

HEIDELBERG TOWNSHIP
2019 & 2020 QUESTIONS FROM BOS AND PUBLIC
6.2.21

	Question	Response
1.	<u>BOS Question:</u> What was the sample size including the number of items sampled and the dollar value for both revenue and expenses?	Revenue was confirmed from earned income taxes, real estate taxes, realty transfer taxes, and liquid fuels which was about 95% of the total revenue for both 2019 and 2020 which SEK could confirm those revenue streams. As far as expenditures, that is split into 2 categories. First, is for payroll which was tied into the quarterly and annual reports (941 and W3s) and second was selected invoices for testing as well. SEK tested about 40 invoices each year and compared it to the payee to make sure the amounts matched up to them. In total for each year was about 90% for expenditures.
2.	<u>BOS Question:</u> What testing did you perform on the transactions and the samples?	For the revenues- SEK confirmed those and sent them to 3rd parties, as blanks and had them fill out to make sure they matched up with the township's records. As far as the expenditure side, the payroll was determined by the quarterly reports and the disbursements with the amount of the invoice matching up to the amounts to the payee.
3.	<u>a. BOS Question:</u> Can you explain how the tax deferred income was reported on the W2 in reference to a retirement, please explain that it wasn't reported correctly but taxes were withheld? <u>b. Public Question:</u> In reference to the deferred income reported on W2's, was it reported as taxable income on the W2's?	a. On the W2 which goes to the employee and on the W3 is what gets reported to the IRS, there was an amount labeled as deferred compensation which was not actual deferred compensation and it was additional payroll. The taxes were appropriately withheld from that, it was just misreported on the W2 and the W3. This did not have any impact to the township. b. SEK did not review the W2's as part of the audit of the DCED Reports; however, the total wages were included on the DCED Report as reported on the W3.
5.	<u>a. Public Question:</u> Are the supervisors going to be putting forward a more robust form of internal controls?	Yes, the BOS are in the process of implementing Internal Controls.
6.	<u>Public Question:</u> How much did the township spend on these audits for 2019 and 2020? Does SEK have an estimate?	SEK's total cost will be \$20,000.00, that includes the audits of 2019 and 2020, along with clean-up work that consisted of correcting cut-off issues, reperforming bank reconciliations, and properly grossing up the payroll transactions.
7.	<u>Public Question:</u> What is the hourly rate the township is paying SEK?	The hourly rates vary for the different staff that are on the job and those rates are blended together for the totals above. (Question 6)
8.	<u>Public Question:</u> What was done with the discrepancy of the previous annual report for 2017 and 2018 and how do you reconcile that?	SEK's understanding is that these were not completed by CPAs, but rather Appointed/elected Auditors.

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9.	<u>Public Question:</u> a. What is the timeframe to get started the conversion to QuickBooks training? b. How long will it take for the training to be complete?	Training to start 6/24/21. Training will take a few weeks, about a month or two to get everything done. All transactions from January 2021-current will need to be entered into QuickBooks before a "Go Live" date can be determined.
10.	<u>Public Question:</u> Why wasn't the information put into QuickBooks at the start of the audits?	SEK initially preferred everything to be put into QuickBooks but were willing to do the audit without being entered into QuickBooks.
11.	<u>Public Question:</u> Were the 2017 and 2018 audits actually signed by elected auditors?	The BOS would have to go back and look at them, but they were prepared by the elected or appointed auditors.
12.	<u>Public Question:</u> What was the basis for not auditing 2017 and 2018, where alleged discrepancies occurred?	SEK was hired to audit the 2019 and 2020 DCED Reports.
13.	Since the QuickBooks dump has NOT been done for the 2019 and 2020 audits and SEK performed the audit without them being in QuickBooks, can the supervisors explain why we will be paying SEK to perform this function since the audit has already been completed?	SEK is NOT putting 2019 or 2020 into QuickBooks so there is no payment for that. SEK initially preferred everything to be put into QuickBooks but were willing to do the audit without being entered into QuickBooks (See question 10)
14.	Since the 2019 and 2020 audits have been completed, why should we taxpayers now be saddled with a bill for putting this information into Quick Books that at this point is totally unnecessary?	SEK is NOT putting 2019 or 2020 into QuickBooks so there is no payment for that. SEK initially preferred everything to be put into QuickBooks but were willing to do the audit without being entered into QuickBooks (See question 10)
15.	What overall percent of original documents were included in this audit?	SEK replied at the meeting: 95% revenue & 90% expenditures