



# Seven Hills technology

KAT Proposal

Statement of Work

**Impactful Technology,  
Hands-on Collaboration,  
Good People.**

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**Prepared for:**

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Kenton County

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## Executive Summary

Kenton County is looking to streamline their audit process with a new tool that will help auditors quickly assess business tax returns for compliance. The Kenton Auditor Tool (KAT) will combine multiple data sources and automated checks to give auditors a clear picture of whether a return needs further investigation or can be approved. Additionally, the tool will provide a new way of tracking audits over time, to assist with evaluating their effectiveness and value.

Right now, auditors have to manually check multiple systems and do calculations by hand to verify that businesses are filing correctly. This takes time and leaves room for human error. KAT will pull all this information together on one screen and flag potential issues automatically.

## What We're Building

The KAT tool will help auditors by:

### Gathering Key Information Automatically

When an auditor enters an account number and tax year, KAT will immediately pull up:

- General Account Details
- Any delinquent returns on the account
- Payroll information filed in COLA (matching the business's fiscal year)
- Cities where the business has licenses
- Account History, including annual returns and transactions
- Account and Audit comment history

### Spotting Red Flags

The tool will automatically flag situations like:

- Payroll reported in a city but no license or subject earnings for that city
- Companies that had payroll but didn't renew licenses in those cities
- Earnings for a city are greater than zero, but County earnings are zero
- There is a missing quarterly filing for the year

### Tracking Audits

Once saved, the tool will create a record based on the audit findings, including:

- Name of the auditor who completed the audit
- Date and time audit was completed
- Reference to the account and filing that was audited
- Includes an Audit Comments field
- Tags for auditor findings
- Discrepancy amounts
- Final auditor assessment

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## Detailed Functionality

### Main Audit Screen

- Navigation updated to include the KAT
- Simple account number and tax year entry
- Includes a field for auditor to add "Date Return Received" for the filing
- Automatic checks for delinquent returns
- Pulls payroll and city license information

### Automated Verification

- Flags payroll reported without proper licenses
- Checks that license renewals match cities with payroll
- Checks quarterly returns for any missing filings
- Checks whether earnings are reported for a city, but no earnings for the county

### Documentation and Reporting

- Lets auditors leave notes about the audit
- Button to generate an Audit Return (auditor will still key in amounts, for Return form will be generated with business information, and "AUDIT" printed on the form)
- Creates a record of the audit that tracks when it was completed, by whom, and the findings

## Measuring Success

We'll track several key metrics to show the impact of the KAT tool on your audit process:

### Time Efficiency

- Time from return submission to audit completion
- Reduction in back-and-forth between systems during audits

### Process Quality

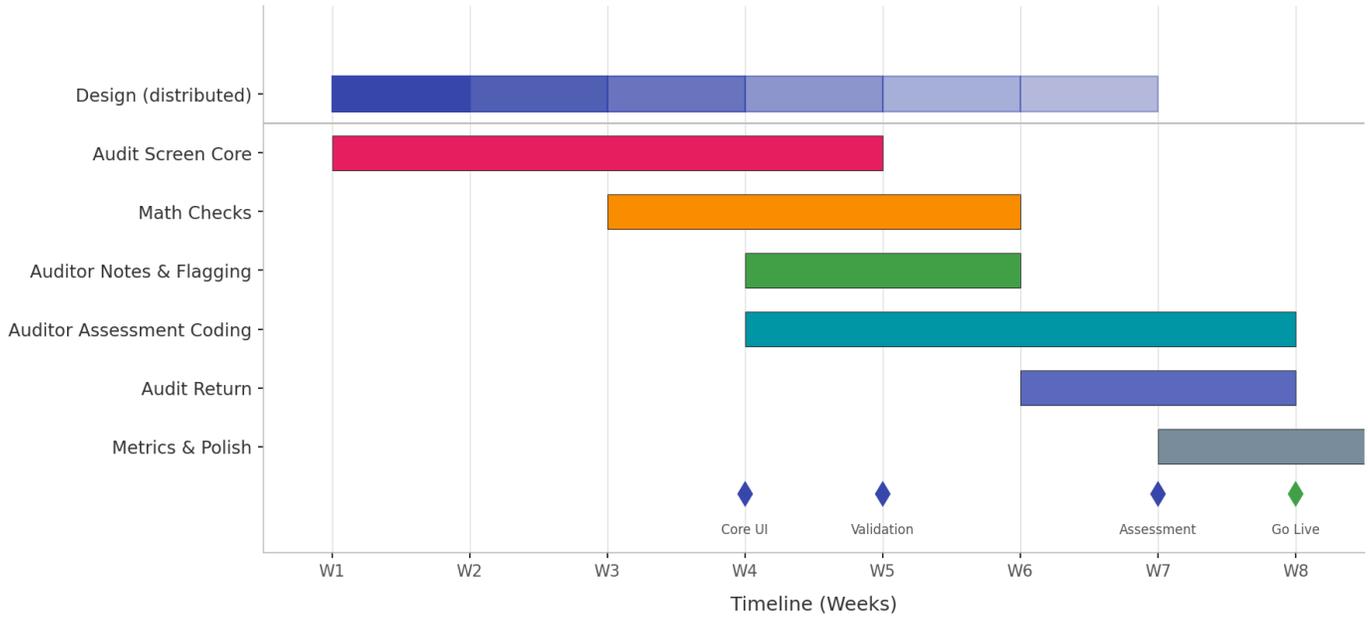
- Number of discrepancies caught automatically vs. manually
- Consistency of audit outcomes across different auditors

### Workload Management

- Total returns processed per auditor per day/week

# Timeline

**Kenton Auditor Tool (KAT) - Project Timeline**



| Phase                              | Weeks |
|------------------------------------|-------|
| Design (Distributed)               | 1-6   |
| Audit Screen Core                  | 1-4   |
| Math Checks/Automated Verification | 3-5   |
| Auditor Notes                      | 4-5   |
| Auditor Assessment Coding          | 4-7   |
| Audit Return                       | 6-7   |
| Metrics & Polish                   | 7-8+  |

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## Your Investment

This project will be billed as a fixed-price project. Invoices will be split into 4 equal amounts of \$8,681.25. The first invoice will be sent on project kickoff. Subsequent invoices will be sent semi-monthly. The final invoice will be held until the project is completed. Payment terms are NET 30.

| Name               | Total       |
|--------------------|-------------|
| KAT Implementation | \$34,725.00 |

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# ABC Sign Company - 1000234 - 2025

Return

Page 1 INCLUDE ALL APPLICABLE FEDERAL FORMS, SCHEDULES AND STATEMENTS WITH RETURN FOR OFFICE USE ONLY

**KENTON COUNTY**  
Annual Occupational Fee & Business License Renewal Return  
Kenton County and Cities, Kentucky  
Form ACCT REV 11/2024 - LICENSEE NOT RESPONSIBLE FOR ALL INFORMATION AND PAYMENTS  
- DOWNLOAD INSTRUCTIONS, SCHEDULE N & G  
- DO NOT STAPLE THIS FORM OR ATTACHMENT

Check if new address, DBA, Name & Mailing Address

PROVIDE ANY CHANGE OF INFORMATION HERE

Business Name  
Business Owner  
Address  
City, State, ZIP

ACCOUNT NUMBER | REBIDDED | FISCAL YEAR | QUARTER NUMBER | DUE DATE

FEDERAL I.D. OR SOCIAL SECURITY NO | MONTH | YEAR | NAES Code

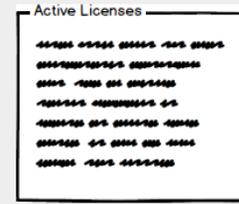
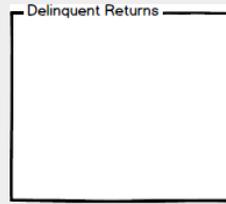
FILE RETURN (Check ONLY to close account):  
DATE OF RETURN (BASED ON BUSINESS YEAR):  
WAS THERE A CHANGE OF OWNERSHIP/ENTITY? NO | YES |  
NOTE: NAME AND ADDRESS OF ENTITY OR CHANGE OF PROTECTION  
EXTENSION REQUEST AND EXTENSION FILING INSTRUCTION  
FOR A SIX (6) MONTH EXTENSION, MAKE A COPY OF THIS FORM AND PAY AT  
LAWYER OF ANY EXTENSION FILING AND LICENSE RENEWALS  
- ALLOCATE ALL EARNINGS PAYMENTS TO EACH CITY OR COUNTY  
- TAXPAYER MUST FILE TO COUNTY AND TO APPLICABLE CITIES BELOW  
Acct Return: Check this box if a extension or suspended return meets or exceeded  
payments were applied to each return per instructions.

| COLUMN 1<br>CITY OR<br>COUNTY | COL 2<br>FEE<br>TYPE | COLUMN 3<br>SUBJECT<br>EARNINGS   | COL 4<br>RATE | COLUMN 5<br>FEE LIMITS | COLUMN 6<br>FEE<br>DUE | COLUMN 7<br>PAYMENT | COLUMN 8<br>TOTAL<br>BUSINESS TAXES<br>FEE DUE<br>(134 144 144) | COLUMN 9<br>PENALTY | COLUMN 10<br>INTEREST | COLUMN 11 |
|-------------------------------|----------------------|---|---------------|------------------------|------------------------|---------------------|---|---------------------|-----------------------|-----------|
| KENTON COUNTY                 | NET                  | *****   | *****         | EXEMPT                 | *****                  | EXEMPT              | *****   | *****               | *****                 | *****     |
| BROMLEY                       | GROSS                |   | 0.0275        |                        |                        |                     | 50  |                     |                       |           |
| COVINGTON                     | NET                  | ***** File Covington Net Profit Tax Directly With City of Covington ***** |               |                        |                        |                     |   |                     |                       |           |
| CRESCENT SPRINGS              | GROSS                |   | 0.00075       |                        |                        |                     | 50  |                     |                       |           |
| CRESTVIEW HILLS               | GROSS                |   | 0.00075       | 40,000                 |                        |                     | 50  |                     |                       |           |
| EDGEWOOD                      | NET                  |   | 0.0075        | 5000                   |                        |                     | 50  |                     |                       |           |
| ELSMERE                       | NET                  |   | 0.01          | 5000 15,000            |                        |                     | 50  |                     |                       |           |
| ERLANGER                      | GROSS                |   | 0.00075       | 40,000                 |                        |                     | 50  |                     |                       |           |
| FORT MITCHELL                 | GROSS                |   | 0.00075       |                        |                        |                     | 50  |                     |                       |           |
| FORT WRIGHT                   | GROSS                |   | 0.00075       |                        |                        |                     | 50  |                     |                       |           |
| INDEPENDENCE                  | GROSS                |   | 0.00075       |                        |                        |                     | 50  |                     |                       |           |
| LAKESIDE PARK                 | GROSS                |   | 0.0075        |                        |                        |                     | 50  |                     |                       |           |
| LUULOW                        | GROSS                |   | 0.00132       |                        |                        |                     | 50  |                     |                       |           |
| PARK HILLS                    | GROSS                |   | 0.00125       | 2500                   |                        |                     | 50  |                     |                       |           |
| RYLAND HEIGHTS                | NET                  |   | 0.01          |                        |                        |                     | 50  |                     |                       |           |

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## Summary

- Missing Schedule Y for Bromley
- Activity reported but no license for Erlanger
- Incorrect math for Bromley



## Payroll

| Totals | Q1    | Q2    | Q3    | Q4    |
|--------|-------|-------|-------|-------|
| *****  | ***** | ***** | ***** | ***** |
| *****  | ***** | ***** | ***** | ***** |
| *****  | ***** | ***** | ***** | ***** |

Bromley

For City/County of \_\_\_\_\_ Account# \_\_\_\_\_

NAME OF CITY (Make copies of Schedule G as needed for additional Cities) INDIVIDUAL PARTNERSHIP CORPORATION

- Gross Receipts from Federal Schedule C of Form 1040 (Attach Schedule C Pages 1 and 2) 1) \_\_\_\_\_
- Gross Receipts from Federal Schedule E of Form 1040 (Attach Schedule E) 2) \_\_\_\_\_
- Gross Receipts from Federal Form 1065 (Attach Federal Form 1065) 3) \_\_\_\_\_
- Gross Receipts from Federal Form 1120, 1120A, 1120S (Attach Federal Form 1120, 1120A, 1120S) 4) \_\_\_\_\_
- Gross Receipts from "Gross Rents" from Federal Form 1120 (Attach Federal Form 1120) 5) \_\_\_\_\_
- Gross Receipts from Rental Real Estate of a Partnership or S Corporation (Attach Federal Form 8825) 6) \_\_\_\_\_
- Total Gross Receipts (Add lines 1 through 6) 7) \_\_\_\_\_
- Gross Alcoholic Beverage Sales 8) \_\_\_\_\_
- Excise Tax (Sales Tax) 9) \_\_\_\_\_
- Returned Goods 10) \_\_\_\_\_
- Total Deductions (Add Lines 8 through Line 10) 11) \_\_\_\_\_
- Adjusted Gross Receipts (Line 7 minus Line 11) 12) \_\_\_\_\_
- Allocation Percentage (If paying on less than 100% of gross receipts) (From Schedule Y, Line 5 below) 13) % 13) % 13) %
- SUBJECT EARNINGS (Multiply Line 12 x Line 13, Enter result here and on Page 1, Col. 3, "SUBJECT EARNINGS" for this City) 14) \_\_\_\_\_ 14) \_\_\_\_\_ 8) \_\_\_\_\_

**SCHEDULE Y: BUSINESS ALLOCATION** Account# \_\_\_\_\_

(Only to be used by business paying on less than 100% of net profit or gross receipts)

For City/County of \_\_\_\_\_ (Make a copy of Schedule Y as needed for additional Cities)

| PROPERTY FACTOR:   | A. LOCATED EVERYWHERE | B. LOCATED CITY/COUNTY ABOVE | C. PERCENTAGE (B DIVIDED BY A) |
|--|-----------------------|------------------------------|--------------------------------|
| 1a) AVERAGE VALUE OF REAL AND TANGIBLE PERSONAL PROPERTY   | _____                 | _____                        | _____                          |
| 1b) GROSS ANNUAL RENTALS PAID MULTIPLIED BY 8  | _____                 | _____                        | _____                          |
| TOTAL (1a + 1b)  | _____                 | _____                        | _____ %                        |
| <b>PAYROLL FACTOR:</b>   |                       |                              |                                |
| 2) WAGES, SALARIES, ETC. PAID EMPLOYEES (DO NOT INCLUDE CONTRACT OR SUB-CONTRACT LABOR)  | _____                 | _____                        | _____ %                        |
| <b>SALES FACTOR:</b>   |                       |                              |                                |
| 3) GROSS RECEIPTS FROM SALES, RENTS, WORK OR SERVICES PERFORMED  | _____                 | _____                        | _____ %                        |
| 4) TOTAL PERCENTAGES   | _____                 | _____                        | _____ %                        |
| 5) ALLOCATION PERCENTAGE (Divide TOTAL PERCENTAGES by NUMBER OF PERCENTAGES USED (IF COLUMN "B" OF ANY FACTOR IS ZERO, DO NOT USE THAT FACTOR TO DIVIDE BY)) | _____                 | _____                        | _____ %                        |

## Notes