

**TOWN OF WINCHENDON, MASSACHUSETTS**

**MANAGEMENT LETTER**

**YEAR ENDED JUNE 30, 2017**

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Board of Selectmen  
Town of Winchendon  
Winchendon, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winchendon, Massachusetts, (the "Town") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be control deficiencies, significant deficiencies, or material weaknesses. We identified deficiencies that we have considered significant deficiencies. Those are identified as such in the body of this report.

This communication is intended solely for the information and use of management, the Board of Selectman, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Roselli, Clark and Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
November 9, 2017

## **I. OVERVIEW**

The Town continues to operate under a bill (the deficit legislation) approved by the Massachusetts State legislature in January 2015. The bill provided the Town cash relief in the form of deficit borrowing. This was necessary as a result of the financial crisis the Town experienced in fiscal years 2013 through 2015 that caused aggregate deficits of over \$3.5 million. Under this legislation, the Town was allowed to borrow this amount with the requirement that it must be paid back within 10 years, with early payoffs permissible based largely in part on the Town's operating results. The deficit legislation carried with it many covenants that the Town must adhere to. The Town began making payments on this obligation during fiscal year 2016 and as of June 30, 2017 the Town had paid down \$1.3 million of this issuance. In addition, positive operating results during 2017 will allow the Town to pay down an additional \$1.6 million during fiscal 2018. The Town expects to fully exhaust this obligation by the end of fiscal 2019 six years ahead of schedule.

This is remarkable news for the Town as under the guidance of a new Management Team the Town has financially completely turned the corner. A new Town Manager, Town Accountant, a more experienced Treasurer, an Audit Committee, a new Board of Selectmen and School Committee have brought a new and more effective philosophy of working in a collaborative manner to solve problems and this has been met with tremendous success.

Prior year findings which numbered almost two dozen with five material weaknesses have been almost completely eliminated, especially those findings that revolved around the control system in place in the Town Accountant, Treasurer/Collector and other Town Hall departments.

With respect to School related findings, as discussed above, there has been much progress on working in a collaborative manner and communicating to solve issues rather than compound them. This communication has been especially improved since the relatively recent appointments of a new Superintendent (fiscal 2016) and School Business Manager (fiscal 2017). However, progress has been slow in critical financial areas as detailed in this report. Some of these findings have existed since 2013 and continue to repeat.

The Town believes the development of assigning the Assistant Town Accountant the responsibility of all aspects of the Town's payroll including the School payroll during 2017 will assist with many of the School related issues moving forward and anticipate looking forward to the fiscal 2018 close to see if this has been a productive step. However, we continue to urge the Town to review this situation with a critical eye and commit the resources to improve upon this situation; continued issues with School related findings will eventually overshadow the overall accomplishments to date if not monitored closely and resolved by the end of fiscal 2018.

On another note, this is the first year that a critical part of the audit was spent in the department levels; we reviewed the financial activities of both the Police and Fire Departments. We were pleased with the operations of these departments and believe they are being managed at a high level. As part of our procedures we highlighted areas that could improve upon an already acceptable process and have included those in this report.

We expect the Town, with the assistance of its Audit Committee, will continue to address the remaining outstanding items and establish a game plan to address these in an efficient manner.

## **II. FINDINGS AND RECOMMENDATIONS – TOWN**

### **Compensated Absences Calculation Procedures (update of prior year finding)**

Compensated absence monitoring has been an issue with both the Town and the School for a number of years. The Town addressed this issue in 2017 and now is providing reliable information in a timely manner as part of the audit. This finding has been satisfactorily resolved on the Town-side.

### **Ambulance Receivable Monitoring and Write-Off Policy (update of prior year finding)**

See update in separate discussion under Departmental Review – Fire Department

### **III. FINDINGS AND RECOMMENDATIONS – SCHOOL**

#### **Introduction**

The School Committee appointed a new School Business Manager at the beginning of fiscal year 2017; the individual appointed is an extremely motivated person who, along with the new Superintendent, has helped streamline the communication issues that existed in prior years between School and Town. However, as we reported in the prior year, the individual still lacks the experience to perform all the job functions of the School Business Office in an adequate manner, and thus his development is a work in process.

Last year we urged the School Committee to provide this individual with the education and training to be successful in this position as without training, the process may be destined to fail. In addition, the Town pledged its support to the learning process and together we felt this could be a successful situation in the long-term however this did not seem to work very well as it related to the issues identified in the management letter in the prior year that continue.

We strongly suggest that everyone involved including the School Committee take a strong look at the process and challenge it. It is important that this situation is brought under control immediately.

#### **Significant deficiencies (all are continued from the prior year)**

##### **a. Grant Reconciliation Process**

Allowable costs of federal and state grants should be separately identified, charged and reconciled to the Town's general ledger; and the School should avoid using the Town Ledger as its official book for monitoring grant activity.

Similar to 2016 and prior years, several education grants had activity that was charged against the incorrect grant year accounts in the general ledger. These transactions were not corrected in a timely manner and a portion of these expenditures were not included in final financial reporting filed with the pass-through agency. Also, prior year grant surpluses and deficits exist on the Town's general ledger for grants that have been closed out with the pass-through agency.

Because the School does not maintain its own formal internal ledgers it is difficult to verify the accuracy of these grants and since the School uses the general ledger as its formal book then the general ledger must comply with Federal grant accounting standards rather than managed in clusters as has been the case for the past several years.

The lack of maintaining formal internal records and a reconciliation and review process for grants has led to the late filing of final financial reports (see next finding) and has left grant balances on the ledger for grants that are closed.

We have provided the School/Town with a spreadsheet that will help identify the issues and the attempts that should be undertaken to correct the issues. We heard, and we understand that any grant years that predate the current Town Accountant and School Business Manager may be difficult to sort out. We would expect that the Town and School work diligently to sort through any activity that can be reviewed efficiently and request advice from the ESE for those remaining balances that exist.

In the future we suggest the School Office maintain a dedicated set of ledgers for each grant sorted by grant year and formal reconciliation procedures should be implemented to reconcile grant activity to all grant accounts on the Town general ledger.

**b. Ineligible Payroll Costs**

Grant administrators should periodically review supporting documentation to determine if allowable costs are charged to federal grants.

An employee that did not work on the Title I grant was charged against grant funds. This was corrected half way through the year, so we expect this to be resolved as part of the 2018 single audit.

**c. Timely Filing of Financial Reports**

Required grant financial reporting should be submitted to the pass-through agency in an accurate and timely manner.

*Fiscal year 2017 Federal Grant Financial Reports that were due to be filed by October 31, 2017 were filed the week of February 12, 2018.*

Furthermore, the final financial reports filed did not agree to the amounts as recorded in the Town's general ledger. Due to the lack of reconciling grant activity to the general ledger (see above), final financial reports were not filed timely with the pass-through agency and the amounts reported cannot be supported with the amounts recorded in the Town's general ledger.

As we advised above we recommend that the School Business Office maintain records for all grants sorted by year. Information contained in the grant final financial reports must be reconciled to the general ledger on a monthly basis. If done correctly, this will facilitate the timely completion and accuracy of the final financial reports.

**Transactional Process**

In the past, the School employed a practice of posting activity to its operating budget in the general fund first and transferred out lump sums of payroll expenditures into the grant accounts before the year is closed. This is inefficient because of the additional work and duplication of efforts caused by this methodology. It is also subject to financial reporting errors, in addition to not providing timely financial reporting of actual grant activities and evaluation of the operating budget in the interim periods.

This was much more isolated during fiscal year 2017 as this was a carryover practice from the prior administration.

For example, about \$350,000 of tuitions were charged to the SPED grant through a journal entry from the operating fund. The problem with this is that a portion of the invoices related to this grant could be outside of the grant period and deemed ineligible costs (the grant starts 9/1 but the PO included June, July and August expenditures).

It appears that after discussing this with both Town and School finance officials this activity has been completed in a more appropriate manner through time and do not expect this to be an issue in fiscal 2018.

**Compensated Absences Calculation Procedures (update of prior year finding)**

Frontline Education software, formerly AESOP, (<https://www.frontlineeducation.com/Home>) is a human resource tool currently used by over 12,000 educational institutions nationally. The software manages many aspects of human resources, the most significant of which include (1) time and attendance and (2) recruiting and hiring.

Recently, the School Department converted to Frontline Absence and Time to manage attendance for its employees. This partly addressed an audit finding that has existed for at least 5 years.

The ability to understand what compensated absences are obligated to employees is critical and converting to this software module is a starting point.

Despite this, the School still has challenges converting hourly data to dollar data in time to include in the Town's financial statements therefore there is a risk that the financial statements may not be fairly stated. In both 2016 and 2017 the dollar amounts used were simply rolled over from 2015 which was a problematic amount to begin with as we found a number of errors in the calculation that year.

Since the conversion to Frontline still appears to be a work in progress, we continue to suggest that the School work towards administering and monitoring this area more completely to assure that the information that will be used in the financial statements is more timely and accurate.

***We understand that the Assistant Town Accountant, who we previously discussed has been assigned with the majority of the payroll functions in Town will be assisting in this process for the fiscal 2018 audit.***

**Qualifying Plan**

The two elementary schools do not have current schoolwide plans to comply with the Title I requirements. The Schoolwide plan should be in accordance with the following:

**Elements**

- a) Comprehensive needs assessment of the entire school.
- b) Comprehensive plan based on data from the needs assessment.
- c) Annual evaluation of, and results achieved by, the schoolwide program and revision of the schoolwide plan base on that evaluation.

**Components**

- a) Schoolwide reform strategies.
- b) Instruction by highly qualified professional staff.
- c) Strategies to increase parental involvement.

- d) Additional support to students who experience difficulty.
- e) Transition plans for assisting preschool children in the successful transition to the schoolwide program.

#### **Changes to Single Audit Requirements**

The Office of Management and Budget, or OMB, raised the threshold for OMB A-133 compliance audits (i.e., single audits) from \$500,000 to \$750,000. This new threshold is expected to continue apply to the Town.

Also included in the new audit requirements is a requirement that the Town's internal control structure should be in compliance with recognized internal control framework such as the Green Book or COSO.

Adopting a formal internal control framework is new to municipalities and will likely require a good deal of evaluation, documentation, remediation and ongoing monitoring. We recommend that the Town commence this process by taking a common-sense approach and tackle the areas in which the Town is most susceptible to an internal control deficiency. Over a period of time, the Town should complete the formal adoption of an internal control framework.

#### **End of Year Report (update from prior year finding)**

The End of Year Report is a document created by the School Department that is submitted to the ESE on an annual basis; it assists the DESE in determining if a school district meets State mandated net school spending deadlines.

In our review of the report we discovered numerous errors in its preparation; the more significant were the reporting of total fiscal year operating budget for fiscal 2017 at \$140,000 less than the general ledger; and the fiscal year 2018 budgeted operating expenditures were about \$3,000,000 greater than the amount voted at the Annual Town Meeting. These errors could lead to an incorrect net school spending estimate reported to the ESE.

We also observed that none of the numerous adjustments we discovered and reported to the School in the prior year were brought forward as amendments.

The preparation of this document is a critical component of the School Business Manager's duties. It is very important that amounts included on the report are accurate when submitted to the ESE; errors could have an impact on net school spending and in turn the Town's education budget.

This report is a complicated report to prepare and typically takes a few tries and a few audits to begin to understand. If the School Business Manager is unable to prepare this report in an accurate manner, we suggest the School Committee outsource either the assistance or preparation of this critical report.

***We understand that the School will be working with the Abrahams group; a firm that has provided educational training and practice aids to Schools for a number of years. It is our understanding that the Firm will be providing educational assistance and creating working bridges from MUNIS to the end of year report. It is expected that this will facilitate the process of preparing the report for fiscal 2018.***

## **IV. DEPARTMENTAL REVIEWS**

### **A. Fire Department**

#### **Introduction**

The mission of the Town's Fire Department (the FD) is to dedicate efforts to provide for the safety and welfare of the public through the preservation of life, property and the environment. To that end, the FD administers all operations related to the Town's Ambulance and Fire activities. For the year ended June 30, 2017, we reviewed the financial activities of the FD as part of the Town's annual rotational process of reviewing a specific department's activities.

The FD is operated under M.G.L. c.48, Section 42A, which is sometimes colloquially referred to as the "weak chief's statute,". Therefore, under this statute the Board of Selectmen act as the Fire Commission and have all powers to enforce policies within which the FD operates. The current Chief has been employed by the Town since 2012.

The FD currently employs seven full-time employees plus the Chief. Six of these employees are fully interchangeable between fire and ambulance activities; the Deputy and the Chief are not paramedics but are EMTs therefore can provide assistance with basic life support only.

#### **Financial Activities**

The FD's financial activities consist of the operations of the ambulance service, the administration of various permits such as fire alarm, burn, oil permits and others. By far, the largest financial activity is the ambulance service, which recognized over \$460,000 during fiscal year 2017 and was very active.

The FD provides both basic life support (BLS) and advanced life support (ALS). Given the Town's aging population, ambulance services are expected to continue to be active.

The FD utilizes two ambulances; a 2012 and a 2016. The 2016 vehicle was purchased with Broadhurst money and the 2012 was purchased through a combination of Broadhurst money and Town funds. The 2012 vehicle is in fair shape and scheduled to be replaced in 2021; the 2016 still operates near new condition.

The FD maintains mutual aid agreements with all neighboring communities and also uses Woods, a private ambulance service.

Ambulance receipts are recorded as estimated receipts in the general fund rather than in a receipt reserved fund which is a practice employed by most communities. The annual receipts typically cover about half or more of the entire FDs annual budget.

The following represent a summary of revenues and outstanding receivable for each of the prior 3 years:

|                         | 2015       | 2016       | 2017       |
|-------------------------|------------|------------|------------|
| Annual revenues         | \$ 429,452 | \$ 453,720 | \$ 462,749 |
| Outstanding receivables | 499,133    | 532,405    | 607,080    |
| Percent of revenues     | 116.2%     | 117.3%     | 131.2%     |

A slight increase in fees resulted in an increase in revenue from 2015 to 2016 and the addition of a part-time office clerk in 2017 resulted in another slight increase in revenues during that fiscal year. Receivable balances continue to increase as a percentage of revenue and we will address this issue further in this discussion.

### **Billing and Collection Process**

The initiation of the billing process for an ambulance encounter takes place when the ambulance takes custody of a patient. The emergency medical technician (EMT) will enter the encounter data into a software program via a tablet. The software, Ambupro, maintains a log of the pertinent information relative to the treatment of the patient, as well as the mileage from the initial location of the emergency to the nearest medical facility. The encounter is finalized within Ambupro and signed off by the EMT. A report is then printed from Ambupro and either (i) the patient, (ii) a patient representative (i.e., guardian or healthcare proxy) or (iii) a medical facility employee must sign the report by law.

In accordance with the FD's Quality Assurance program, after a review of the detail of the Ambupro report this information is transferred electronically in batches about once per week to Coastal Billing Services, (Coastal) the Town's third party private billing and collection service for ambulance activities. Coastal is used by many communities in Massachusetts and is considered a leader in the ambulance billing and collection field. Billing is very efficient and streamlined and is conducted instantly unless there is a coding error or name spelling entered into Ambupro incorrectly.

Ambulance billings are collected by Coastal; monthly a remittance for that month's collections are sent to the Town Treasurer via ACH. A monthly report detailing amounts billed, amounts adjusted for contractual allowances and collections is sent to the FD, along with a listing of all outstanding balances and an aging report. Collections are never made by the FD and no cash or checks are ever handled. In the rare instance when a check is mailed to the Fire Station by a patient, it is immediately forwarded to Coastal for processing.

The following represents the aging of outstanding balances as of July 31, 2017:

| Current   | 31 - 60 days | 61 - 90 days | 91 - 120 days | 121 - 150 days | 151 - 180 days | over 180 days | Total      |
|-----------|--------------|--------------|---------------|----------------|----------------|---------------|------------|
| \$ 73,852 | \$ 24,500    | \$ 23,815    | \$ 12,179     | \$ 5,294       | \$ 7,789       | \$ 482,697    | \$ 630,126 |
| 11.7%     | 3.9%         | 3.8%         | 1.9%          | 0.8%           | 1.2%           | 76.6%         |            |

We made several observations of the overall ambulance process as a result of our review:

1. Delinquent balances have increased at an alarming rate; we have highlighted this in each of our last 3 or 4 management letters. This was due to several factors including lack of aggressive enforcement in collection such as medical liens, referral to collection agent, reporting to credit bureaus and small claims court. In addition, the lack of a write-off policy for those accounts deemed uncollectible have accumulated to a very large balance as can be observed in the above chart.

We understand that the FD has taken steps to remedy this issue that will be put in place during fiscal 2018. All delinquent accounts greater than 12 months old will be referred to

a private medical collection agent. This could result in a one-time bump in revenue for fiscal 2018 but more importantly, will also serve to identify those amounts that are truly uncollectible. The second step will then involve abating all those amounts that are uncollectible. This will be accomplished using the write-off policy developed by the FD and approved by the Board of Selectmen.

The end result is hopefully a more manageable outstanding detail list and the elimination of numerous accounts that will never be collected.

2. As discussed, the Town is equipped with 2 ambulances. This is not sufficient to cover the ambulatory needs in Town, so the Town loses revenues to other towns under the mutual aid agreement. This is especially problematic if one or both of the ambulances are down due to repairs or breakdown.

It is currently very difficult to estimate the lost revenue as a result of this situation because the system in place did not track ambulance runs made under the mutual aid agreement. A cursory scan of dispatch made by the Deputy showed 72 runs made in Winchendon by other neighboring communities or Woods; however, this analysis is incomplete and also does not count any lost revenue that Winchendon FD could make to other communities under the mutual aid agreement.

Beginning in fiscal 2018, the FD will be using Station Smart which is a new and more advanced software that ties into the dispatcher's IMC software. This will provide more complete data to review. Once information is available a cost/benefit analysis should be completed to determine if adding an additional ambulance and staffing would be cost beneficial to the Town. If the Town chose to go this route, an added benefit of adding another ambulance to the fleet would be a reduction in response time.

3. The Chief conducted a survey of surrounding communities to determine if ambulance fees are fair and consistent with other communities.

The following highlight the results of this survey:

|                                     | <u>Basic Life<br/>Support</u> | <u>Advanced<br/>Life Support</u> | <u>Mileage</u> |
|-------------------------------------|-------------------------------|----------------------------------|----------------|
| # of ambulance departments surveyed | 17                            | 16                               | 17             |
| Average fee                         | 940                           | 1,854                            | 29.92          |
| Winchendon fee                      | 731                           | 1,544                            | 25.00          |
| Winchendon rank                     | 15                            | 9                                | 14             |
| High range                          | 1,385                         | 3,194                            | 46.21          |
| Low range                           | 594                           | 1,020                            | 19.00          |

In all three areas of billing, the Town is well below the average fee and ranks near bottom of the survey in at least 2 of the categories.

Since the majority of the fees are paid by third party insurance companies, increasing fees would not inflict a significant hardship but would bring more revenue into the Town. We suggest the Town evaluate this.

4. Currently, the FD does not maintain independent internal records for ambulance other than those that are provided by Coastal. Accordingly, the FD does not reconcile any records to MUNIS. We discussed this with the Town Accountant who maintains that he reconciles the Coastal reports to MUNIS. We believe this is sufficient. A quick reconciliation between Coastal reports and the general ledger indicated a timing variance of about \$3,000 existed.

The Chief however does maintain independent records in Excel for all other revenue types (i.e. permits and fees). Now that the Chief has been given access to MUNIS, we recommend that the Chief begin to reconcile the independent Excel records to MUNIS on a quarterly basis.

With the implementation of Smart Station in 2018; the Excel records can be eliminated as Smart Station will enable tracking of all revenue.

## **B. Police Department**

### **Introduction**

The Town's Police Department (the PD) is operated under M.G.L. c.41, Section 97A, which is sometimes colloquially referred to as the "weak chief's statute." A strong Chief has appointing authority and develops appropriate rules and regulations for the PD. A weak Chief has to defer these duties to the Board of Selectmen. Therefore, under this statute the Board of Selectmen have all powers to enforce policies within which the PD operates. In Winchendon, although the weak chief statute is in play, the power to enforce policies and procedures is delegated to the Police Chief by the Board of Selectmen.

The mission of the PD is to provide a safe and secure quality of life to its residents and businesses through excellence in policing. To that end, in addition to normal protective services, the PD engages in a number of activities whose ultimate goal is the protection of the Town's inhabitants, business and visitors. Many of these supplemental activities involve a fee which over the period of a year can aggregate to a material amount.

Easily the most active activity outside of normal protective services is police details; this is a service provided by the Town's PD to contractors, establishments, State agencies and utility companies who are required to have police monitor an activity such as construction on or near roadways or entertainment in a crowded establishment.

This activity is outside the normal policing activities, is voluntary and the Town uses a fee received from these outside parties to compensate the salary to the police officer in these situations. This study focuses on the controls associated with cash handling and reporting procedures that are in place over police details

### **Process**

I met with the Details Administrator and the Police Chief at the Police Department to review and document the overall process. The Administrator has been overseeing the police details for about 15 years and with guidance from this review is well qualified to complete these services in an effective manner.

The process begins with a call to the station requesting a detail. The supervisor on charge that evening takes all the pertinent information onto a standard form and assigns an officer to the detail. He/she leaves the form on the Details Administrator's desk for review of accuracy of vendor information. Details are assigned on a rotating basis; once an officer has completed a detail he/she moves to the back of the rotation.

At the end of a detail, the officer on the detail is required to obtain a signed receipt indicating the time a detail began and the length of the detail. A minimum four hours is charged whether it gets worked completely or not. The Officer attaches this receipt to his/her timesheet.

Every two weeks, when payroll is processed, the Details Administrator creates a batch of invoices from all the outstanding receipts received in the prior two weeks. These are mailed to the vendor/contractor. The bills are created in the IMC Police software package.

Payment is typically in check form and is received at the PD where the Details Administrator records the payment in the IMC system. A turnover is created weekly and brought to the Treasurer's Office for deposit and processing into the Town's MUNIS system.

Payments are also received ACH by the Treasurer for State agencies and some utilities; in these situations, the payment is communicated to the Details Administrator, who updates the receivables in the IMC system as paid.

Delinquent accounts are followed up by a second invoice after 30 days and a phone call after 60 days; 90-day delinquents are shut off from future services.

A couple of years ago, the Details Administrator with the assistance of the Town Accountant wrote off a number of accounts; these accounts were from the days of processing billings and payments in excel; follow up of these fell through the cracks due to the inefficiency in the process and they became uncollectible. Since converting to IMC, the delinquent accounts have been reduced significantly and efforts to collect have increased, resulting in a much more solvent activity.

### **Observations**

1. The IMC system reflects total collections for fiscal 2017 of \$89,730 for detail fees and \$6,717 for administrative fees. The MUNIS report varies slightly as it reflects \$88,903 for detail fees and \$5,210 for administrative fees. We discovered that the two reports are never reconciled.

We suggest that the Details Administrator reconcile activity to the MUNIS general ledger on a monthly or quarterly basis. Given that this is an account that inherently ends up in deficit due to the police officers being paid prior to the Town collecting the revenue it is important that the balance is accurate.

The variances above are most likely due to timing issues where the IMC may record revenues in June but MUNIS records revenue in July or vice versa, however without a reconciliation between the two reports this speculation is not guaranteed.

2. Per review of the outstanding receivable balances, we observed only 3 delinquent accounts. One is due to the vendor not signing the check payment therefore the check was returned and another requested. The second is a large outstanding balance with the School Department for details provided at athletic events. The PD has tried unsuccessfully to collect this from the School for several months; we suggest that if both parties agree that the invoice is legitimate, then a journal entry is made by accounting reflecting a payment out of the school revolving account and into the police detail account. The third is a small outstanding balance with the State that the Details Administrator is following up on.

Based on this limited amount of delinquent accounts, we believe the accounts are being monitored effectively.

*We also understand that the School delinquency described above has been satisfied as of this date.*

3. The police details account in the general ledger had a deficit of \$13,034; as we discussed previously, deficits are inherent in this activity since the officers for the most part are compensated prior to the fee being collected. The deficit was higher at the end of the year due to increased activity in May/June with construction activity in Town. We observed that in the months of July and August to date, over \$15,000 has been collected. In addition, the Town should consider a one-time small seed amount appropriated to the detail account to keep it from being in deficit.

***We have since learned that at a recent Special Town Meeting, the voters authorized a \$20,000 amount as seed money to this account.***

The Town Accountant should also obtain a copy of the detail receivable report from the PD; assuring that the outstanding receivable balance is always larger or equal to any deficit this will provide assurance that permanent deficits do not exist.

4. As discussed previously, some payments are received by check and others are received electronically with the Treasurer. Those received electronically are communicated to the PD by the Treasurer. Sometimes the communication is not timely, and it causes the receivable listing to be incorrect and the PD may follow up with the vendor/agency as delinquent even though the money has already been received. We understand this process has improved but it is important not to allow time to slip while communicating electronic payment information.
5. Currently the delinquent account follow-up and enforcement is done through informal policy; this could create a situation of bias. We suggest the Chief create a formal policy of what steps should be taken in a delinquent situation for follow up collection and enforcement. This policy should be brought before the Board of Selectmen with a request for approval. Treating all vendors/contractors/establishments fair and equally is important. The policy should also be mailed with invoices at the time of billing as a reminder of the type of enforcement action the PD will take in the event of delinquency.
6. Due to the size of the Town and police force, sometimes it is necessary for the Town to use police officers from other neighboring towns. In these situations, these police officers are established as part-time employees and become part of the Town's payroll. Rather than bringing these officers onto the Town payroll we suggest the Town consider other methods of administering this process when other towns are involved. One such method could include reimbursing the neighboring community for the detail through the vendor warrant process.

***As of the writing of this report the Town acknowledged this finding and took the steps to no longer employ out of Town Police Officers on its payroll.***