Recommendations Contained in the 2013/2014 Audit**

WHEREAS, the Brick Township Municipal Utilities Authority (the "Authority") has had presented by its Auditor the Audit for the year ended March 31, 2014; and

WHEREAS, said Audit contained one comment and recommendation relating to inventory valuation as follows:

- 1). Criteria: GAAP requires that inventories be stated at the lower of cost or market. Losses should be recognized and accounted for in the current period whenever the utility of goods is impaired by damage, deterioration, obsolescence, changes in price levels, or other causes.
- 2). Condition: Inventories are stated at average cost. Market value has not been determined.
- 3). Cause: The Authority has not implemented a system to identify and recognize devalued or obsolete items.
- 4). Recommendation: The Authority periodically price inventories at market and recognize losses as required.; and

WHEREAS, the Authority is obligated to agree to a corrective plan to respond to said recommendations; and

WHEREAS, the Authority has determined to provide the following corrective actions:

1. The Finance Division has previously coordinated efforts with other departments to identify and eliminate obsolete items. A report is generated by the Finance Division showing items in inventory that have not been active within the past 18 months. It is the department head's responsibility to determine if their inventory items are obsolete, active inventory, or an on hand requirement (emergencies, main breaks, etc.). The inventory activity report will be updated and circulated to all departments once again to minimize or eliminate any obsolete inventory.
2. Any further obsolete items as determined in #1 above will be declared as surplus and placed for sale on the GovDeals web site. The Finance Division will then determine market value of the Authority's inventory by the valuation process as recommended by the auditing firm.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Brick Township Municipal Utilities Authority as follows:

1. The above corrective plan is adopted.
2. A certified copy of this resolution shall be forwarded to the Director of Local Government Services, Department of Community Affairs.

CERTIFICATION

I hereby certify that the foregoing Resolution was duly adopted at a Regular Meeting of the Brick Township Municipal Utilities Authority, County of Ocean, State of New Jersey, held on Monday, February 23, 2015.


James C. Bayard, Secretary