

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**

**MANAGEMENT LETTER**

**FOR THE YEAR ENDED JUNE 30, 2010**

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS**

**Management Letter**

**Year Ended June 30, 2010**

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To the Board of Selectmen  
Town of East Longmeadow  
East Longmeadow, Massachusetts

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Town of East Longmeadow as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of East Longmeadow'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 governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit'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 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency to be a significant deficiency in internal control:

A significant deficiency was identified as Item 2010-1.

Also, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We have already discussed these comments and suggestions with Town personnel. We will be pleased to discuss them in further detail and to assist you in implementing the recommendations.

This report is intended solely for the information and use of the management, the Board of Selectmen, others within the entity and the Commonwealth of Massachusetts Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

*Scanlon & Associates, LLC*  
Scanlon & Associates, LLC  
January 28, 2011

## CURRENT YEAR COMMENTS AND RECOMMENDATIONS

### SIGNIFICANT DEFICIENCIES:

#### 1. 2010-1: Payroll Withholdings and Review of Health Insurance

Comment:

Payroll withholding account balances are not being properly reconciled. Because these accounts have material annual activity and carry with them statutory tax liabilities, among other responsibilities, we recommend that these accounts be accounted for accurately and consistently. A proper and timely reconciliation of payroll withholdings would minimize and control potential discrepancies from occurring. We have proposed several adjustments to the health insurance withholding accounts that we identified during our audit. Also, we found that the Internal Revenue Service form 941's were incorrectly filed for the first two quarters of 2010.

Also, the Town should establish controls and procedures for reviewing health insurance activity. During our current audit and prior year audit we found that there is no documented review of the individuals on the monthly health insurance invoice to insure that the Town is being properly billed and that the proper deductions and payments are being received from the individuals on the Town's health insurance. We found during our prior year audit testing that several individuals were on the monthly insurance invoices and were not longer employed by the Town. During our current year audit we found that the above matter was being researched. Also, new procedures were implemented in fiscal year 2011 to start reviewing the health insurance invoices.

We recommend that all withholding accounts be reconciled monthly to the applicable governmental regulations and health insurance contracts to ensure that proper employee contributions are being made and relieved.

Management Response:

We hired a new Benefits Administrator in mid-FY 10 and this has been an instrumental part of correcting this long-standing issue. During the second half of FY 10 we tested new controls and procedures that were permanently implemented by July 1, 2010.

## CURRENT YEAR COMMENTS AND RECOMMENDATIONS

### OTHER ITEMS:

#### 2. Cash and Investment Reconciliation

Comment:

During our prior years audits the Town had a control deficiency that was classified as a material weakness and significant deficiency over the cash and investment reconciliation process. In fiscal year 2010 the Town has implemented new procedures to reconcile the Treasurer's cashbook to the general ledger on a monthly basis. These new procedures have been effective as the Town personnel were able to maintain the same variance of approximately \$2,795 for the entire fiscal year. However, we found that the individual bank account reconciliations for the payroll and vendor accounts were not accurately reconciled. A variance of approximately \$4,781 exists with the reconciling items noted and the support documentation.

We acknowledge that significant improvements have been made with the cash and investment reconciliation between the Treasurer's office and Town Accountant's office. However, reconciliations between the individual bank accounts statements and the Treasurer's cashbook must have proper support documentation of all reconciling items.

#### 3. Accounts Receivable Reconciliations

Comment:

During our prior years audits the Town had a control deficiency that was classified as a material weakness and significant deficiency over the accounts receivable reconciliation process. In fiscal year 2010 the Town has implemented new procedures to reconcile the accounts receivable to the general ledger. These new procedures have been effective, however we have proposed several adjustments that we identified during our audit to the accounts receivable and noted that a significant variance still exists for the sewer usage accounts receivable of approximately \$22,731. We have communicated these adjustments to the Town's personnel. We recommend that they review these adjustments to determine why they resulted and also determine if changes need to be made to their reconciliation procedures.

#### 4. Establish Debt Ledger

Comment:

The town accountant has accounted for the Town's debt activity on a computerized spreadsheet separate from the Town's financial software. Although, the debt activity has been accurately accounted for utilizing these spreadsheets, we recommend that the town accountant establish the debt ledger as part of the Town's general ledger that utilizes the MUNIS financial software.

Management Response:

We agree with this and will implement in FY 11.

## **5. Landfill Post-Closure Care Costs**

### Comment:

The Town has sanitary landfill sites that have been inactive for several years. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions of the landfill site for thirty (30) years after closure. Governmental Accounting and Reporting Standards covering landfill operations are provided in Government Accounting Standards Board (GASB) Statement Number 18, Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This Standard requires that the Town estimate and record a liability for the landfill post-closure care costs. We noted that the Town has not determined a reasonable estimate of the post-closure care costs.

We recommend that the Town, with the help of an environmental engineer, determine the nature and scope of landfill post-closure care costs to be performed. A liability of the future costs should be recorded in the Statement of Net Assets of the Town's basic fiscal year-end financial statements.

## **6. Departmental Turnover Sheets**

### Comment:

During our audit we noted the Town should improve on departmental turnover sheets and procedures. The Town for each department that collects and turn over monies, a document should be created utilizing computerized spreadsheet software. This document should list all revenues collected by that department, brief description of source, date and revenue account codes. The documents would be a three-form turnover system where once copy goes to treasurer's office, one to the town accountant and retains one for the department. The treasurer and department signs their copies to acknowledge the amount of receipts are accurate. The department would sign the town accountant copy. This would establish a control, which would assist the treasurer's office to verify the monies turned over and post revenues more efficiently.

### Management Response:

We agree and will continue to expand implementing turnover sheet procedures with other Town departments.

## **7. New Accounting and Financial Reporting Requirement for Fund Balances – GASB No. 54**

### Comment:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of the fund balance information by providing clearer fund balance classifications that can be more consistently applied and to clarify the existing governmental fund type definitions. This Statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a

government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that will be made in reporting fund balance information is identifying amounts that are considered nonexpendable, such as fund balances associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Governments will also be required to classify and report amounts in the appropriate fund balances classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements will be required.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010 (FY 2011). Given the significance of the Town's fund balance amounts, the new reporting requirement will have an impact on the Town's financial statements. We recommend that the Town become familiar with the new financial reporting requirement to insure that the Town will be in compliance with requirements of GASB No. 54.

## **8. GASB Statement No. 45 – Other Post Employment Benefits (OPEB)**

### Comment:

The Town has met the requirements for implementation of GASB Statement No. 45, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions. Now it is necessary for the Town to understand the requirement necessary to stay in compliance with the statements. For financial reporting purposes an actuarial valuation is required at least biennially for OPEB plans with a total membership (active, retired, employees terminated who earned accumulated benefits but are not receiving them) of 200 or more.

The Town last actuarial evaluation was dated January 1, 2008 and used for June 30, 2009 financial statements. The Town will need to have the information updated for the financial statement disclosures for fiscal year 2010 using the information and calculations from this actuarial report. The Town will need a full actuarial study completed for fiscal year 2011 (July 1, 2010). The Town should also perform a reconciliation of financial transactions of the Town's health and life insurance costs for post employment benefits to the amounts used in the actuarial report.

### Management Response:

An updated actuarial valuation was in process of being completed at the time of the audit. The vendor working on the report expects to have a final by the last week of January 2011.

**PRIOR YEAR ISSUES – NOT RECTIFIED:**

**OTHER ITEMS:**

**9. General Ledger Account Maintenance**

Prior Comment:

The Town over the past several fiscal years has been utilizing the MUNIS financial software. As a result of using MUNIS software new procedures and accounts have been put into place that has made reconciliations with departments more effective and efficient. As a result of these new procedures there are accounts on the general ledger that are no longer needed. We recommend that the town accountant review the chart of accounts to determine if accounts can be eliminated or can be combined.

Status:

The same condition exists at June 30, 2010.

Management Response:

Agreed, we have identified several funds that have been on the general ledger for many years.

**10. Adopt Water and Sewer Enterprise Funds**

Prior Comment:

The Town currently accounts and operates the water and sewer activities as a special revenue funds. This is a financially prudent practice. However, we recommend that the Town consider adopting enterprise funds to account for the water and sewer operations (MGL Chapter 44, sec 53 F ½). In this way the Town can establish a clear legal authority to account for water and sewer operations outside of the General Fund. Information on enterprise funds may be found on the Division of Local Services website. We recommend that the Town research and review educational material on enterprise funds before making this decision.

Also, presently the sewer and water enterprise funds do not budget for indirect costs. Both the sewer and water funds should reimburse the Town for shared administrative costs and other expenses that are being paid for out of general funds. We noted the sewer and water enterprise funds are operating at a surplus and thus would be able to reimburse the Town for these shared costs.

We recommend the Town establish an agreed upon policy to allocate indirect costs from the Sewer and Water Enterprise funds. These indirect costs would then reimburse the Town for the shared administrative costs and other expenses.

Status:

The same condition exists at June 30, 2010. The Town has taken this recommendation under advisement.

## **11. Police Off Duty**

### Prior Comment:

The Town maintains an agency fund to account for the police off-duty details. These funds are allowed by law and are designed to act as an agent between businesses and Town public safety personnel where the businesses pay 100% of cost of detail worked plus a 10% administration fee. At June 30, 2009 the police detail account has a cash deficit of approximately \$16,770. At June 30th the police department did not have a list of outstanding accounts receivable balances. When requested by us, the system generated a list at June 30th but it was not accurate as it was represented of the date ran September 24, 2009. We applied alternate testing and verified the activity of the revolving account.

A list should be generated at the police department on a monthly basis and always on June 30th. The police department should reconcile the list on a periodic basis with the Town Accountant's general ledger.

In fiscal year 2009 approximately \$206,000 was received for police off-duty details. Because this is a substantial amount a receivable should be established on the general ledger of the Town.

We recommended that a receivable account should be established on the general ledger of the Town to properly account for the off duty police activity and accounts receivable lists at the police department be reconciled on a monthly basis.

### Status:

As of June 30, 2010 the account has a cash deficit balance of approximately \$8,400 and a receivable has not been established on the general ledger. However, an outstanding list was obtained for June 30, 2010, which has a balance of approximately \$12,950, which would result of the account having a positive account balance of approximately \$4,550 from an accrual standpoint. We recommend that the Town establish a receivable on the general ledger and reconcile the list to the departmental detail on a periodic basis.

## **12. Reconciliation Of General Ledger To Departmental Records**

### Prior Comment:

In fiscal year 2007 the town accountant adopted a new chart of accounts and began using a new financial software (MUNIS). During our prior year audit (June 30, 2007) we found that these significant changes resulted in not properly maintaining the general ledger. In fiscal year 2008 audit we found that there was improvements made in maintaining the general ledger. However, we found that there was a lack of reconciliation with departmental records. To have an effective internal control system the town accountant's general ledger should be reconciled to departmental records periodically (monthly).

We recommend that departments and the town accountant's office reconcile all department accounts (budget, grants and revolving accountants etc.) during the current

year. Once reconciled, the departments should establish procedures to insure that the general ledger will stay in balance with the department's records.

The Town accountant has implemented new procedures to insure that departmental accounting records are reconciled to the general ledger. However, we noted during our 2009 audit not all departments are reconciling to the general ledger. The Town accountant has started the new procedures with the larger departments, (i.e. school, water, sewer, collector and treasurer). However, we recommend the Town to continue this practice but include all departments. Also, we communicated to the Town Accountant several specific accounts that should be reviewed and reconciled to departmental records.

Status:

Again, in fiscal year 2010 the Town Accountants office has procedures to reconcile to departmental records, however we noted several accounts and departments are not reconciling to the general ledger.

### **13. Community Preservation Fund**

Prior Comment:

The community preservation act is a fairly new and complicated program and with the downturn in the economy the use of available funds for appropriation by municipalities has increased, which has municipalities looking to use community preservation funds more and more. We recommend Cities and Towns to establish sound procedures to review and research community preservation projects before the projects are voted.

During our audit we noted that the general ledger did account for the CPA funds as required by the guidelines issued by the Department of Revenue. During our fieldwork we had several discussions with management and made adjustments to the CPA accounts. The Town should review the guidelines issued by Department of Revenue and insure that the Town is in compliance.

In fiscal year 2009 some improvements was made. However, the Town is not in compliance with guidelines issued by DOR in several areas of the community preservation act. During our fieldwork we have communicated these matters to the Town Accountant. We recommend that the Town review the guidelines and insure that The Town is in compliance.

Status:

The condition remains the same. Our concerns and recommendations were communicated to personnel during our fieldwork.

#### **14. Establish Internal Audit Function**

Prior Comment:

Currently, the town does not perform regular departmental internal audits. Massachusetts General Laws provide powers and duties to the Town Accountant to perform internal audit functions, including examining records of all departments responsible for receiving and expending funds. Internal audits compliment the independent audit and will provide important oversight over departmental accounting records throughout the year.

We recommend the accountant perform periodic internal audits of the town's departmental records. This will result in improved oversight and should reduce the risk of errors and irregularities from occurring and going undetected.

Status:

The condition remains the same. We encourage the Town to implement this practice.

#### **15. Transfer of Funds in Bank Accounts**

Prior Comment:

As a result of the Town having various special accounts that earn interest (i.e. trust funds, school lunch, enterprise funds), actual cash transfers are necessary between funds, for such items as Town meeting votes or actual expenditures that are paid out of the general cash but not paid out of the specific bank account. By not transferring funds, this causes accounting problems and also results in the specific funds not receiving the correct amount of interest. Further, any transfers that are made should be documented in detail.

Status:

The Treasurers office had made improvements, however variances still exist between the individual bank accounts balances and the fund account balances.

#### **16. Inventories**

Prior Comment:

Currently, the Town does not maintain an inventory of small items that do not qualify for fixed assets.

In order for the Town to control and protect its assets we recommend an inventory of the items mentioned above be established for each Town department. The inventory should be maintained on a perpetual basis. At a minimum the place where the equipment is located should be indicated.

Status:

The same condition exists.

## 17. Risk Assessment and Monitoring

### Prior Comment:

When internal controls are initially implemented, they are usually designed to adequately safeguard assets. However, over time, these controls can become ineffective due to changes in technology, operations, etc. In addition, changes in personnel and structure, as well as the addition of new programs and service, can add risks that previously did not exist. As a result, all municipalities should periodically perform a risk assessment to anticipate, identify, analyze and manage the risk of asset misappropriation. Risk assessment, including fraud risk assessment, is one element of internal control. The Town, like most Massachusetts municipal organizations, does not adequately perform this assessment.

The fraud risk assessment can be formal or informal, and should be performed by a management-level employee who has extensive knowledge of the Town's operations. Ordinarily, the management-level employee would conduct interviews or lead group discussions with personnel who have extensive knowledge of the Town's operations, its environment, and its processes. The fraud risk assessment process should consider the Town's vulnerability to misappropriation of assets. When conducting the assessment, the following questions should be considered.

- What assets are susceptible to misappropriation?
- What departments receive cash receipts?
- What departments have movable inventory?
- What operations are the most complex?
- How could assets be stolen?
- Are there any known internal control weaknesses that would allow misappropriations of assets to occur and remain undetected?
- How could potential misappropriation of assets be concealed?

Once the areas vulnerable to fraud have been identified, a review of the Town's systems, procedures, and existing controls related to these areas should be conducted. The Town should consider what additional controls (if any) need to be implemented to reduce the risk.

After the risk has been assessed and controls implemented the town should periodically monitor these controls to evaluate the operational effectiveness.

### Status:

As of the date of our audit the Town has not implemented procedures to monitor and assess their internal controls on a periodic basis. We encourage the Town to adopt this practice and also to further strengthen the control this process should be documented.

## **PRIOR YEAR ISSUES – RECTIFIED:**

### **OTHER ITEMS:**

#### **18. Preparation of Schedule of Federal Awards**

Prior Comment:

In fiscal year 2009 the Town was required to have an audit in accordance with the Single Audit Act and OMB Circular A-133. A single audit is required when a City or Town expends \$500,000 or more in a fiscal year from all of their federal awards combined. The Town is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA) each year in accordance with the Single Audit Act and OMB Circular A-133. The SEFA is required to list the amounts of all federal funds expended by the Town and indicate whether it was a direct award or a pass-through award, the pass-through entity, the Catalog of Federal Domestic Assistance Number (CFDA) and the program title. By accurately preparing the SEFA, the town will be able to determine if a Single Audit is required.

The Federal government has instituted new grant programs (i.e. American Recovery and Reinvestment Act) as a result of the recent financial crisis. The increase in the availability and use of Federal funds also increases the responsibility of the grantee to comply with applicable grant requirements. The accurate completion of the SEFA is of critical importance in regards to Federal reporting requirements. The failure to properly prepare a SEFA could lead to a compliance finding and a potential loss of future grant funding.

We recommend that the town review the requirements and procedures applicable to the preparation of the Schedule of Expenditures of Federal Awards.

Status:

The Town has implemented procedures to identify federal grants and account for them in separate funds in the general ledger.

#### **19. Town Meeting Certifications and Budget**

Prior Comment:

In reviewing the Town meetings, it was difficult to determine the exact amount of available funds and total budget that was officially voted. The budget and funding sources should be clearly indicated in the formal motion to the specific funding sources, such as raise and appropriate, free cash votes, water and sewer funds, etc. In order for town meeting certifications, tax recapitulation sheets and the accounting records to be accurate the formal motion should indicate the funding sources precisely.

We recommend that the Town review their budget process to determine if changes needed to be made in order to achieve a maximum operating efficiency. Also, the Town should contact the Department of Revenue to see if they will come to the Town to present an educational seminar on the budget process. We believe the Town would benefit from this presentation.

The same condition existed in fiscal year 2009. During our 2009 audit we found that several available funds were used twice to fund articles at Town Meetings over the past two fiscal years thus causing deficits in those accounts. We communicated this matter to essential financial personnel at time of fieldwork. Subsequent to year-end at a special Town Meeting these deficits were addressed and corrective action was taken to provide for these deficits. Also we noted when reviewing subsequent actions taken on the fiscal year 2010 budget that not all operating expenditures were voted at the Annual Town Meeting. We again communicated these matters to personnel and the Town has taken corrective action at a Special Town Meeting subsequent to year-end.

We recommend that the Town review their current budget preparation procedures and determine a more efficient and effective way to prepare the budget. In this way it will insure that errors in the budget will be eliminated.

Status:

The Town has established procedures by utilizing a computerized spreadsheet and having periodic financial meeting with the necessary boards and committees.

## **20. Timely Submission of Schedule A to the Department of Revenue**

Prior Comment:

In our prior audit we noted that the Town's balance sheet and schedule A was not submitted in a timely manner. With proper oversight from management and the implementation of new procedures the Town submitted the balance sheet for free cash certification in December 2008. We encourage this practice to continue.

However, the schedule A, an annual reporting document required by the Department of Revenue, has not been submitted to the Department of Revenue at the time of our audit. The guidelines for schedule A require that it be submitted to the Commonwealth by October 31<sup>st</sup>. If the document is not submitted to the Commonwealth, state aid can be withheld from the Town.

We recommend that the Town develop procedures and policies to insure that the schedule A is submitted in a timely manner

In fiscal year 2009 the Town submitted for free cash certification in early fall. However, again the schedule A was not submitted at that time. As of the date of our fieldwork we noted that the schedule A had not been submitted. We again recommend that the Town develop procedures and policies to insure schedule A is submitted in a timely manner.

Status:

As of the date of our report the Town has not submitted for free cash certification and has not submitted schedule A. However, we noted that procedures are in place to submit schedule A and free cash certification by December 31<sup>st</sup>. Although, we have considered this matter rectified, management should use oversight to monitor this situation in future years to insure that these documents are submitted in a timely manner.

## **21. Review of Investments**

### Prior Comment:

During our audit we noted that there was no formal procedure to review the investments of the Town periodically. The financial personnel of the Town should review the investments periodically to see if they are in compliance with their investment policy, in compliance with legal investments for Massachusetts municipalities and meeting the needs of the Town. In today's market climate the importance of this procedure becomes essential. One specific area that should be monitored is the market value (unrealized gains/losses). The amount of the unrealized gain/(loss) should be reported on the Town's financial statements to ensure proper financial reporting and communication to management. Reporting the market value of investments on the Town's financial statements will enable management to effectively make decisions to achieve maximum operating efficiency.

During our audit we noted that the Town purchased investments that were not on the legal list of investments for Massachusetts municipalities.

In fiscal year 2009 the Treasurer reviewed the Town's investments and sold all investments that were not on the legal list. Also, the Treasurer communicated to us that he was taking a more conservative approach due to the market conditions. As of the date of fieldwork the Town still has not adopted a formal investment policy and a formal procedure to review the Town's investments to insure that they are in the best interests of Town and meeting the Town's needs.

We recommend that the Town adopt an investment policy and establish procedures to review the Town Investments at a minimum on a quarterly basis.

### Status:

In fiscal year 2010 the Treasurer has implemented procedures to periodically review the Town's investments. However, a formal investment policy has not been adopted. We recommend that the Town formally adopted an investment policy.

## **22. Town Grants and Contracts**

### Comment:

The last audit indicated, in some instances, grant award letters and contracts were not in the possession of the Town Accountant.

Award letters need to be given to the Town Accountant in order for them to determine if the Town is subject to the Single Audit Act requirements on a yearly basis. The contracts need to be given to the Town Accountant to determine that expenditures are in accordance with the contract terms.

### Status:

The Town accountant has adopted a policy that requires Town departments to give to the accounting department all grants and contracts. This new policy has been communicated to all departments.

## **23. Accounting/Financial Policies and Procedures Manual**

### Prior Comment:

The Town does not have a current and comprehensive accounting policies and procedures manual. All governments should document their accounting policies and procedures. Although other methods might suffice, this document is traditionally in the form of an accounting policies and procedures manual. This manual should document the accounting policies and procedures which make up the Town's internal control system.

An accounting policies and procedures manual will enhance employees' understanding of their role and function in the internal control system, establish responsibilities, provide guidance for employees, improve efficiency and consistency of transaction processing, and improve compliance with established policies. It can also help to prevent deterioration of key elements in the Town's internal control system and can help to avoid the circumvention of Town policies.

We recommend the Town finance team develop and document the accounting policies and procedures manual. The accounting policies and procedures manual should be prepared by appropriate levels of management and be approved by the Board of Selectmen to emphasize its importance and authority. The documentation should describe procedures as they are intended to be performed, indicate which employees are to perform which procedures, and explain the design and purpose of control-related procedures to increase employee understanding and support controls.

### Status:

The Town has drafted and adopted a set of financial management policies. Additionally, the Town is starting to develop a departmental accounting policies and procedures manual.