



City of Fall River

Financial Management Review

Division of Local Services / Technical Assistance Section

March 2009

INTRODUCTION

At the request of the Fall River Mayor, the Department of Revenue's (DOR) Division of Local Services has completed this financial management review of the city.

We have based our findings and recommendations on site visits by staff members of the Municipal Data Management & Technical Assistance Bureau (MDM/TAB), the Bureau of Accounts (BOA), the Bureau of Local Assessment (BLA), and the Information Technology (IT) Unit. During these visits and by telephone, the staff interviewed and received information from the mayor, members of the city council, current and former city administrators, management and budget analysis director, the fiscal services director, assessing administrator, city auditor, collector, human resources director, information systems director, purchasing agent, assistant school business manager, and other municipal office staff.

DOR staff examined the city's tax rate recapitulation sheet, annual budgets, independent audits, balance sheets, cash and receivables reconciliation reports, statements of indebtedness, city charter, ordinances, and departmental studies. The city also provided us with warrants, debt schedules, various job descriptions, and other assorted financial documents.

The purpose of this review is to assist Fall River officials as they evaluate the city's financial management. In reviewing the existing financial management, we have focused on: (1) the city government structure in the context of the duties and responsibilities of financial officers; (2) the degree of coordination and communication that exists between and among boards, officials and staff involved in the financial management function; (3) the performance of financial operations in such a way as to maximize resources and minimize costs.

We encourage the mayor, city council and others, when formulating overall strategies for improving the city's financial management, to consider the observations, analyses, and recommendations contained in this report. These are recommendations only and can be implemented, at the city's option, provided there is sufficient cooperation among the various officials.

EXECUTIVE SUMMARY

The City of Fall River is often mentioned as one of a number of Massachusetts cities that possesses a rich industrial and manufacturing history. As a group, these cities have also struggled to recover from the dramatic industrial decline that occurred during the 20th Century and the commercial exodus from central business districts spawned by the rise of the regional shopping mall. For decades since, many have been unable to shed the image of a “depressed city.”

A changing view of Fall River received a start through the addition of attractions for residents and tourists. Battleship Cove is the largest collection of historic navel vessels in the world. The Marine Museum, The Old Colony and Fall River Railroad Museum and The Carousel are nearby. In addition, the Fall River Historical Society and the Lizzie Borden Museum are well visited, as is the Lafayette Durfee House. The city is accessible primarily by I-195 and Route 24, and is a short distance from Newport and Providence, Rhode Island.

Today, Fall River is a city of approximately 90,900 people (2007). Since 1990, the city population has ranged from a low of 89,425 in 1994 to a high of 92,760 in 2003. In 12 of 17 years over that span, the population has decreased compared to the prior year. By comparison, the number of people living in Fall River peaked in 1920 when the recorded census was 120,485.

Like other Massachusetts cities and towns, the commercial and industrial base in Fall River has been in a long-term decline. Where 45 percent of the city’s tax revenue was generated by commercial and industrial properties in 1990, only 36 percent is today. In 2009, there are 463 fewer commercial/industrial parcels in the city compared to 1990, but there are 1,310 more residential parcels. As a result, the higher number of residential parcels and the more dramatic escalation in residential values, compared to little growth in commercial/industrial property values, has caused the burden of financially supporting the city budget to shift toward home owners.

When approved in the spring of 2008, the city adopted a FY2009 balanced budget of about \$253.5 million. To soften the impact on residential home owners, the city did not levy to its property tax limit, leaving over \$1.57 million unused. However, shortly after the beginning of the fiscal year, an analysis of school department budget activity identified a \$3.9 million deficit. Rather than using the excess levy capacity, the school department was forced to make mid-year cuts in staffing and services, and adjustments to grant spending that were approved by the Massachusetts Department of Elementary and Secondary Education (ESE) to cover previous general fund expenditures. While plans to address these deficits were adopted, the school department’s ability to control its budget and make adjustments in the future will be significantly impacted as city revenues decline.

Although state aid has increased in total dollars, as a percentage of the annual budget, it has slid from 59 percent in FY2000 to 51 percent in FY2009. The gap has been filled historically by marginal gains in the tax levy, local receipts and from other miscellaneous sources. With the recent “9C” cuts Fall River received \$2.9 million less in state aid for the remainder of FY2009. When the final FY2010 state budget is approved, cities and towns must expect even further state aid reductions. To absorb

these reductions, the city has begun implementing a combination of salary reductions, staff layoffs, reduced hours, reduction and privatization of services, retirement bonuses, and closing the council on aging center and libraries. It has also significantly drawn down stabilization reserves.

In the past, the combination of free cash, stabilization and excess levy capacity provided the city with healthy reserves. In seven out of nine years between FY2000 and FY2008, total reserves ranged between \$11 million and \$20 million annually – or between 4.5 and 10 percent of the total amount raised annually. In FY2009, the city continues to fund reserves, but has a smaller financial cushion.

With approval of the city council, special purpose stabilization funds were created to address capital, vehicle, technology and financial management improvements that were long over due. More than half of the FY2008 certified free cash of \$8.29 million was appropriated for the special purposes, and an additional \$1 million was placed in the general stabilization fund. As of this writing, Fall River has an excess levy capacity of over \$1.5 million and a combined balance from all stabilization funds of over \$4 million (as of December 2008). However, because the city has not completed prior year audits and balance sheets are not developed, it is unknown how much free cash the city will have in FY2009.

As the city struggles through the current economic downturn, it has reserves, and the potential for more, but the total will still be less than in most previous years. Under these circumstances, there is increasing pressure to manage the city's limited resources of time, money and personnel in a prudent and effective manner. In Fall River, the prospects for achieving these goals have been more difficult due to staff turnover and long-standing financial management deficiencies.

The current mayor entered office in January 2008 following the 12-year tenure of his predecessor. Although the financial services director was hired earlier in January 2007 after a five-month vacancy in the position, since taking office the mayor has had two city administrators and has tried to forge a role for a new office of management and budget accountability. Right now, that person also serves as the interim chief financial officer for the school department. The city auditor was appointed in January 2008, after a four month vacancy. An assistant auditor served for just over a year before transferring to the assistant treasurer's position in January 2009. The collector was appointed acting collector in March 2008, after working in the treasurer's office for nine months, and became the permanent collector in August 2008. The assistant auditor and assistant collector positions are vacant and are likely to remain unfilled, and clerk positions in the treasurer's, collector's and assessors' offices have been eliminated as a result of recent state aid cuts.

Upper level staff changes are not unusual when a new city administration takes office. Unavoidable during a transition are the loss of continuity in government and the absence of institutional knowledge at the top. From a more practical perspective, there is a learning curve, often steep, for people in key city positions. Under these circumstances, administration priorities, personnel responsibilities and management expectations must be clear. Equal attention must be devoted to the completion of routine duties as to higher level, crisis-driven decisions. Otherwise, deficiencies in everyday procedures go unnoticed; accountability and controls lapse, and important tasks do not

always get done as well. Such is the case in Fall River where serious financial management issues persist.

To date, the last annually required and federally mandated A-133 single audit report was completed for the FY2005. In addition, the city still has not submitted to DOR an outside audit of its year-end financial statements for FY2007 or for FY2008. The last completed outside audit, for FY2006, included a management letter with 27 comments on needed improvements in the city's financial management practices and controls. Of that total, 23 were repeat comments from the prior year's management letter. Disclosed were reportable conditions that the auditor believed to be material weaknesses, a conclusion which calls into question the reliability and accuracy of city financial statements. Key among them was the absence of cash and receivable reconciliations.

More recently, the outside auditor has made repeated requests for information necessary to complete past audits, but the ability of the city auditor to fulfill the requests is largely dependent on producing financial statements for FY2007 and FY2008. Among critical steps is the completion of cash reconciliations which continue to show a variance between the treasurer's records and the auditor's general ledger. In recent years, the inability of the city to close its books has also delayed submission of its Schedule A to DOR, which is a year-end report of actual revenues, expenditures and changes in fund balances. Finally, until the city books are closed and a reliable balance sheet is generated, the city cannot expect certification of FY2008 free cash by DOR.

Soon after taking office in January 2008, the mayor acted on his concern about the city's fiscal state and the adequacy of financial management systems, by requesting a "transition report" from the State Auditor's office. Its purpose was "to provide the mayor with the status of the city's budget for the fiscal year ending June 30, 2008...as well as to identify financial/management issues that should be addressed." In the June 2008 report, the State Auditor alluded to the "city's inadequate financial management systems," to the "lack of a modernized, real time, integrated database system" and remarked that "to implement corrective action represents a monumental task." In broad terms, it called for the city to address: a comprehensive internal control plan; revenue and expenditure forecasting; financial monitoring and reporting policies and procedures; a capital improvement plan; and contingency plans.

The city engaged the service of a two-person consulting team to review posting activity in finance offices with the intent of completing the reconciliation of cash for FY2008. Progress was made and better practices were established between the assistant auditor and the collector. However they were not able to reconcile the city's cash.

Under a separate contract, the mayor proposed and the city council agreed to set aside \$1.2 million in three special purpose stabilization funds including: \$600,000 for a financial management services contract; \$400,000 for technology systems design, implementation and training; and, \$200,000 to serve as a contingency. The city issued a 116-page, all-encompassing Request for Proposals (RFP) to implement the full range of recommendations in the Auditor's report. There were no responses. On DOR recommendation, the city issued a second RFP more limited in scope: reconcile the city's cash balances and put the city's year-end financial statements into audit-ready

condition. Two proposals were received and the firm of Lefkowitz, Garfinkel, Champi and Derienzo (Rhode Island) was hired. This firm worked on reconciliations, answered questions, and prepared a schedule of federal awards and other documentation for the outstanding audits. However, the assignment has ended, but cash remains out of balance and the city's books are not completely audit-ready.

Lastly, the mayor requested this financial management review from the Department of Revenue.

Conclusion - The fiscal circumstances under which the City of Fall River presently operates are not uncommon, but they are severe and force decisions that are arduous at best. As an immediate example, to offset declining revenues and to balance its budget, city departments reportedly cut back programs and issued over 130 lay-off notices to employees. This is not an environment in which a mayor would choose to serve. Nor is it a period when broad options are available to improve the quality of life for city residents. In the face of these pressures, audits of city financial statements and departmental level financial management issues that are raised in this report may seem less significant by comparison.

However, unless its fiscal condition is clear, reports of its available cash are accurate and recordkeeping is reliable, the city is ill-equipped to make budget related decisions with confidence.

With this in mind, the Department of Revenue continues to have serious concerns about the lack of independent audits of city financial records. The absence of timely outside audits for fiscal years ending June 30, 2007 and June 30, 2008 raises doubts about the city's current fiscal position. Without confidence in the city's financial information, DOR is also disinclined to certify free cash for FY2009. And, unless audits are complete, the ability of the city to receive tax rate approval for FY2010 may even be in jeopardy, even though a Tax Recap Sheet won't be filed until the end of this year.

On balance, we believe that corrective action is more achievable and solutions are more within reach than suggested in the State Auditor's report. In MUNIS, Vision and Microsoft Excel the city has fully capable software to record, retain, manage and place controls on its financial activity. Through the computer network, email and Internet access, the infrastructure is in place to allow the exchange of data and information between and among finance offices.

Still, the seriousness of the city's finances inevitably raises questions whether the people in critical positions are capable of solving the problems, which have now been lingering for years. In the face of current vacancies in finance offices and given the potential for more lay-offs, obstacles will be more difficult to overcome. Progress has been made. However, to continue moving forward staffing levels must be maintained, and even enhanced, in order to handle the volume of work ahead. Only then can the poor financial practices of the past be reversed and can sound financial procedures be established.

From the State Auditor, the mayor has received a useful evaluation of operations and general recommendations on how to address broad areas of concern. Fulfilling his request for this financial management review, we have provided an analysis that focuses on financial management practices and

procedures at all levels of government and have included specific recommendations to resolve and correct deficiencies in finance-related offices, in regard to technology and in general. With the implementation of our recommendations, issues raised in the Auditor's report as well as those we independently cite can be addressed.

To increase the prospects of achieving the goals embodied in our recommendations, clear financial management objectives should be developed. At every level of government, roles and responsibilities should be clearly defined and priorities must be established and understood. Expectations should be set and managers and staff should know with certainty that they will be held accountable for their actions and inactions. This message must originate with the mayor and pass, first and foremost, to the city administrator. It then needs to filter down undiluted to key finance personnel and from them to their staff.

Discussions of these issues have taken place between city and DOR officials. As a result of these exchanges, the mayor has agreed to enter into a memorandum of understanding with DOR which will enumerate standing issues and set out deadlines for their resolution. Among them will be the major variance in cash balances that exists between the treasurer and the auditor records. Dates will be set for the completion of outside audits for FY2007 and FY2008. Providing the information requested by the outside auditor and staying current in recording financial activity will also be emphasized.

Ultimately, as we have seen in municipalities through the Commonwealth, when sound financial practices are implemented, the mayor, city council and others will have confidence in reports of the city's fiscal condition. Prudent, well-informed financial decisions will then follow, as will public confidence in municipal government.

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OVERALL FINANCIAL MANAGEMENT & BUDGETING

In accordance with M.G.L. c. 43, Fall River has a Plan A city charter. There is a mayor, who is the chief executive officer and chair of the elected seven member school committee. A nine-member at-large city council serves as the legislative body. The mayor, city council and school committee are elected bi-annually, though for a brief period (1965-1973) the mayor served four-year terms. All department heads and boards (except the city clerk who is appointed by the city council) are appointed by the mayor without council confirmation.

To assist the mayor in the day-to-day management of the city, there is a city administrator. He supervises all departments that report to the mayor; provides direction in contract and labor negotiations, and reviews and signs all warrants, contracts, budget and financial orders prior to approval by the mayor. He oversees the preparation and implementation of the operating and capital budget, monitors fiscal and programmatic performance, and represents the administration at city council, school committee and other meetings.

Upon taking office and in order to streamline city operations, the administration proposed a major departmental restructuring, which was adopted by council vote. Twenty departments were consolidated into eight and the office of management, budget and accountability (OMBA) was created. The restructuring improved flexibility and reduced duplication. To improve department efficiency, special, one-time appropriations were made to acquire new technology and/or replace older equipment as well as provide training opportunities, which are not annually funded. Of particular interest is the restructuring of the financial services units, the creation of the administrative services department and the OMBA.

Previously, the financial services department was comprised of the assessing, auditing, collections, purchasing, and treasury departments under the management of the fiscal services director. However, the purchasing division, which typically is affiliated with a community's accounting office, was transferred to the new administrative services department, along with the human resources, law, and management information systems offices, to provide general internal support to all city departments. The OMBA was created to improve management by creating operating standards and goals, monitoring budgets, preparing cost benefit analyses, and conducting program evaluations and internal audits. In her first year, the OMBA director has focused on monitoring the school department's spending and projecting year end results. She is also assisting the city administrator and fiscal services director to prepare responses to the outside auditor's FY2006 management letter comments.

Consolidating certain city and school operations is also under consideration, which may include financial, purchasing, personnel, and maintenance functions. After the school department fiscal issues were identified, this consolidation was viewed as a way to streamline services, eliminate duplication, and provide stronger central oversight. According to M.G.L. c. 71, §37M, consolidation of these

operations requires approval of both the city council and school committee. The city council adopted the statutory provision in October 2008, but the school committee has not as of this writing.

In addition to the operational realignments, the budget format also underwent major changes. To present the true cost of providing services, all personnel-related expenditures were allocated by department. Health and other benefits for employees and retirees; claims, damages, and legal costs; debt; and other insurances were no longer budgeted centrally in a few line-items, but were now itemized in every department budget. While this format demonstrates all personnel costs associated with an operation or service, managing it adds work to the city auditor's office. For example, the city is self-insured and covers 75 percent of premium costs for a number of health insurance plans for both active and retired employees. With each warrant, the auditor's staff must determine the city's share of all insurances and benefits to be charged to each department. It must then obtain the signature of every department head to approve the expenditures, which is time-consuming.

The administration also reviewed city revenues. Analyses were conducted to determine whether existing fees and charges actually covered the cost of providing the service. It was the city's aim to make sure that individuals who benefit from particular services, licenses and permits assume the true costs. For example, Fall River adopted a new fee structure for the sewer enterprise fund. The sewer user charges (based on the consumption of water) were separated from the combined sewer overflow (CSO)/storm water runoff fee, based on run-off from impervious surfaces on property lots, ensuring the cost was fairly distributed among the community and metered users are not inappropriately burdened by CSO/runoff expenses.

Because of the Federal Single Audit Act, Fall River is required to have an annual audit performed, which should be completed and submitted to DOR within six months after the close of the fiscal year. The latest audited financial statements were completed for FY2006, and the most recent federally mandated A-133 single audit report is for the fiscal year ending June 30, 2005. Audits for fiscal years ending June 30, 2007 and June 30, 2008 have not been completed due to the city's failure to close its financial books shortly after the end of the fiscal year and turnover in key positions. According to local officials and the independent auditor, for the last few years, the city has not completed operational tasks—maintaining the cash book, posting to the general ledger and reconciling cash and receivables—until after the close of the fiscal year. With staff turnover in the financial offices, a bad situation was made much worse.

As a part of the FY2006 audit, there is a management letter with numerous comments, many of which continue to go unresolved from year-to-year. The most serious is the lack of cash reconciliations between the city auditor's general ledger cash and the treasurer's bank accounts, resulting in a difference of about \$1.2 million. The outside auditor reported this failure to reconcile cash as a material weakness, which is a significant deficiency in the city's internal financial control. A material weakness is a reportable condition of such magnitude that it could potentially result in material misstatements of financial condition, which could impact Fall River's credit rating and future borrowing costs. To address the problem, the city hired consultants, who have completed their work

and were able to implement new management practices and confirmed a consistent monthly cash variance of about \$1.2 million.

Conclusion - When the mayor took office in January 2008, he discovered serious lapses in the city's financial practices. There had also been turnover in key department head positions. As a consequence, leadership was lacking at the middle management level and accountability was absent. Departmental operations were not coordinated, the city's financial records were not accurate or produced timely, and there was unchecked overspending. Despite a departmental reorganization, a more detailed budget format, and a stable staff, greater attention should be directed to financial management practices and procedures. To effectively address these issues, the city administrator needs to hold department heads accountable, and the mayor needs to hold the city administrator accountable.

RECOMMENDATION 1: CLARIFY STAFF ROLES AND SET PRIORITIES

We recommend that the mayor clarify roles and expectations for his staff, and seek their input on decisions. During his tenure, the prior city administrator was instrumental in developing the city budget. By virtue of his position, he sought assistance from the city auditor, but essentially by-passed the financial services director, to whom the city auditor reports. As a result, the city auditor was unable to complete responsibilities of his office that demanded attention. Contrary to the advice of finance staff, the city administrator also ordered that personnel costs beyond salaries and wages be calculated and allocated to departments in the budget. This proved to be an enormously labor-intensive exercise, which again took staff away from requisite tasks. While we agree that the details that resulted were useful and informative, other less time consuming means are available to reach the same end.

These are examples where lines of authority were ignored, responsibilities became blurred and decisions were made in isolation. Rather than greater control over fiscal circumstances, inefficiencies resulted. To avoid this situation, we recommend that the mayor clarify, to the extent that he has not already, the roles of the city administrator, the financial services director, the auditor and the management, budget and accountability officer.

Following typical lines, we would expect the city administrator to oversee all city departments. He would hold department heads accountable for implementing priorities and policies set by the mayor. Given the city's persistent fiscal state, he should be more intent that the actions needed to correct current problems, as well as address DOR concerns are clearly identified and carried-out by the financial services director.

The financial services director would otherwise initiate the budget process and aided by the auditor produce a working document based on departmental requests. During the course of the year, the finance department would manage the city's money and account for the city's financial activity. As her title implies, the OMBA director would appear best suited to carry-out and monitor special projects, conduct independent financial analyses and follow-up to ensure specified tasks are completed.

We do not believe she can effectively fulfill these responsibilities over the long term while spending half her time as interim chief financial officer for the school department.

We would encourage the mayor to meet regularly with these staff members, together with others he deems appropriate, to discuss city finance-related issues, to anticipate fiscal events and to plan administration action.

RECOMMENDATION 2: CONDUCT PERFORMANCE REVIEWS

We recommend that annual performance reviews be conducted for the city administrator and for all department managers. To achieve accountability in government, departmental goals, employee responsibilities and the mayor's expectations must be clearly stated and understood. These messages can be most effectively communicated through performance evaluations.

The mayor should direct HR to develop a performance evaluation program for higher level management positions. Under this scenario, the mayor would evaluate the city administrator, who would in turn evaluate departmental managers who report to him. In this way, staff will have a clear understanding of their roles and responsibilities. They will know what is expected of them and that their success at meeting those expectations will be measured at year-end.

As a by-product of performance evaluations, job descriptions can be updated to reflect what a person actually does or is supposed to do. Up-to-date job descriptions then serve as another way to inform an employee of job expectations. Over time, the program can be expanded to include all staff levels. However, conformance with collective bargaining agreements should be considered.

RECOMMENDATION 3: COMPLETE OUTSTANDING AUDITS AND ARRANGE TIMELY ENGAGEMENTS

We recommend that the city resolve outstanding audit issues and enforce a policy to have the independent audit completed within five months of the fiscal year's end going forward. Having invested time and resources to improve the cash reconciliation process and engaged outside consultants to prepare other necessary reports and materials, the city should complete and file its outstanding FY2006 federal single audit A-133 report and FY2007 audit with DOR as soon as possible. With FY2007 ending fund balances, the city can then arrange for the FY2008 audit to be completed.

To accomplish all this, we recommend that the mayor direct the city administrator to work with the financial services director and others to develop an action plan. The plan should list specific tasks to be completed, assign responsibility for each task and set deadlines for their completion. The city administrator should monitor progress and hold people accountable for meeting deadlines. Moving forward with the financial activity, the city should make every effort to monitor daily operations, reconcile its records monthly and close its books timely with a goal to complete its outside audit within six months of fiscal year end.

Bond rating agencies pay close attention to audits of a community's financial statements, which provide a measure of its fiscal health. The absence of an audit, and particularly one so far beyond the

close of the fiscal year like Fall River's FY2007 audit, can be a red flag that raises questions and creates uncertainties. It also puts the city well behind the curve in identifying and remedying weaknesses.

RECOMMENDATION 4: DEVELOP CORRECTIVE ACTION PLAN

We recommend that the OMBA director follow-up on the corrective action plan currently being drafted in response to the outside auditor's management letter comments. Once the corrective action plan being developed by the city administrator and the OMBA director is complete and accepted, follow-up is necessary. The plan should indicate what steps should be taken, who will be responsible, and when the action will be completed. We view it as an appropriate role of the OMBA director to monitor the implementation of the corrective action plan and periodically inform the mayor, city administrator and city council of progress. Effective use of the recommendations of the audit report and financial management review can assist the city in improving its financial controls and practices. It can lead to increased public confidence in the government and potential upgrades in a community's bond rating.

Key to the success of a plan is to resolve cash variances and complete the task already begun of putting financial statements in audit-ready condition. Reconciling variances involves a comparison of receipt reports from the treasurer's office to turnover sheets for all funds and other documentation submitted to the auditor by individual departments. Only by this labor-intensive, detailed research can the cash variance that now exists between the treasurer's records and the auditor's general ledger be resolved. The reconciliation of variances, together with the preparation of other requested documents, is necessary to complete the FY2006 A-133 single audit, the FY2007 and FY2008 general audits.

Given budget constraints, we suggest that the city first determine whether a current staff person in the auditor's office has the capability and can be re-assigned and trained to complete this task. Or, the former assistant treasurer, who previously served as assistant auditor, might be temporarily charged with resolving the cash variance. If a new assistant auditor is hired, which we recommend, he or she might be given this assignment. With other important tasks before him, we doubt whether city auditor has the time to do the job.

RECOMMENDATION 5: BUDGET FIXED COSTS CENTRALLY

We recommend that the city centrally budget its insurances, retirement, other employee benefits and debt by line-item in the city fixed costs budget. While allocating these expenditures to departments provides useful information on the total costs to provide services, this goal may be accomplished more efficiently through management reports. For instance, because the cost of employee benefits is assigned to each department, there is no single figure that identifies employee or retiree costs entirely. Totals have to be separately tabulated from the individual allocated amounts. Also, the city auditor's office must obtain the respective department head's signature authorizing

charges to the appropriate line-time in time for each warrant, which is time-sensitive and time-consuming. If these costs were centrally budgeted and required one authorizing signature, the auditor's staff could prepare a detailed management report (by warrant or monthly) to keep city leaders, staff and citizens fully informed and would have more time to conduct other tasks (e.g., examining payment requests and conducting reconciliations).

RECOMMENDATION 6: CONSIDER INSURANCE OPTIONS

We recommend that the financial services director annually evaluate city options regarding employee and retiree health insurance plans. Given the city's interest in reducing costs and increasing efficiencies, we encourage the financial services director to review the city's healthcare alternatives on an annual basis through an independent analysis. This evaluation might include:

- A review of each city-offered plan and comparison to the costs of alternative, competing plans, based on reasonable benefit assumptions.
- Any option to join with other communities or districts in a joint or regional purchasing consortium.
- Review the costs associated with making enrollment in the city's health and dental plans available to appointed or elected officials.
- The impact of assigning a larger percentage contribution from employees who choose to enroll in more expensive healthcare plans.
- The financial impact of joining the Group Insurance Commission (GIC) under M.G.L. c. 32B, §19.

The city should be aware that legislation (Chapter 67 of the Acts of 2007) offers communities the option of joining GIC. While Fall River officials do not believe GIC would be advantageous, circumstances surrounding health insurance are prone to change. Therefore, the city should review the GIC offerings independently on an annual basis in order to gain an objective, up-to-date analysis. Because it is a larger pool of subscribers, GIC can offer a greater number of plan options to subscribers, some of which are significantly less expensive than comparable plans offered by either joint purchasing groups or individual municipal employers. To date, 27 municipalities, public agencies and regional school districts have joined. This act requires coalition bargaining, in accordance with M.G.L. c. 32B, §19, with representatives of local unions before joining the GIC, which is different than the city's current insurance advisory committee. Detailed information may be obtained via the internet at: www.mass.gov/gic/municipalities/municipalityresources.htm.

RECOMMENDATION 7: FUND PROFESSIONAL AND CONTINUING EDUCATIONAL TRAINING ANNUALLY

We recommend that the city appropriate funding for professional and continuing educational training annually for the financial and informational systems offices. It is essential that professional staff - division heads and their assistants - receive training that will provide useful information about current laws, financial practices and technology and will allow them to interact with their counterparts from other communities. More importantly, an assistant should be fully trained to assume the responsibilities of the division head for brief or extended absences. In a pro-active way, interruptions or delays to maintaining up-to-date records can be prevented and obstacles to safeguarding city assets can be avoided. The professional staff, in turn, would provide training, cross-training, and support to office staff to ensure activities are performed accurately, efficiently, and timely.

RECOMMENDATION 8: CONSOLIDATE CITY AND SCHOOL ADMINISTRATIVE OPERATIONS

We recommend that the school committee adopt the enabling legislation and that the city proceed with its plans to consolidate administrative operations with the school department. An organizational structure where city and school operations could collaborate and share resources may improve service levels and coordination and, in some instances, reduce expenses. Typically, merger opportunities involve any or all of the financial management, purchasing, human resources, technology, and maintenance operations.

The mayor and the city council are already on record as in favor of merging the city and school department finance operations. However, the school committee has not followed-through on its earlier expressed support. Given the FY2009 budget deficit issues, we encourage the mayor to continue his efforts to persuade the school committee members of the merits of such a plan. Since the mayor's budget, management and accountability officer is also serving as the school department's interim chief financial officer, the transition could go smoothly.

RECOMMENDATION 9: FILL VACANT FINANCIAL SERVICES' POSITIONS

We recommend that the city fill the vacant assistant collector and assistant auditor positions as soon as fiscally possible. While we understand the city's reason for delay, having these assistant positions filled by knowledgeable and experienced individuals will assist the division heads in managing daily operations and continuing to improve their performance. More importantly, in the absence of the division head for a brief or extended period, there is no one fully trained to assume the division's responsibilities.

ADMINISTRATIVE SERVICES

The administrative services department is made up of the human resources, law, management information systems and purchasing division. For this financial management review, we have focused on all but the law office.

HUMAN RESOURCES DIVISION

The human resources (HR) division is responsible for developing and maintaining uniform personnel policies and procedures. The HR division creates position descriptions, job classification schedules and compensation levels. It establishes procedures for the recruitment, selection, promotion, and transfer of employees and handles discipline, grievances and appeals. HR keeps personnel records for non-school staff (complying with Health Insurance Portability and Accountability Act privacy rule on the protection of medical records), coordinates training programs, and oversees the administration of group insurance, workers compensation and other employees' benefits. The human resources staff conducts orientation meetings for all new employees, including explanation of insurance and benefit choices, costs, waivers, and allowable changes for qualifying events. For non-school employees, the HR staff also has new employees complete tax, retirement, employment eligibility verification, direct deposit, and optional benefit enrollment forms. New employees must also sign acknowledgements that they have read and understand city policies, i.e., on sexual harassment, email and Internet use.

These responsibilities are managed by the human resources director, who has four full-time staff for daily tasks and a part-time labor attorney to assist with the city's collective bargaining. In addition, the director also supervises the other administrative services divisions.

Fall River has roughly 1,650 school employees and 1,300 non-school staff who are paid biweekly. Most positions have job descriptions, which may not be current, but are being updated as time allows. Unless part of a personal employment contract or collective bargaining agreement, job performance evaluations are not required for all employees. In reviewing the job classifications and salary levels, we found some professional positions were not in parity across all departments, which may present problems attracting qualified and experienced individuals in the event of a vacancy.

Upon taking over the HR division, the director found that the city's personnel ordinances and sick leave balances were not current. A thorough review of the ordinance is being conducted to remove obsolete sections and add necessary provisions. As for personal leave balances, vacation, personal and sick time is earned in accordance to collective bargaining agreements and the personnel ordinance. Vacation is earned on a calendar basis (as of December 31), credited to each employee as of January 1 and must be used by the following December 31. Two personal days are credited to employees annually on January 1 and only one day may carry into the next year. Sick time, on the other hand, accrues monthly and carries from year-to-year. These balances were not current, but it is our understanding that they have been brought up to date by HR for all non-school employees within the last month.

RECOMMENDATION 10: CONDUCT PROFESSIONAL SALARIES REVIEW

We recommend that the city re-examine the salaries of the professional staff positions. In order to attract qualified individuals with proven experience, it is necessary that Fall River offer competitive salaries. In a few instances, if the current staff were to leave, the city may be hard pressed to replace them given the current salaries in comparisons to communities with similar populations and budgets. In the current economic climate, the city may not be able to adjust salaries and wages. However, as economic conditions improve, surveys of compensation levels in other municipal governments should be conducted at least when vacancies occur and positions are to be filled.

RECOMMENDATION 11: MAINTAIN SICK LEAVE BALANCES

We recommend that HR maintain current sick leave balances. Having brought the sick leave balances up-to-date on the personnel management system, officials should maintain current information going forward. With accurate data, the auditor's staff will be able to readily determine if each employee has the available time before approving the payroll. We suggest the city administrator meet with the auditor, payroll supervisor and HR director to review how accrued absences are reported. They should all agree on a process that ensures that balances will be maintained up-to-date in the future.

RECOMMENDATION 12: UPDATE EMAIL AND INTERNET USER POLICIES

We recommend that the HR Department work with the information systems director (IS) to review and update guidelines and policies for all users of the city's computerized systems. HR together with the IS should review and revise, if warranted, written policies on the proper and allowable uses, for employees and officials, of technology, the Internet and electronic mail applications. The updated policies should be distributed to department heads, who would then secure from their current employees' written acknowledgements that they understand them. The HR department should secure acknowledgements from current or and new officials, and from new employees when they are hired. Signed acknowledgements should be retained in personnel files. This process should be revisited periodically.

INFORMATION SYSTEMS DIVISION

The information systems (IS) division has three professional staff members - a director and two network administrators. All three began as outside contractors for the city and then were hired as full time staff when this office was established in 2001. The IS division provides technology support to city departments and works with separately established technology units in the fire, police and school departments. IS manages the computer systems, including desktops (about 200), servers, networks, software applications, telephone system, Internet access, electronic mail, and the public website. IS is responsible for security and virus protection, backups, and system maintenance. Looking ahead,

support services will be tracked electronically through a help desk software application to be installed this year. Training will be arranged, but only when funding is available.

In addition to traditional responsibilities, the IS staff prints the property tax and utility bills. One IS staff member retrieves and converts electronic lockbox payments and Internet payment data for the collector division to post to individual taxpayer accounts. If he is absent or unavailable, these collections are not processed until his return. The IS staff also oversees the mailroom, print shop and switchboard operations and all, including the IS director, have occasions when they actually man the switchboard or deliver mail. These responsibilities combined with traditional technology duties have placed time demands on the IS staff. It is our understanding that staff sometimes works parts of evenings and weekends to keep up.

Concerns about citywide connectivity, training, and policies were part of the focus in the State Auditor's June 2008 transition report. The State Auditor's office identified technology-related issues that included, but were not limited to, staffing in the city IS division, professional training, a lack of inventory control and capital replacement planning, limited compatibility between separate technology units and no disaster recovery plan. In response to this report, funding was appropriated for redesigning Fall River's website (\$30,000) and acquiring or upgrading software applications (\$110,000). In addition, another \$400,000 was appropriated for consulting services to evaluate and design a wide area network (WAN), to provide training, to assist in the development of a disaster recovery plan, to assess current capital replacement and purchasing procedures, and to increase departmental cooperation and software compatibility. Meeting at least monthly since the July 2008, a committee comprising the four technology directors, city administrator, OMBA director, and a citizen with a technology background have been analyzing and addressing the city's technology issues.

The financial divisions use MUNIS, an integrated financial system, and have access to Microsoft Office applications as well as other specialty software to conduct daily business and manage information. MUNIS modules used by various departments include the general ledger, purchase order system, accounts payable, payroll, personnel management, treasury management, and tax, excise, and utility billing, collections, and accounts receivable. The treasurer division uses Excel spreadsheets to maintain the cash book and perform bank reconciliations and the assessing division uses the Patriot Property Assess Pro computer assisted mass appraisal system to value and manage property accounts.

One of the advantages of MUNIS is the remote access and data entry features. All departments may view and print budget information and they input requisitions for purchase orders and their bill schedules for vendor payments. While the fire, police, community maintenance and school departments are authorized to enter payroll on an exception basis, the auditor division staff enters the data for all other departments. Only the city clerk department and sewer division enter their miscellaneous (non-committed) receipts directly into MUNIS.

The city maintains a significant amount of information. This includes policies that may apply to all staff or data that may be shared with or used by more than one office. In the absence of shared drives or an intranet, the same information is often stored in multiple offices.

In order to create efficiencies and reduce demands of staff time, a new telephone system has been acquired that has voice mail and an auto attendant function. However, these options have not been fully implemented and not all departments have been granted access to these services. The city also has access to electronic mail and the Internet. But, not all departments or staff within a division has access to these technologies due to security and/or abuse concerns.

Fall River has a geographical information system (GIS) that is maintained by the planning division. Within the GIS, the assessors' maps have been digitized, so all parcel splits and changes recorded by the assessors must be forwarded to planning. However, the assessing staff must rely on paper maps or visit the planning office because they do not have electronic access to the GIS.

Fall River has a website. It supplies departmental listings, telephone numbers, community links, announcements and city ordinances. It also provides on-line links to a payment option and property assessment data. However, many of the departments' forms are not always available electronically, no meeting minutes are available, and helpful "Frequently Asked Questions" are sparse. In its current format, it is difficult to navigate or search for items within the site, which results in users calling city offices for assistance and causes work interruptions for personnel. Fall River has hired a contractor to develop a new website that is interactive, informative and easily maintained. The contractor has met with departments to discuss their needs and content to be placed on the website and it is expected to be activated by March 2009.

The recommendations that follow appear numerous and might give rise to the question of how a staff, already pressed for time, can address more issues. Our point is that the current demands on IS staff and the range of recommendations we make indicate how important technology is to the everyday success of municipal government, particularly in regard to financial management and controls. In fact, many of these recommendations can be quickly implemented if it is the determination of the mayor to do so. The mayor, through the city administrator needs to set priorities for IS staff so that their time can be more wisely and effectively spent than it currently is.

RECOMMENDATION 13: REASSIGN NON-TECHNOLOGY RESPONSIBILITIES

We recommend that the IS department no longer be responsible for the print shop, mail room and telephone switchboard. It is poor management and a misallocation of valuable resources to have trained IS personnel fulfill these functions, even if it is only in the absence of the assigned staff. While important, these functions do not require oversight by people with specialized technical abilities. IS professional skills and time are better spent when focused on maintaining the efficient operation of the city's computers, software and technology systems.

RECOMMENDATION 14: CONSIDER SOFTWARE TO BETTER MANAGE TIME

We recommend that the IS director consider the purchase of software to manage better manage the IS department and staff time. Communities have been successful in managing the demands for

technology support through the use of "portal" software. In systems familiar to us, all departments would communicate with the IS department on-line. Details of all requests for support would be submitted electronically and received at the IS department. The request might also be received simultaneously on a hand-held device carried by the director. Recorded would be the caller, the department, the time and date of the request and the nature of the problem. The IS staff can then review and prioritize its time to address more pressing needs. Instructions can be sent back. If software users have a repeat request, they can view the previous on-line response from IS and solve the problem themselves. Through the software, the IS director can document and address (i.e., through training) problems that re-occur. He will have a record of how staff spends their time, and how quickly problems get resolved. The IS staff can avoid ad hoc responses to problems which divert them from completing tasks because someone stopped them in the hallway. Overall, the portal software is a tool to help better manage the department and the city's technology demands.

RECOMMENDATION 15: AUTHORIZE COLLECTOR TO GET LOCKBOX AND INTERNET PAYMENTS

We recommend that the IS division authorize the collector and her staff to access and process lockbox and Internet collections. It is common in other municipalities for collectors to receive receipt information on disc or through web access from a lockbox or Internet payment provider, and to then upload the account data into MUNIS without drawing on the time of technology staff. Typically, technology departments establish procedures and security to protect city systems from viruses. The collector will still have the opportunity to view receipt data to make sure it agrees with deposit records, before posting payments to individual taxpayer accounts. The IS department should meet with the collector to establish a similar process in Fall River. IS staff time can then be free-up and devoted to other tasks that advance the use of technology in city government.

RECOMMENDATION 16: PRIORITIZE PROPOSED IMPROVEMENTS

We recommend that the city pursue an enterprise-wide offsite data back-up. Acquisition of this service would fully automate the backup process, eliminating the need for staff to be physically present on weekends to run backups when no one else is around operating any of the software applications. Typically with this service, the data would stream out via the Internet to the backup vendor's server(s) for storage during a quiet time (conceivably overnight and/or weekends) and could be restored easily, if necessary. These services can be cost-effective due to the automation involved and the ability to free up technology staff time to perform other activities.

We recommend that officials develop a written technology recovery plan. Although the city has taken precautionary steps to protect critical data, including performing routine backups, a disaster recovery plan should be developed. This plan should:

- Identify the maximum acceptable down-time for municipal operations and the maximum acceptable data loss (in terms of days);
- Ensure that the routine backup and storage of data allows you to meet the requirements set;
- Build and implement a well-documented, written plan that sets-out the steps to be taken in the event of a minor or major data loss event. Test and update the plan regularly;
- Train staff (including peer operations in the police, fire and school departments) so that their individual and collective response is immediate and confident in the case of an event. Assign responsibilities and identify outside people or consultants to be contacted; and,
- Analyze the cost of the recovery program and allocate the resources necessary to implement it. Balance the value of data with the cost of recovery.

We recommend that a citywide infrastructure diagram be prepared. Currently, only the police and school departments have their infrastructure diagrammed. As a part of a consultant's evaluation of the city's network, it was suggested that information on all components and outside connections for city and school department locations be mapped. Maintaining the logistics of all systems would be helpful for new staff, vendors, consultants and others not currently involved in the network maintenance when acquiring, expanding, modifying or otherwise changing existing hardware and applications are contemplated.

We also recommend that IS develop a central inventory of all city and school hardware, software applications and peripherals by location. Currently, IS has its own inventory by location in which all servers, desktops and peripherals are tagged with a numbered metal strip. This inventory system should be expanded to identify all software applications (including installation date, license, and version) for the city and further include police, fire and school technology assets by location. These will help manage and protect the city's investment as well as help develop a central, citywide, multi-year replacement planning effort and annual capital budget funding requests.

We recommend that the city develop, document and implement a technology replacement strategy to be centrally administered by IS in cooperation with the independent police, fire and school technology operations. Because the city operations are highly reliant on the use and reliability of technology, Fall River needs to make sure it has a plan for replacing all hardware and software applications on a regular, pre-defined schedule. The city should schedule the replacement of desktops, servers, printers, copiers, telephones etc. based on how likely they are to fail in a certain period of time.

The benefits of developing, coordinating and committing to such a formal plan include:

- Keeping technology assets operating a peak efficiency,

- Maintaining a clear three to five year plan on the city's technology goals and strategies on how these improvements will be attained,
- Budgeting constant and reliable annual appropriations for both purchases and support costs over the life cycles of the assets,
- Centralizing the management and oversight under MIS in order to coordinate and maximize purchasing power and efficiently and effectively allocate resources based on documented need,
- Avoiding work interruptions due to break downs on equipment beyond the recommended useful life, and
- Allowing the recycling of usable equipment near the end of its useful life from a critical department (e.g., financial services and police) to less critical functions (e.g., public user stations at the library or senior center).

RECOMMENDATION 17: GRANT ACCESS TO TECHNOLOGY RESOURCES FOR FINANCIAL STAFF

We recommend that voice mail, email and Internet access be granted to all financial departmental staff. To us, it was unclear who decides whether individual staff throughout city hall has access to the Internet or to email. In any event, in a world where these are valuable resources and are relied upon as major communication vehicles, denying access to all places the city at a distinct operational disadvantage. Every day correspondence and the exchange of information by email are a common occurrence and an expected capability. It is faster and more precise than a telephone call, and creates an electronic record of activity. The Internet is increasingly used as a means by which governments interact and convey information. For example, all DOR publications, correspondence, information guideline releases (IGRs), and useful references are available primarily by electronic mail and on our website.

With email, the staff will be better able to perform their jobs. Email will allow inquiries to be received at any time, especially outside of normal business hours. Internet access will enable the staff to access external sites necessary to perform their jobs, rather than having to make telephone calls and waiting for assistance from a live person. With full implementation of the auto attendant feature in the new telephone system, or voice mail, messages can direct residents more effectively to offices they need. Staff can avoid the disruptions of calls intended for others. An additional benefit of the auto attendant feature is it may provide information and menu choices in more than one language, which is helpful to callers when English is not their first language.

Systems can be put in place to protect against abuses, particularly in the use of email and the Internet. Filters can be incorporated to flag certain words or websites, but ultimately people have to understand that they will be held accountable for violating user policies. To bring Fall River government more in line with contemporary municipal practices, we recommend that the mayor act on this recommendation and direct the city administrator to oversee its implementation.

RECOMMENDATION 18: EXPAND ACCESS TO THE GEOGRAPHIC INFORMATIONAL SYSTEM

We recommend that the assessing staff be given electronic access to the city's GIS. While the city is looking into eventually making the GIS available to all departments, the assessing division has a pressing need to be able to identify parcel locations while researching and updating the assessment records now. Property data is integrated with GIS currently, but the assessing staff is not able to realize the maximum benefit of existing technology. Fall River is paying for three GIS licenses, two of which are being used in the planning division. Granting the third license to the assessing division, or obtaining licenses for the three senior professional positions, will enable the staff to view, research and verify the current mapping information on parcels without having to leave their office.

With the mayors approval, we recommend that the city administrator meet with the IS director and the assessing administrator to determine how GIS can be expanded to the assessing department and establish a timetable for getting it done.

RECOMMENDATION 19: ACTIVATE REMOTE ACCESS MUNIS FEATURES FOR DEPARTMENTS

We recommend that all departments be granted remote access to enter payroll and receipts directly into MUNIS. Expanding remote access would delegate the responsibility of data entering payroll information to smaller departments, and entering receipts to be turned over to the treasurer, to all departments. Similar to the vendor payment system already established, this would enable the treasurer and auditor divisions to review the electronic submission against backup documentation, provided in hardcopy, before accepting and posting it to the departmental receipt and payroll systems. Once established, the electronic transmission of data will greatly reduce the amount of manual entries the finance divisions are performing, thereby freeing up staff to perform other management and analysis activities.

Again, with the mayor's approval, we recommend that the city administrator meet with the IS director, the financial services director, payroll supervisor, city auditor and others, if warranted, to review the process and establish a timetable for expanding remote access to all city departments.

RECOMMENDATION 20: DEVELOP SHARED DIRECTORIES

We recommend that commonly used information and resources be placed in a shared directory on the network that is accessible to all departments. This would include policies and procedures, forms, and scanned labor and vendor contracts. Making information widely available enables staff to access and/or refer to the contents without having to disrupt other offices' operations. In addition, storing documents electronically would reduce the need for keeping duplicate files in each department.

We recommend that the IS department forward instructions, via email, to all city employees explaining, step-by-step, how shared directories are accessed. The mayor, acting through the city

administrator, should send a directive to all city employees announcing a policy on how shared directories are to be used and establishing the expectation that they will be used.

RECOMMENDATION 21: CONSIDER HIRING A TECHNICAL SUPPORT POSITION

We recommend that the city consider creating and filling a technical support position. Overall, the current staff appears to do an admirable job of keeping up with a very heavy workload. However, they often work nights and weekends to keep up with their responsibilities and generally have little or no time to pursue advancements and or focus on critical technology issues. With the addition of a technical support position, who primarily would be responsible for responding to user requests, the IS staff would be better able to maintain operating systems, lend interdepartmental support and oversee mission critical tasks and planning. Again, we understand the fiscal reality the city is facing and suggest a technical support position, which ranges between \$35,000 and \$45,000 in comparable communities based on population and budget, should be added in the future.

PURCHASING DIVISION

The city's purchasing division has a staff of three - a purchasing agent, her assistant and a supply clerk. This office handles city purchases of any cost and only school acquisitions of goods or services greater than \$25,000. All purchases are processed through the city's MUNIS purchase order system. Departments enter requisitions directly into the MUNIS system, which are reviewed by the purchasing division. If a PO is approved, funds are encumbered and purchase orders are authorized.

According to the city's current policies, purchases under \$1,000 may be made with three vendor quotes obtained by a department. They can include the issuance of blanket orders that are vendor specific and have a limited timeframe. Prices for purchases greater than \$1,000 are solicited by the purchasing agent, and if a purchase is greater than \$5,000, a formal contract is required. Purchases over \$25,000 require sealed bids.

For acquisitions to be solicited by the purchasing agent, a department enters an estimated price, which does not necessarily reflect the amount that should be encumbered. When the correct cost is known near the end of the process, the estimate is updated. Contracts must be signed by the vendor, city solicitor and mayor before a requisition may be initiated in MUNIS, which frequently extends the processing time, and often the contract is signed before the auditor attests to the availability of funds.

From time to time, items have been bought without a purchase order. The purchasing division arranged a presentation by the state Inspector General's Office on uniform procurement and construction laws and requirements. Purchasing also shared with the staff the seriousness of the problem, warned that vendors risk non-payment if a purchase order is not pre-approved, and taped the presentation for future training use.

RECOMMENDATION 22: IMPROVE AND STREAMLINE PROCESS

For purchases greater than \$1,000, we recommend that a department obtain one quote to establish a reasonable budgetary amount to be entered into the MUNIS requisition system and attach the quote and a list of potential vendors electronically to the request. This would provide a reasonable figure to be encumbered from the start. Purchasing should then be responsible for obtaining further telephone quotes and pursuing other procedural requirements.

We recommend that the city auditor verify that funds are available and encumber them in MUNIS before a contract is executed. This will ensure that funding is reserved in a department's budget in advance to cover the intended purchase. If properly structured in the MUNIS system, the purchasing agent would be able to quickly enter the contract number and any necessary revisions to the requisition and release the purchase order immediately after the contract is signed by the appropriate parties, thereby eliminating delays.

RECOMMENDATION 23: TRANSFER PURCHASING BACK TO FINANCIAL SERVICES DEPARTMENT

We recommend that the purchasing division be transferred back to the financial services department. While this operation is an internal support service, as described in the city's re-organizational plan, it also is an important financial function that should work closely with the city auditor and financial services director, as it has in the past. Through coordinated efforts within the financial services department, the city would ensure that funding is available, cash flow is adequate, and the best price is obtained.

FINANCIAL SERVICES DEPARTMENT

As a result of the recent reorganization, the financial services department consists of the treasurer, collector, auditor and assessing divisions. This department is managed by the financial services director who also serves as the city treasurer. He reports to the city administrator and is involved in higher level financial matters. Among other responsibilities, he oversees development of the annual budget and monitors the city's financial activity throughout the fiscal year.

TREASURER DIVISION

The treasurer division is staffed by an assistant treasurer and three clerks. The office manages the city's cash, including the investment, disbursement, and borrowing of cash and oversees tax title and foreclosed property accounts. The staff process bank transfers, maintain the cash book, handle voided and bounced checks, and reconcile the bank statements to the cash book while the director manages the city's debt service accounts. The staff also receives cemetery perpetual care fund payments and issues a receipt letter, identifying the amount and cemetery lot location on behalf of the cemetery division of the community maintenance department.

The financial service director has developed a five-year revenue and expenditure forecast, maintains a cash flow budget, and oversees the posting and reconciliation of the cash book. He prepared a five-year capital improvement program, including a process that prioritized departmental capital and maintenance requests and proposed funding sources to meet annual capital budgets. He proposed a stabilization fund reserve policy, establishing guidelines to help build up the balance, and advocated the use of the funds on capital and one-time expenditures. He also advanced the creation of multiple funds to restrict the reserves for specific uses. Because the director is a central figure in the preparation of the tax recapitulation sheet, he has participated in the budget planning process. However, for FY2009, the prior city administrator relied heavily on the auditor and OMB director instead. With the appointment of the new city administrator, the financial services director is once again a major contributing member of the FY2010 budget planning team.

The treasurer's cash book is the source of original entry for recording receipts, deposits and disbursements summarized by warrant, as well as transfers between accounts. It should show the total cash position of the city and provide controls that enable the treasurer to reconcile his cash balances with bank statements and then to the city auditor's general ledger on a monthly basis. Used in conjunction with a cash flow budget, the treasurer can monitor account balances to ensure sufficient funds are available to meet the community's spending needs and maximize investment opportunities.

In Fall River, the treasurer maintains the cash book in a series of Excel spreadsheets, which was revised within the last year with the assistance of a consultant. A spreadsheet is kept for each month into which the treasurer enters deposits, warrants, transfers, and interest income. At the bottom of each bank account column, there is a space to enter the bank statement balance and lines are available to identify variances such as deposits in transit and bank errors that enable the treasurer to perform

internal reconciliation. Detailed listings of outstanding amounts, which generally are made up of returned or unclaimed payroll, vendor or refund checks, commonly referred to as tailings, also are kept by the treasurer. These are posted on the city's website to help settle any claims in advance of complying with all legal requirements of M.G.L. c. 200A, including advertising them in the newspaper, holding hearings, and then crediting remaining unclaimed amounts to the city's general fund.

With the assistance of its consultants, the treasurer's office has improved the maintenance of the cash book. Upon receiving its printed bank statements, the staff is able to reconcile each to the cash book. However, the cash does not reconcile to the auditor's general ledger. The firm of Lefkowitz, Garfinkel, Champi and Derienzo has identified a cash variance of about \$1.2 million as of June 30, 2008.

Departmental receipts are turned over to the treasurer division, which are counted and deposited in the bank daily. Copies of the departmental turnovers are forwarded by the treasurer to the auditor, but no monthly summary report of revenues taken in is prepared.

Once the collector completes property tax takings, the accounts are transferred to the treasurer division. Currently, the city has almost 300 properties in tax title. The treasurer has entered into payment plans for a few of these and is using the services of an attorney to pursue foreclosure remedies for the majority of them. Fall River has successfully foreclosed on 18 properties and sold five of them during FY2008, placing them back on the city's tax rolls.

RECOMMENDATION 24: RECONCILE CASH BOOK PROMPTLY

We recommend that the treasurer and auditor divisions conduct prompt, monthly cash reconciliations. Once reconciled internally, the treasurer division should provide the auditor with account balances for all funds so cash may be reconciled with the general ledger, ensuring that funds are not missing and that financial records of the two offices are in agreement. The treasurer should oversee and sign-off on this process to confirm that the activity is completed timely. Prompt and frequent reconciliations are essential in order to maintain control over cash.

We also recommend that the treasurer division use electronic banking services. With access to on-line banking information, the treasurer division would be able to see current activity and balances as needed. In addition, this would enable the staff to conduct internal reconciliation immediately after the close of the month rather than waiting for printed statements.

RECOMMENDATION 25: IMPROVE REVENUE REPORTING

We recommend that all departments provide the auditor division with an original copy of departmental turnover sheets. Under M.G.L. c. 41, §54 all departments are required to deliver all monies they collect to the treasurer and, as a required part of the process, provide a written statement (turnover sheet) of the amount, date and purpose thereof in triplicate. The treasurer should count the

turnover in the presence of department personnel and provide a receipt with a stamp or signature on the turnover sheet. His office should retain one copy. The department's staff person should then provide an acknowledged, second copy of each turnover to the auditor, who uses it to independently verify the treasurer's periodic statement of receipts. The department keeps the third copy for its records. This process represents a key internal control which is only effective when all involved fulfill their responsibilities.

We recommend that the treasurer's office complete and transmit a statement of receipts to the auditor weekly. This report should summarize all revenues received, netting out bounced checks. The auditor division would compare this report with turnover reports, previously received from departments, before posting them to the general ledger. Given the amount of revenue handled by the treasurer's office, it would be best that this activity be performed weekly. Delays in reporting cash receipts impact the activities of both the treasurer and auditor divisions, and the eventual reconciliation of cash.

RECOMMENDATION 26: INSTRUCT CEMETERY DIVISION TO HANDLE PERPETUAL CARE RECEIPTS

We recommend that the cemetery division handle its own non-committed receipts like all other departments. The cemetery division has a head clerk that maintains the records of burial lot locations. She should be responsible for taking in perpetual care payments and providing a receipt. With the transfer of this clerical activity back to the cemetery division, the treasurer's staff will be able to focus their time on the primary responsibilities of the office.

COLLECTOR DIVISION

The collector division is responsible for receiving tax, excise, and utility payments, preparing deposits, and posting receipts to the appropriate city account. The office is staffed by a collector, a head clerk and five cashiers.

The staff process approximately 23,000 property tax bills each quarter which are produced, printed and mailed in-house, as well as 77,000 motor vehicle and 720 boat excise bills annually, which are printed and mailed by outside services. While the community utilities department prints and mails the combined water/sewer bills quarterly (higher volume commercial and industrial users are billed monthly), the collector's staff accepts and posts payments to the roughly 19,000 accounts. The staff also prepares about 2,000 municipal lien certificates annually. It reverses payments when bounced checks are forwarded from the treasurer division and then pursues these collections.

Upon taking office, the collector found that the staff was months behind in posting receipts to MUNIS. Reconciliations were generally conducted after the close of the fiscal year, MLC requests were six months in arrears, longstanding credit balances existed, and tax takings had not been done in over a year. Since then, all backlogs have been addressed and new procedures have been put in place to streamline each process. The collector worked with the assistant auditor to research, correct and

reconcile receivable balances. Staff training, as well as cross-training, has taken place to ensure activities are performed efficiently and timely.

Tax and excise bills are received through Internet and escrow (real estate taxes via mortgage companies) collection services, and are electronically posted to the appropriate account. For all others received through the mail and over-the-counter, the staff takes the payment, posts to MUNIS, and issues a receipt. They count out their drawers daily, reconciling to a MUNIS proof summary report that is replicated manually on a daily sheet. They count out their drawers a second time under the watchful eye of the head clerk and a security camera. A bank deposit slip is then prepared for each clerk, and the funds and a turnover report (for all cashiers) are forwarded to the treasurer daily for deposit.

To monitor the outstanding tax, excise and utility billings, the office has a receivable control. As of June 30, 2008, the receivable control contains detail information for real estate taxes, personal property taxes, motor vehicle excise, and boat excise. With the improved performance and oversight, the collector has reconciled receivables through the end of December 2008 internally and externally with the auditor and, going forward, plans to continue conducting reconciliations monthly.

When a tax or an excise bill becomes past due, a demand notice is issued. If a real estate tax remains unpaid, the collector contacts the taxpayer and may set up a payment plan. If a property is in tax title then the subsequent taxes are added and new takings are done before the close of the subsequent fiscal year. Once in tax title, the collector transfers the accounts to the treasurer.

To pursue outstanding excise and personal property accounts, the collector uses a deputy collector. The city gives him a warrant and he completes online license and registration markings for non-renewal status with the Registry of Motor Vehicles. The deputy collector deposits funds to a city bank account, prepares a weekly turnover collections report, and is paid his fees through the warrant.

The city has additional committed amounts that are handled independently by other departments. These include, traffic and fire code violation, non-criminal citation, and ambulance billings, police detail and false alarms. In reviewing the uncollected balances for some of these receivables as of the end of FY2008, some are large sums that date back many years. For example, emergency medical services bills and collects its own ambulance charges, which has a receivable balance of over \$3 million. The city has begun using the deputy collector to help pursue these outstanding charges and is investigating outsourcing the entire billing and collection operation to a contractor that specializes in this area, which many communities already do. In another example, police officers are paid for detail work weekly, but the contractors responsible for incurring the charges are billed quarterly and outstanding charges are followed up on when additional work requests are submitted or as police staff time allows. Consequently, the city has an outstanding and growing police detail balance of about \$249,000 as of June 30, 2008, which if unchanged would be a deficit and negatively affect the eventual certification of FY2009 free cash.

RECOMMENDATION 27: REVIEW EXISTING MANAGEMENT REPORTS

We recommend that the collector review current computerized reports to evaluate their usefulness. If the current standard reports do not yield useful management information, IS or the collector's consultant may be able to modify or customize new reports that provide the necessary details, subtotals, and totals. Eliminating these duplicate manual reports will free up staff time and prevent potential non-reconciling items due to transposition or illegible entries.

RECOMMENDATION 28: CEASE DOUBLE COUNTING OF CASH DRAWER RECEIPTS

We recommend that the head clerk discontinue counting out the cash drawers. Currently, the collector's staff posts daily receipts to MUNIS and generates a payment proof summary report at days-end from the software. They reconcile the two and also fill-out a daily sheet showing the cash drawer receipts. A deposit slip is then prepared for each cash draw. In the event of a difference between a cashier's daily sheet and bank deposit, the variance can be traced back to a cashier because separate deposit slips are prepared. Later, the bank clerk counts and verifies the deposit amount. The controls under this process make recounting receipts in the presence of the head clerk and under a security camera an unnecessary duplication of effort. It consumes the head clerk's time (i.e., entire mornings) which could be spent more productively on other important office tasks. It is our understanding that the recount process is a holdover from another time when security was more at issue. We don't see that it is justifiable now.

RECOMMENDATION 29: COMMIT ALL BILLABLE AMOUNTS TO THE COLLECTOR

We recommend that the city separate responsibility for creating the commitment for traffic and fire code violations, non-criminal citations, ambulance billings, police details and false alarms from collecting payments on those bills. As a matter of internal control, staff responsible for determining payments and approving commitments of money due the city should not also collect those payments. This is why the assessors' and public utilities department transfer property tax and water/sewer bill commitments to the collector to receive payments. Similarly, in the instances listed above, departments should commit amounts due to the collector's office which would receive payments. As important, the collector is more familiar with collection remedies to ensure payments are made timely and do not age to the point that they become uncollectible.

To assist the collector in handling these payments, the city should expand the use of its lockbox and explore the use of outside contractors that specialize in certain collections. As a major benefit, these services free-up staff time by reducing over-the-counter and mail payments in the office. The lockbox process makes posting automatic, accelerates deposits, makes funds available sooner, and improves investment earnings, which help offset the cost to the city for the service. Similar to a lockbox service, the city might consider engaging an outside collection service to process and collect

ambulance related charges. Often, interest earned and efficiencies gained offset the service's cost, and consistent attention to billing would work to minimize receivables. Currently, there are ambulance receivables that are stale and uncollectible.

RECOMMENDATION 30: ABATE OLDER UNCOLLECTIBLE AMOUNTS

We recommend the collector contact the assessing office about abating personal property and motor vehicle excise determined to be uncollectible. The deputy collector should be able to assist in this task by providing statements when outstanding amounts cannot be collected due to death, absence, poverty, insolvency, bankruptcy or other inability of the person assessed to pay. If the collector is satisfied with the documentation presented, then she would notify the assessors in writing and under oath, stating why the taxes and excise cannot be collected. Abating the older amounts will help clean up and reduce the city's receivables on its balance sheet. Having previously committed all outstanding amounts to the deputy collector, any amount that eventually may be collected and turned over to the city may be easily recommitted by the assessors on a special warrant so the collector may accept the payment.

CITY AUDITOR DIVISION

The primary responsibilities of the city auditor division are to maintain the city's general ledger; to review invoices and prepare warrants; to produce trial balance, revenue, and expenditure reports; to maintain information on debt; and to reconcile cash and receivables with the treasurer and collector. In addition, this office is responsible for processing city payroll and the auditor serves on the city's retirement board. The city auditor division is budgeted for seven positions, the auditor, assistant auditor, payroll supervisor, and four clerks. Currently, all are filled except the assistant's position.

The staff process accounts payable weekly. Departments enter vendor bill amounts remotely and forward backup documentation to the auditor division. Submissions are reviewed for completeness, accuracy and compliance with contracts and grant agreements before they are included on the warrant. These are signed by the auditor and the mayor in accordance with the city ordinance 2-426 to authorize payment. School vendor warrants require four school committee (not the mayor) signatures prior to the auditor's and mayor's approval. Because the school committee meets monthly, the bills often get backed up and are paid late.

The payroll staff prepares, distributes, and then collects city and school timesheets biweekly, paying the school department one week and all city employees the next. The payroll staff reviews timesheet submissions, enters payroll information into MUNIS on an exception basis for those divisions not authorized to do it themselves, calculates payment of deductions, reconciles figures, and prepares separate warrants. Both the auditor and mayor sign payroll warrants, but the school committee must have two members (not the mayor) also sign the school payroll.

In reviewing the timing of the city's payroll, DOR noted a couple concerns. We found that non-school timesheet submissions include the current week ending on Saturday. These are submitted

earlier in the week with the department head's authorization and included on the warrant, releasing direct deposit files to the banks on Thursday and paper checks to employees on Friday. Because these timesheets are submitted before the actual workweek is complete, it is at best an estimate of hours worked. M.G.L. c. 41, §56 provides that employees must actually perform services before payment can be made. This long-standing practice also creates administrative complications because last minute changes result in the need to void and re-issue checks, which we found were funded and released with the current payroll distribution, but included on the next approved warrant. As a result, the signed warrant does not agree with the amount funded and issued by the treasurer.

With the assistance of consultants, the auditor's staff has been working on reconciling the prior year's cash and receivables as well as implementing a schedule for conducting monthly reconciliations during FY2009 and going forward. The staff generates receivable and trial balance reports, which are being used to identify receivable and cash variances that are researched and corrected or monitored. A significant amount of this work was completed by the assistant auditor, who transferred to the treasurer's staff in January.

The auditor reviews all the work produced in the office. In the absence of an assistant auditor now, he alone makes journal entries, signs warrants, reconciles receivables and cash, produces the balance sheet that DOR uses to certify free cash and prepares the Schedule A, a year-end fiscal statement of revenue, expenditures, and fund balances. Because departments and divisions have access to budget information, the auditor does not have to print out monthly expenditure and revenue reports but does compile analytical reports for the administration on year-to-date activity. Departments reconcile the expenditure reports to their internal records and report variances if they exist.

With the advent of Government Accounting Standards Board statement 34 (GASB 34), governments are required to account for depreciation of fixed assets. Fall River has an inventory of its fixed assets; however, it has not been maintained in-house. Historically, the auditor division has relied on the work of its out-side auditor to update the inventory, adding new purchases and construction, calculating depreciation, and removing sold or obsolete assets.

RECOMMENDATION 31: CONDUCT RECONCILIATIONS PROMPTLY

We recommend that the auditor continue to reconcile the city's cash and receivable balances with the treasurer and collector at least monthly. Significant city resources, time and effort have been put into bringing these activities up-to-date and establishing procedures that should be observed going forward. Shortly after the close of each month, the auditor should prepare cash and receivable balance reports for all funds that will be compared with the treasurer and collector data. If differences exist, the parties should meet to discuss and identify possible problems. Reconciliation results should be reported to the mayor and city administrator. Frequent reconciliations make it easier to locate and correct posting errors, minimizing the additional workload at year's end and ensuring the cash and assets of the community are safeguarded.

In the absence of an assistant auditor, the auditor should train another member of his staff to handle the monthly reconciliation of receivables and cash. Having another member of his staff managing this activity will help ensure it is conducted routinely and timely. Once completed, the auditor should review the results and discuss any variances with the treasurer and collector as well as keeping the city administration informed on progress and status.

RECOMMENDATION 32: DISBURSE CHECKS ONLY AFTER WARRANTS ARE SIGNED

We recommend that payroll checks be released only after warrants are signed by the mayor. By statute, only the city auditor or officer performing similar functions is required to review and approve warrants under M.G.L. c. 41, §52. However, Fall River has an ordinance that requires the mayor review and sign warrants for payments of bills or payrolls. To comply with the ordinance, the mayor must sign the warrant prior to the release of payments, otherwise the city may consider amending its ordinance removing the requirement of the mayor's signature or amending it to provide for the city administrator's instead.

RECOMMENDATION 33: CORRECT THE TIMING OF THE NON-SCHOOL PAYROLL

We recommend that the city make every effort to correct the timing of the non-school payroll. Under M.G.L. c. 41, §56, services must actually be rendered to, or for, the city before payment can be made. As such, payments to employees in advance of receiving services, is out of compliance with state law. As problematic is that employee timesheets are completed, submitted and processed before the pay period ends. To correct this timing issue, we suggest that the issuance of checks be delayed one business day over each of the next five quarters. At the end of that time, the entire payroll process would have advanced by a week and the city will be in full compliance with state law. The gradual change will minimize the impact on employees. Because this is a collective bargaining issue, it would be subject to labor negotiations.

RECOMMENDATION 34: MAINTAIN CAPITAL ASSETS IN-HOUSE

We recommend that the auditor devise a plan for tracking changes in the city's fixed asset inventory. As new items are purchased, it is up to the auditor to make sure that items are added to the inventory at the point of delivery. New purchases will require some sort of "flagging" procedure incorporated in the accounts payable process. Capital items will also become part of the fixed asset inventory upon completion after the auditor has closed-out the capital projects account.

At year's end, when encumbrance request reminders are handed out, the auditor also should distribute a listing of assets to the appropriate departments. Each department head would confirm the existence of listed items, provide an explanation of the method and reason for disposal, and return a signed report to the auditor to update and confirm the city's asset inventory.

ASSESSOR DIVISION

The assessor division is responsible for determining full and fair cash valuations, classifying all property, assigning tax payments to owners, and generating the commitment authorizing the collector to collect property taxes and excise. The office maintains assessment data on approximately 22,900 real property parcels and personal property accounts, 79,000 motor vehicle excise accounts, and 700 boat excise accounts. In addition, the assessor division processes approximately 2,000 building permit inspections, 1,900 deed transfers (1,100 of which are property sales), 1,050 exemptions, and 500 abatements annually.

The assessing staff consists of seven full-time positions, including an assessing administrator, two assistant assessors, a personal property data lister, and three clerks. The assessing administrator is responsible for the daily management of the office and supervision of the staff. She reports to the financial services director on fiscal matters and to a part-time, three-member board of assessors on policy issues. She determines the full and fair cash valuations and classification of all property and makes recommendations on abatement and exemption applications, which are presented to the board for approval.

The assistant assessors are responsible for maintaining current assessment data on residential, commercial and industrial properties. They perform fieldwork (e.g., measuring and listing new and improved properties where a building permit has been issued), inspect most sale properties generally after they transfer ownership, and review the work of appraisal consultants performing data collection. Because Fall River has adopted supplemental assessments on new construction (MGL Chapter 59 §2D), the assistant assessors also conduct inspections and issue pro-rated tax bills on parcels with an occupancy permit issued after January 1. The assistant assessors enter all property information and sketches into the computer assisted mass appraisal (CAMA) system themselves.

The data lister is responsible for maintaining current assessment information on personal property accounts in the city. He reviews Form of List submissions, calls on establishments issued business licenses, inquires about existing and potentially new taxable accounts, and conducts field visits. Because of the volume of outstanding personal property taxes that date back to 1995, the data lister also has been researching businesses to help the collector identify what is collectable and what should be abated.

In 2004, the city assessment data was converted from the former Appraisal Consultants of New England (ACONE) CAMA system to the Patriot Property Inc Assess Pro CAMA system. Because of the new CAMA system, the assessing administrator hired two consultants, Mayflower Valuation and RRC, to assist her in updating the building and land tables, to update commercial values, and to recollect and value personal property accounts during the FY2007 triennial revaluation. Mayflower Valuation has continued to assist with the interim year valuation updates, running statistics and revising cost tables for the office.

With the installation of the Assess Pro CAMA system, the assessing administrator found that more detailed data was required on parcels than had been collected previously. Therefore, the

assessing division is conducting a full re-inspection program. This program began in-house during FY2005, but due to the volume of work given the available staff the city has hired an appraisal consultant, Clipboard Inc, in 2008 to assist. It is estimated that the project will be completed by FY2012 at a cost of about \$300,000. Per the contract, Clipboard staff are collecting, or verifying and correcting, exterior measurements, interior and exterior physical details, age and condition for residential, commercial, and industrial properties. Clipboard also is conducting data collection and verification of taxable personal property. Data collected and sketch revisions are entered into the Assess Pro CAMA system by a contractual data clerk. Because of the volume of public inquiries, both at the counter and by telephone, the contractual clerk assists the other clerks from time-to-time.

The assistant assessor who focuses on commercial and industrial properties periodically reviews the photographs taken and spot checks data collected by the consultant. The city's residential assistant assessor, on the other hand, has Clipboard staff measuring and listing properties, but they do not assign structure style or condition. He determines these factors and takes a digital photograph through his own field visits. According to the assessing administrator, roughly 45 percent of the city has been re-inspected with an entry rate of about 45 percent. To encourage an improved entry rate, the assessing division is conducting an information campaign to property owners.

In conjunction with this recollection program, the assessing division has been updating its maps. The city had aerial photographs taken of the city and digitized its assessors' maps. In comparing these with the map and lot record data, differences have been identified. Parcels that were not taxed previously, have no known owner, or have been listed as city-owned when the city treasurer does not have a deed are being researched so that they may be properly assessed or classified as tax-exempt going forward. Similarly, parcels which have no map and lot references are being corrected. All adjustments are entered into the city's CAMA system and GIS.

The clerks each have primary duties assigned to them, but are cross-trained to perform all the functions within the office. They enter building permit data, owner address, and deed information into the CAMA system. The clerks maintain records, handle the motor vehicle excise accounts and coordinate exemption and abatement applications, which are entered into the MUNIS system and reported to the city collector. While the availability of a limited amount of information and forms on-line has reduced some of the demands on the staff, the clerks respond to a steady stream of traffic at the counter and inquiries over the phone.

RECOMMENDATION 35: CONDUCT INSPECTIONS AT THE TIME OF TRANSFER OR OCCUPANCY

We recommend that the assistant assessors inspect the interior and exterior of all sale properties at the time of the transfer. Often, a sale property may have been upgraded without a permit or allowed to deteriorate to an extent that the assessors' files do not accurately reflect its true characteristics or condition. Not being aware of the exact condition of properties at the time of the sale affects the assessors' ability to analyze market data. Currently, the assessors are notified of sales after the fact through the publication Banker and Tradesmen or from deeds forwarded by the Registry of Deeds.

Teaming up with other departments (e.g., fire and utility departments) scheduled to visit these properties, because of a pending property sale, would ensure timely, interior inspections for the assessing database. It would reduce the number of scheduled city visits to the same properties. It will also assist in the city's cyclical re-inspection program.

We recommend that the assistant assessors inspect all construction projects that require an occupancy permit prior to its issuance. In order to issue the supplemental assessments (M.G.L. c. 59, §2D), the assistant assessors must have current knowledge of all improvements and the resulting impact on the condition of a property. Again, working with inspectional services to be present at the final scheduled inspection for occupancy, or better yet requiring the assessor's signature on the permit, will ensure timely interior inspections for the assessing database. Requiring an assessor's signature on an occupancy permit may be established as a matter of practice or through the adoption of a city ordinance.

RECOMMENDATION 36: DEVELOP A RESIDENTIAL DATA COLLECTION MANUAL

We recommend that the assessing division develop a data collection manual for the city's appraisal consultants. Through written procedures and checklists, the assessing office should identify standards and quality guidelines that ensure consistency and improved accuracy in assessment data collection. At a minimum, the data collection manual should instruct the contractor on how all measurements are taken, identify all possible styles and how best to distinguish between them, as well as guidance on determining the condition of a structure. By requiring that the contractor collect all descriptive data and photograph the residential properties, the city may realize efficiencies and cost savings. The assistant assessors should review each submission and periodically make visits to ensure consistency and accuracy, thereby minimizing the duplication of work.

We encourage the city to seek guidance or sample products from other communities. Officials should review all documents received to determine what would work best for them.

RECOMMENDATION 37: DISCONTINUE RESEARCHING BUSINESSES WITH OUTSTANDING TAXES

We recommend that the assessing staff discontinue researching the status and location of businesses that have outstanding personal property taxes with the city. While the assessing staff's assistance in this project may help identify and locate individuals and businesses that owe money to the city, this type of work is generally performed by a deputy collector. The assessing staff's time would be better spent on performing inspections and updating property data records.

RECOMMENDATION 38: HIRE ANOTHER LISTER AND MAKE CONTRACTUAL CLERK PERMANENT

After the full recollection of property data is completed and when the city's fiscal position improves, the city should consider adding another property lister position to assist in residential

inspections going forward. Given the sheer number of residential parcels in the city, the need to measure and list new and improved properties timely, and to improve interior access during cyclical inspections, the city should create another technical position. With this new position, the city should be able to conduct statutorily required cyclical inspections within nine years and reduce its reliance on outside services.

We recommend that the assessing division consider making the contractual clerk a permanent position. In comparing the staff levels with similar communities, the assessing division has a smaller clerical staff to support this operation. The current contractual person is entering updated data and sketches collected by an outside appraisal consultant as well as assisting the staff with office coverage. While her contract will eventually conclude, the need to enter data revisions and sketches will continue as the cyclical recollection process begins anew. Like the additional property lister on staff, having a fourth clerical position will assist the city going forward in fulfilling the requirements of the office and potentially reduce its reliance on outside vendors.

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