

**BOROUGH OF BELLMAWR**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2017

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***Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2017-001**

**Criteria or Specific Requirement**

Internal controls with respect to payroll should be designed for effectiveness and efficiency. The payroll process should follow statutory guidelines and Borough ordinances established.

**Condition**

The Borough did not process payroll in accordance with established guidelines as promulgated by Borough ordinance and health benefit deductions were not calculated in accordance with state statutes. In addition, amounts reported to the Division of Pensions did not agree to amounts per payroll reports.

**Context**

The following items were found during a test of payroll disbursements and reporting:

1. The amount withheld from two employees' salaries for health benefit contributions were \$74.59 less than the required amount.
2. Required deductions of \$267.84 were not taken from one employee tested receiving dental benefits.
3. The base salary of four employees tested did not agree to the base salary reported on the quarterly pension reports resulting in a difference of \$6,347.00 less in reported wages and \$450.00 of cumulative deductions not withheld.
4. State taxable wages for three employees tested were not calculated correctly.

**Effect**

The Borough was not reimbursed the correct amount that was required from employees that contributed to health care costs. Payroll reports may not be accurately reflecting all activity that is required and the budget expenditures may have been overstated with the respect to the incorrect amount of deductions.

**Cause**

The salary ordinance was not adopted until August 2017 resulting in retroactive changes to all base salaries used to calculate deductions and the retro amounts were not reported to Division of Pensions. Health benefit deduction support did not agree to the required calculation.

**Recommendation**

That the Borough review procedures with respect to the payroll process, and adhere to healthcare and pension deduction guidelines, including information contained in Local Finance Notices issued by the State of New Jersey Division of Local Government Services.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF BELLMAWR**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2017

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***Schedule of Financial Statement Findings (Cont'd)***

**Finding No. 2017-002**

**Criteria or Specific Requirement**

Interfunds should be liquidated within a reasonable period of time and transactions should be posted to the general ledger of each fund. Separate bank accounts should be maintained for each fund.

**Condition**

The Borough had several interfunds as of December 31. The interfund balances in the general ledger did not agree prior to audit adjustments.

**Context**

During the year numerous transactions between Borough funds occurred that were not properly posted to the general ledger of each fund.

**Effect**

The general ledgers for the funds of the Borough were not accurate and required adjustments to agree to cash reconciliations and other interfund balances.

**Cause**

There were timing differences between the reconciliation function and the maintenance of the general ledger. In addition, there is only one bank account for the Water Utility Operating and Water Utility Capital funds.

**Recommendation**

That all interfunds be reviewed prior to the end of the year and that the Borough maintain a separate bank account for the Water Utility Capital fund.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.