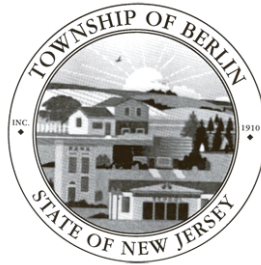


MARION BODANZA
Council President

Council Members
FRANK EPIFANIO
MARK REID
FRANK McHENRY



Appendix A
PHYLLIS MAGAZZU
Mayor

CATHERINE UNDERWOOD
Township Clerk

TOWNSHIP OF BERLIN

MUNICIPAL BUILDING
135 Route 73 South
West Berlin, NJ 08091
Phone (856) 767-1854

The Township would like to thank the Comptroller's office for their professionalism during their follow-up report field work. As the user of this report can clearly discern, the Township took the recommendations of the Office of the State Comptroller in their 2021 audit seriously. As this report shows, of the 13 recommendations made in the original report, 12 have been either fully implemented or partially implemented. Where the Comptroller identified recommendations as partially implemented the Township strongly feels as though most of the identified partial recommendations were fully implemented, just not to the satisfaction of the Comptroller's office requests.

Recommendations 3 and 4 the Comptroller identified as partially implemented because there was no evidence of supervisor approval of the timesheets. In most instances the timesheets in question are emailed to the payroll clerk by the outside department's head or designee in charge of payroll. The Township feels that if the timesheets were not approved for processing, then the department head would not be sending the timesheets to the payroll clerk. For other employees that work within Town Hall, they all (8 employees of which 4 are salaried) work within close proximity to the payroll clerk who can determine if the timesheet is accurate. In the future, the Township will add a line to the emails from outside departments indicating the sender is approving the attached timesheets.

Recommendation 5 we would like to highlight that of the \$5,300 discrepancies over three years the Comptroller identified in their review the Township had already identified \$4,900 prior to the comptroller personnel beginning their fieldwork with the Township and has been in the process of recouping those funds through payroll deduction. The remaining \$400 was primarily a result of contractual salary increases over the years.

Recommendation 10 regarding expense reimbursements, the Township's position is that expense reimbursements are at an absolute minimum and the reimbursements that were made all had sufficient supporting and detailed documentation. All reimbursements made were either a direct result of an urgent need for the community or because the vendor would not accept purchase orders and physical checks as payment.

Lastly, recommendation 13 is in reference to controls surrounding the Township's accounting software. New Jersey operates under a regulatory basis of accounting that is vastly different than Generally Accepted Account Principles (GAAP). Because of this, our options on what accounting software we can use are greatly reduced and we must work with what is available. In addition, most New Jersey

municipalities utilize this software. Unfortunately, the levels of controls available as they relate to system access are very limited with our accounting package. We have segregated controls as much as feasible with our software and have the CFO as system administrator. The CFO is a separately bonded position, is separate from the receipt and deposit function and cannot make disbursements without secondary approval. Because of this, the Township feels that there is a proper segregation of controls. Additionally, the CFO reconciles all accounts monthly which is a compensating control for the Tax Office's multiple user ID's. The Tax office has multiple user IDs to service our residents as efficiently as possible. Lastly, our physical building security and network security prevents unauthorized computer access for anyone whose employment has been terminated.

Respectfully,

Township of Berlin