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JAN 25 2018

## Town of Winchendon

Pursuant to the provisions of Chapter 30a, Section 20B of the General Laws, as Amended, notice is hereby given that the: WINCHENDON TOWN CLERK

### AUDIT COMMITTEE MEETING AGENDA

Wednesday, February 21, 2018 at 6:30 PM

Town Hall, 2nd Floor meeting room

109 Front Street, Winchendon, Mass.

6:30 Call meeting to Order

#### OLD BUSINESS:

1. Update from Superintendent Haddad and Chief Financial Officer Ikonen on: student activities accounts and new Grant reconciliation process.
2. Update from Chief Smith on: delinquent ambulance service balances, advanced software system tying dispatcher to the Fire station, MUNIS reconciliation of revenues.

#### NEW BUSINESS:

1. Presentation from Mr. Tony Roselli on the 2017 Management Letter
2. Review of 22-15/2016 Management Letter Findings:
3. Draft of report to Tri Board with Long and Short Term Goals
4. Set New Meeting Date
5. MINUTES: Nov. 1, 2017
6. Public Comment

#### ADJOURNMENT

*The meeting room is handicapped accessible. With advance notice, persons with other disabilities can be reasonably accommodated. To request assistance, please contact the Town Managers office at 978-297-0085.*

**ATTACHED: CHART OF 2015/2016 FINDINGS FROM MANAGEMENT LETTERS.**

**FINDINGS from the 2016 MANAGEMENT LETTER**

And

**REVIEW of 2015 Findings**

**TOWN OF WINCHENDON**

	<b>REVIEW 2015</b>	<b>FULLY CORRECTED</b>	<b>PARTIALLY CORRECTED</b>	<b>NEEDS ATTENTION</b>	Notes
1.	Town: Cash reconciliation Progress	X			On Target for 2017
2.	Payroll: only using Harpers then using bridge to import to MUNIS	X			Working well
3.	Town: Reconciliation of withholding accounts.	X			This led to problems with self-insurance but was resolved at end of 2016
4.	MUNIS: Still a finding but because 'work arounds' to build a more efficient system have been implemented this is no longer a material weakness but still needs to be fully addressed.		X		Payroll duplication. Treasurer has successfully created a bridge to MUNIS. Chart of accounts at school ongoing scrutiny.
5.	Water and Sewer: Adjustments made to prospering record these entries.	X			Liens resolved
6.	Tax Collection: The process is better but cash flow remains an issue.		X		Attry involved. More aggressive but results not apparent yet = monitoring required
7.	Title V Betterments	X			On Track
8.	Retiree Health Insurance Withholdings: no retirees are in default or more than a quarter in arrears.	X			On track
9.	Special Revenue: process of investigation into these accounts has started but not completed.		X		150,000 – 200, 000 ongoing clean up
10.	Compensated Absences Calculation Procedures: unable to provide an accurate listing of hours of vacation owed to			X	<b>NEEDS ATTENTION</b>

	employees.				
11.	Ambulance: end of fiscal year 2016 outstanding balances exceeded 400,000.			X	NEEDS ATTENTION
	<b>2016 REVIEW</b>	<b>FULLY CORRECTED</b>	<b>PARTIALLY CORRECTED</b>	<b>NEEDS ATTENTION</b>	Notes
12.	<i>Transfer Station: 11 separate controls put into place with new director; 5 suggestions made; excellent progress under new director.</i>		X		Highway trash pickup created some of the deficit – this belongs to the town – therefore, transfer station is on target.
13.	School: Grant Reconciliation Process needs formal procedures to reconcile grant activity to all grants accounts on the Town general ledger			X	FINANCIAL ASSISTANCE IS ON BOARD TO HELP THE BUSINESS MANAGER CORRECT THESE ITEMS
14.	School: Ineligible Payroll Costs: implement procedures to compare payroll charges to all federal grants against an active list of employees working on each grant.			X	
15.	School: Timely filing of Financial Reports: Final grant financial reports reconciled to general ledger monthly.			X	
16.	School: Time & Effort Records: Semi-annual list of people solely paid through federal grants and certify as such.			X	
17.	School: Publication of School Progress: results of yearly progress made available to whole community via website.			X	
18.	School: Student Activities: Variances in accounts as high as 20,000. Establish monthly or quarterly reconciliation			X	
19.	School: End of Year Report: 9 items understate over \$575,000 and 4 overstatements of over \$650,000, 1 duplicate of \$180,000. Provide training to School BM in order to complete required tasks in timely and efficient manner.			X	

GENERAL RECOMMENDATIONS:

1. Proposed new accounting standards will require that the net OPEB liability be reported in the government-wide financial statements. Adoption of this new accounting standard is two years away. Town needs to keep these new obligations in mind when developing long term financial plans.
2. Adopt a formal internal control framework.
3. In 2016, the Municipal Modernization Act was signed into law in Massachusetts. The town needs to review this Act in its entirety to determine which sections apply to Winchendon.
4. The Town should create a policy and procedure manual that would establish consistency in financial policies between departments (also recommended in 2015).
5. The Town should implement a limited internal audit process (also recommended in 2015).