

TOWN OF WEYMOUTH

FINANCIAL MANAGEMENT STRUCTURE | A Community Compact Cabinet Initiative

FEBRUARY 2017



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114

www.mass.gov/dls

Zack Blake, Chief, Technical Assistance Bureau

Tara Lynch, Senior Project Manager, Technical Assistance Bureau

Marcia Bohinc, Project Manager, Technical Assistance Bureau

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

February 15, 2017

The Honorable Robert Hedlund
Mayor, Town of Weymouth
75 Middle Street
Weymouth, MA 02189

Dear Mayor Hedlund,

I am pleased to present the enclosed financial management structure review for the Town of Weymouth as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build a better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at 617-626-2358 or blakez@dor.state.ma.us.

Sincerely,



Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

mass.gov/DLS | P.O. Box 9569 Boston, MA 02114-9569 | (617) 626-2300

INTRODUCTION

At the mayor's request, the Division of Local Services Technical Assistance Bureau (TAB) reviewed the Town of Weymouth's financial management structure. To fulfill a separate request, TAB recently developed and presented Weymouth officials with a set of financial policies, which can serve a complementary function with this report. Both projects were sponsored through the Community Compact Cabinet (www.mass.gov/ccc), whose mission is to encourage best practices that promote efficiency, accountability, and transparency in municipal government. A well-constructed financial management framework provides foundational support to reinforce best practices related to policies, internal controls, service effectiveness, and resource efficiency.

To assess the structure of Weymouth's department of municipal finance, TAB documented how its employees' duties and responsibilities are currently assigned and executed based on information conveyed in interviews by the individuals themselves. These were evaluated in relation to statutory requirements, internal control standards, and goals of efficiency and effectiveness. Additionally, we examined the framework of reporting relationships, the quality of existing coordination and communication among staff, and the adequacy of safeguards for service continuity.

Although overall we found the town's finance employees to be dedicated and hard-working, there is significant room for improving procedures, reducing inefficiencies, and enhancing the effectiveness of the services that department staff provide to taxpayers, to each other, and to other municipal employees. The guidance provided in this report is intended to present a path forward toward a stronger and more effective financial management team.

COMMUNITY PROFILE

The Town of Weymouth is a suburban, South Shore community situated on the extended, Outer Harbor stretch of Boston Harbor. Weymouth maintains a small-town feel despite its sizeable population of 55,419, which is significantly larger than all other communities in the southern Metro Boston area, with the exceptions of the considerably bigger cities of Quincy (pop. 93,494) and Brockton (94,089). This distinction means the town has few, if any, true peer communities in its regional area with which to make comparisons or benchmark achievements.

Given the town's size, Weymouth has a correspondingly large annual general fund budget, which in fiscal year 2016 was just under \$176 million. This budget funds a rather full array of programs and services, among them police, fire, health, recreation, libraries, and harbor-related services. It also funds public education for all grade levels through the Weymouth School District and for students who attend the Norfolk County Agricultural High School. Additionally, the town provides residents and businesses with water, sewer, and rubbish utility services through separate enterprise funds.

In FY2016, the property tax levy accounted for about 54 percent of the town's general fund revenue, while the rest came from local receipts (22 percent), state aid (21 percent) and other sources (3 percent). As for expenditures, in FY2015 when the latest data was available, Weymouth spent about 42 percent of its general fund budget on education, 13 percent on public safety, 9 percent on fixed costs, 7 percent on debt service, 7 percent on public works, 3 percent on general government, and 19 percent on other costs.

Providing context for Weymouth's budget capacity and decision making are its community wealth metrics. The town's per capita equalized property valuation in 2014 was \$111,924, well below the statewide average of \$153,841. Its per capita income as of 2012 was \$30,221, which is only about 78 percent of the \$38,993 average statewide. The town's average single-family tax bill in FY2017 is \$4,270, which is 39 percent below the \$6,993 average of its fellow Norfolk County communities. Although the percentage of commercial and industrial property in town (15.3) roughly corresponds to the state's average, to mitigate some tax burden on residents, Weymouth has a split tax rate. For FY2017, the split is \$12.81 per \$1,000 on residential valuations and \$20.20 on commercial/industrial/personal.

Since 2000, Weymouth's governing structure has been organized under a Plan B charter as defined in [M.G.L. c. 43, §1](#). The government therefore essentially operates as a city despite the charter's retention of "Town of" in the community's name. Weymouth's elected mayor, serving four-year terms, acts as the town's chief executive and primary policymaker. Additionally, the mayor appoints all department heads except for the town auditor and town clerk, who are appointed by the town council. The town council functions as Weymouth's legislative body and is comprised of five at-large and six district members serving two-year terms.

FINANCE DEPARTMENT BACKGROUND

In addition to establishing a city government structure, the 2000 charter created a department of municipal finance, which consolidated the accountant, procurement, treasurer-collector, and assessing departments while preserving them as subdivisions. To oversee the department, the charter established a chief financial officer (CFO) with the latitude for the position to exist as a standalone title or be combined with the treasurer, collector, or treasurer/collector role. In the years leading up to 2016, this had been a CFO-treasurer/collector position. Until 2016, the department also had an assistant treasurer and an assistant collector, who separately supervised the two halves of the combined treasurer/collector division.

Due to cramped working conditions, in 2003, a decision was made to move some finance department staff from town hall to the McCulloch Building on Green Street, 1.5 miles away. In terms of job functions, the choices over which employees were assigned to which locations changed

in the interim years, but by the end of 2015, the only positions still working at town hall were the CFO, the assistant collector, and four clerks. These “collector clerks,” as they are often referred to, in fact perform tasks not related to collections, including processing treasury turnovers and excise abatements and providing basic, assessing-related customer service to walk-in customers. One of these clerks is officially assigned on a part-time basis to work at Green Street in the assessing department, although in actuality, she reports there only on rare occasions. There is also a financial assistant in the treasury division who is considered a part-time assessing department employee.

When the current mayor began his term in January 2016, one challenge he faced was bringing long-term stability and continuity to the finance department, which had seen much turnover in high-level positions in the prior two years. Most critically, the mayor started his tenure without a CFO, as the last CFO-treasurer/collector had resigned in June 2015, and the town had yet to find a suitable replacement. Additionally, there was a fresh vacancy at the assistant treasurer position.

Fortunately, the assessing division had experienced a smooth transition when its assistant assessor was promoted to principal assessor upon that incumbent’s retirement in 2015. More problematic was the situation on the collections side of the treasurer/collector division, since the town had not anticipated the departure of the last assistant collector in early 2014 and did not have a qualified in-house successor. Although the assistant collector whom the town hired in March 2014 had some prior municipal experience, it had been in treasury operations, and so he faced a learning curve for his new role in Weymouth.

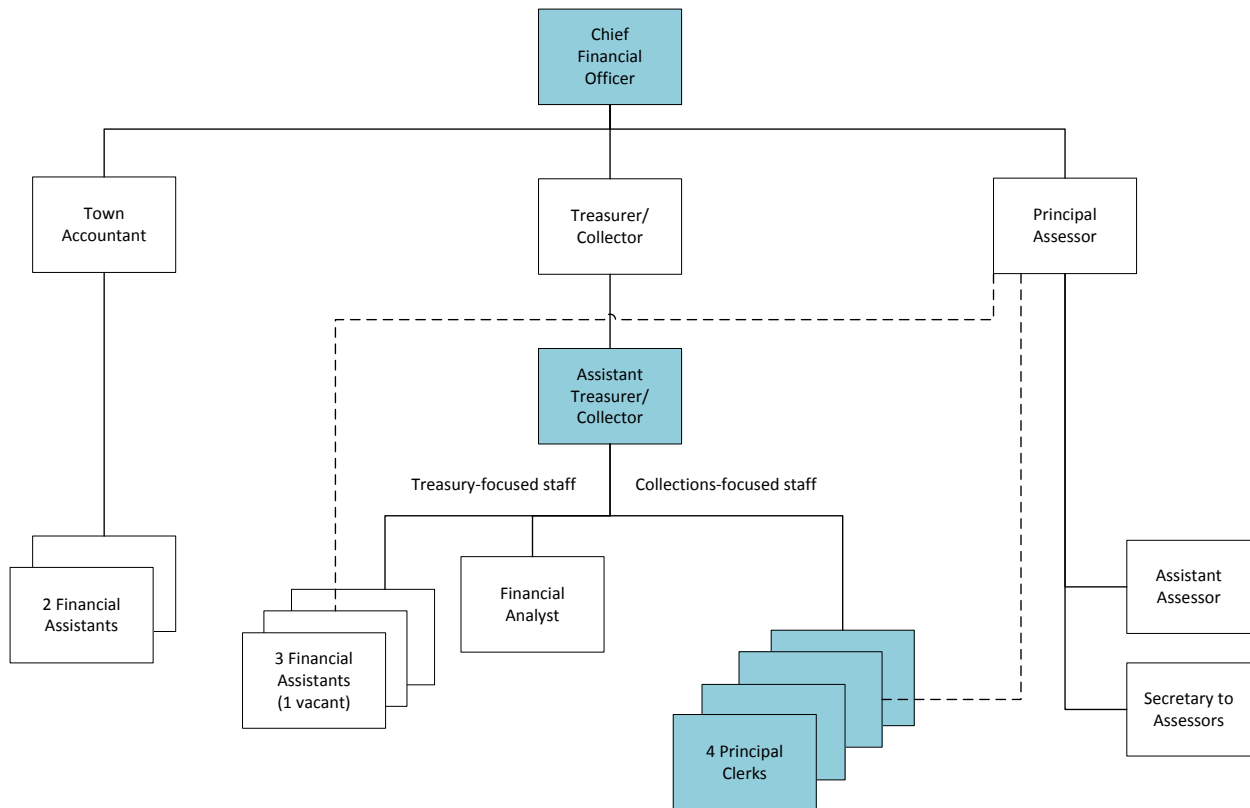
The mayor and his chief of staff viewed the inherited vacancies as a good opportunity to reassess the existing structure, which provided impetus for this project. However, they made some decisions before this project’s completion. First, the town posted the CFO job as a standalone title and hired the current officeholder effective June 27, 2016. To create a more vertical alignment, the mayor also decided to post the new job titles of treasurer/collector and assistant treasurer/collector. These were posted after the new CFO started working in Weymouth because the charter grants the CFO the power to appoint “a Treasurer [and] a Collector,” subject to the mayor’s consent.

In August 2016, the CFO promoted a treasury financial analyst to the treasurer/collector position. From March to June 2016, this person had served as interim CFO-treasurer/collector, although by his own account, an absence of prior mentoring hindered the transition to that role and to his new one. He now splits his time between town hall and the McCulloch building. In December 2016, the CFO promoted a treasury-side financial assistant to backfill the vacated financial analyst position. Also in December, the CFO hired an external candidate for the assistant treasurer/collector position and eliminated the former assistant collector position.

Another recent change to the finance department's structure relates the town's chief procurement officer, whose official job title is contract administrator. To bring more focus and formality to the town's capital planning, the mayor created the department of capital assets and, in doing so, transferred the contract administrator from finance to this new department in the fall of 2016.

The result of the changes in 2016 is a finance department organized as depicted below. The staff primarily assigned to town hall are highlighted in blue, while those in white work at Green Street.

Current Finance Department Structure



The finance department uses Munis financial software to maintain the general and subsidiary ledgers and the receivable controls for taxes, excise and utilities. Munis is also used to generate the billing files for all committed receivables, to manage purchase orders, and to process weekly payroll. Since 2016, the annual budget process has been coordinated in Munis under the direction of the mayor's chief of staff. For its computer-assisted mass appraisal system, the finance department uses PK, provided under contract with the PK Valuation Group.

PROPOSED FINANCIAL MANAGEMENT STRUCTURE

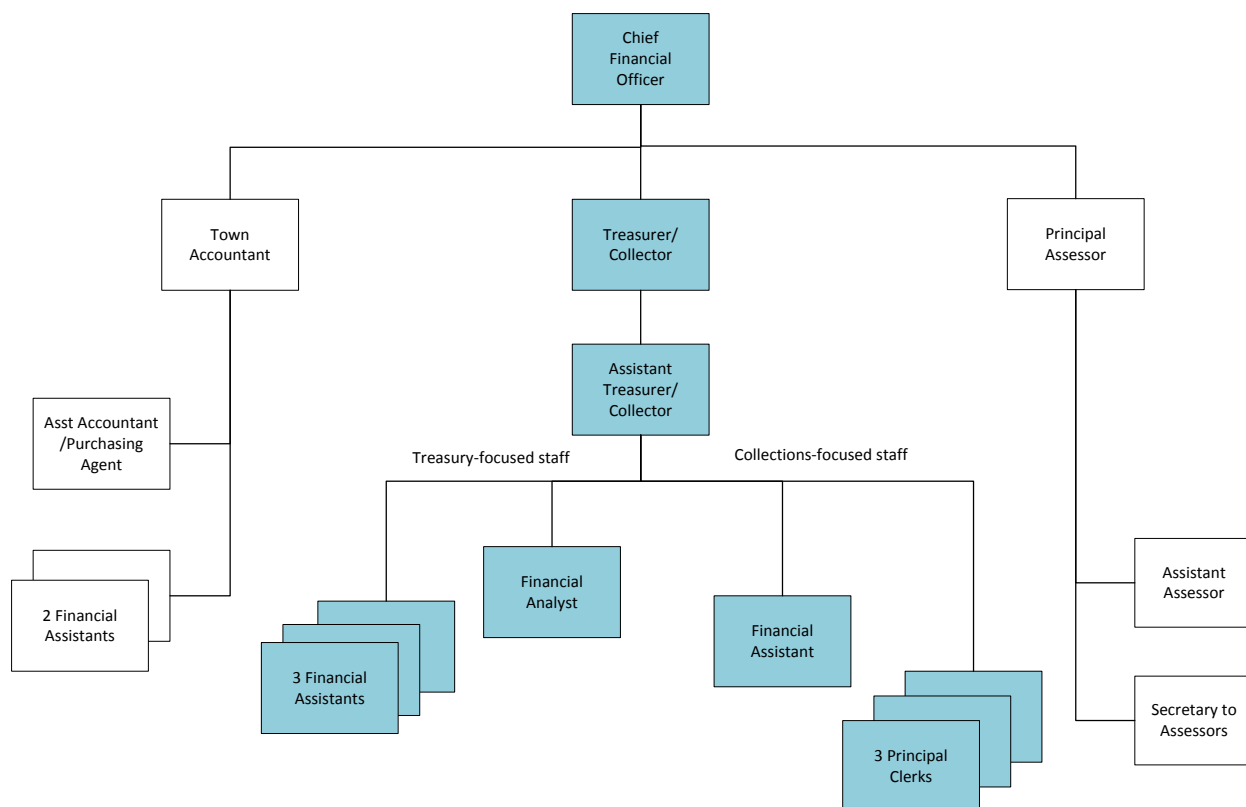
In Weymouth, a variety of factors have inhibited the finance department's achievement of its full potential. In particular, the decision to split personnel into two buildings was counterproductive to team cohesion, operational oversight, and service delivery. Additionally, a lack of priority on professional development created vacuums in institutional knowledge and left untapped the talents and energies of many employees.

Since beginning work in Weymouth, the new CFO has made some progress in reversing these adverse trends. Payroll was a prime example of a critical duty that had been grossly underaddressed from a managerial standpoint. While a few town and school employees do weekly, basic payroll data entry, for quite some time, Weymouth had only one (treasury) person trained in the higher-level tasks needed to complete payroll processing. This represented a significant risk to the town due to the increased legal liability of delayed payroll disbursements. It also meant that no one could properly review her work for potential errors or fraud. As one of his first tasks, the CFO made sure the new treasurer/collector was fully trained to back up these payroll responsibilities. He also intends to see to it that another staff member is trained to provide a third level of back-up, most likely the person to be hired to backfill the vacant financial assistant role.

The new CFO recognizes the hindrance that distributing employees into two buildings imposes to effective financial management and has advocated reuniting them. Additionally, he is actively working to ensure that department managers have access to the meetings and trainings of their respective professional organizations (e.g., the Massachusetts Collectors and Treasurers Association) and to other professional organizations, such as the Massachusetts Government Finance Officers Association. Attending these events helps employees gain concrete, functional information, hear about new practices developing in their fields, and interact with peers to exchange practical tips, all of which they can in turn pass on to coworkers.

Building on these efforts, we believe that making certain structural changes and altering some practices will help the finance department better maximize efficiencies, ensure procedures comply with statutory requirements and sound financial controls, and assure effective service continuity. The chart on the following page illustrates the new configuration that would result from our proposals.

Proposed Finance Department Structure



Expand the CFO’s Role

The mayor’s decision to divorce the CFO title from its former treasurer/collector role makes a good deal of sense because a community as large and complex as Weymouth warrants a standalone CFO position. Removing responsibility for performing everyday treasurer/collector duties grants the CFO more time to provide in-depth fiscal analyses to town decision makers, to develop the professional skills of finance staff, and to better monitor the performance of the department’s subdivisions.

The CFO has yet to be assigned with the full range of responsibilities typical of the position, however. Based on conversations with officials, the town does not anticipate assigning the CFO with primary responsibility for engineering the annual budget process or for maintaining the capital plan. No one is better positioned to provide policymakers with insight into fiscal trends than the person charged to oversee the town’s day-to-day finances. And although there is reasonable logic to create a department comprised of personnel with infrastructure expertise to manage the town’s capital assets, the fiscal planning for capital needs is more appropriately the domain of the central financial expert. Moreover, a CFO granted true, formal oversight of town finances creates greater accountability over Weymouth’s fiscal health, and assigning these responsibilities helps to justify the position’s compensation as a standalone title.

We therefore recommend the town establish a formal job description that restores to the CFO the duties of directing the budget process and overseeing the annual and long-range capital plan. Six months into the new CFO's tenure, no job description had been created. However, these duties were included in the last CFO-treasurer/collector job description created in 2010. In addition to all the duties listed in 2010, we suggest that a new job description also include the following:

- Ensure timely compliance with internal and external reporting
- Maximize efficiencies in the finance department and identify cost-saving opportunities
- Oversee procurement operations
- Develop, implement, monitor, and report to the mayor and town council on corrective action plans in response to management letter citations by the independent auditor
- Participate in collective bargaining

Based on conversations, it appears that finance department staff received little direction and professional development from prior managers. We therefore encourage the CFO to take on a more energetic, skill- and team-building role than might have been necessary in prior communities he has worked in. Consistent themes noted in interviews were a lack of mentoring, poor understanding of how roles fit within the department's mission, uncertainty of some internal controls, and a sense of arbitrariness in management decisions. Customer service concerns, both internal and external, were also raised. Its low priority is illustrated by the lack of contact information for many finance officers on the town's website, as well as the location of two-thirds of finance staff at the back of a building that lacks guiding signage and is otherwise devoted to the town's senior center.

In addition to taking a more hands-on management approach generally, we suggest the CFO begin scheduling regular monthly meetings of a financial management team comprised of the three division managers. The CFO can use this forum to ensure that everyone understands their goals and objectives and to receive updates on them. Further, these meetings can be used to develop financial analyses, explore the financial impact of future events, and offer early strategies to deal with anticipated problems. A less obvious, intangible benefit is the delivery of important information to all parties at the same time. In addition, a financial team helps reinforce institutional continuity during times when officers leave their positions.

Reintegrate the Treasurer/Collector Division

The creation of the treasurer/collector and assistant treasurer/collector titles in 2016 enabled that division's structure to become more vertical. One positive effect of this was a reduction in the CFO's direct reports, which thereby frees up more of his time. However, we urge the mayor and CFO to take further steps to effectively reintegrate the personnel and functions of this unit. First and

foremost, high priority should be given to situating all the division's employees in one building, preferably town hall.

One main purpose for consolidating treasury and collection operations is to maximize economy-of-scale efficiencies in managing cash in the two highest volume departments. This benefit is squandered if the staff, transactions, and related materials are split between two locations. Additionally, the internal controls associated with receiving, verifying, posting, and depositing receipts, whether tax payments or departmental turnovers, are the same. Having these tasks take place in one location with staff working side-by-side under a hierarchical management presence is the best environment to ensure all appropriate controls work effectively in this high risk area.

Furthermore, bringing these employees together in the same building would allow more on-the-job cross-training, expand back-up staffing during absences and high-volume periods, and reduce the management silos that can inhibit mentoring relationships. In truth, these would be benefits for the finance department as a whole, but unless and until all divisions can be housed in the same building, the treasurer/collector reunification should take place as soon as practicable. Moving treasury personnel to town hall (versus collectors to Green Street) has a secondary advantage because of the interactive relationship between the treasury's payroll processing duties and the personnel management tasks of the human resources department, which is housed at town hall.

Having greater numbers of the treasurer/collector staff cross-trained and working together in one location should help minimize risks and improve efficiencies in many key tasks. There is room for improvement on collection rates, which have been trending at approximately 96 percent in the last four years. Less pressing but nonetheless telling, multiple employees reported confusion as to the responsibilities for resolving checks returned for nonsufficient funds. Additionally, there is a backlog in completing tax takings that needs to be addressed, which is further discussed later in this report.

Finally, it is worth noting that all the collections-focused workers are clerks, while all the treasury line staff have higher-level financial assistant or analyst titles. The lack of a collections-related line position above clerk-level underestimates the portion of the day-to-day workload that requires a greater degree of knowledge and expertise to perform most effectively. Along with the functional bridge created by relocating all the treasurer/collector staff back together, converting a collector clerk to a financial assistant would help to build a career ladder and develop succession plans, which have been lacking in the finance department overall.

Establish an Assistant Accountant/Purchasing Agent Position

For multiple reasons, we advise the mayor to consider transferring the contract administrator back into the finance department. Doing so would not only further develop the finance department's

career ladder, but it would also reflect the structure outlined in town charter and help to increase efficiencies and functional back-ups in the accounting department.

Article 5, sec. 4 (1) and (2) of the town charter places the chief procurement officer title in the finance department. In addition, town ordinances 3-326 (a) and (b), state that the finance director appoints the town's purchasing agent, who is responsible for purchasing all supplies for every department and ensuring all contracts comply with M.G.L. chapters 7, 30B, and 149. Modifying a charter is more complicated than revising ordinances, but in this case, we believe the framers of the charter were wise to place central procurement oversight responsibility within the finance department. Notwithstanding the spending authority granted to department heads, [M.G.L. c. 41 § 56](#) authorizes the town accountant to assure that all departmental appropriations are adequate to support purchases and that all expenditures are lawful, which includes verifying their compliance with state procurement laws. It is more efficient to have these reviews take place within a single department. Additionally, setting procurement oversight apart from a capital management department that would be expected to enter into many contracts and to do an especially large amount of purchasing provides a good check and balance.

Although the current contract administrator position is roughly at peer-level with the accountant, as a long-range plan, we suggest the town create a position under the town accountant with the title of assistant accountant/purchasing agent. When there is turnover in this position, this can help address a lack of succession planning in the accountant division. In the past year, the town activated the Dashboard procurement application within Munis, which will ultimately result in significant streamlining of the purchasing process and reduction of associated paperwork. The worktime thereby freed up for the incumbent in this position can be devoted to other accounting-related tasks, such as assisting with reconciliations. The person holding this dual title should be trained and authorized to act as town accountant during absences in that position.

Prioritize Training and Professional Development

A more proactive and systematic approach than has existed in the past is necessary if the town wants to make real gains in employee professional development. By investing time, energy, and funds, the department can improve customer service, delegate tasks appropriately, and plan for successions. The former, less encompassing approach resulted in assistants inadequately trained to step into superiors' roles during absences or as potential future officeholders and a structure with ill-defined roles for maximizing efficiency on a day-to-day basis.

To correct this, we suggest the CFO begin by compiling a top-to-bottom inventory of tasks that must be completed to achieve the department's objectives, along with the skills and knowledge needed to perform them. He should then map out a hierarchical, interdivisional structure for carrying out

these tasks. The CFO should meet with employees individually to discuss their present skills and knowledge gaps to get a clearer picture of training needs. In addition to using this skills inventory to schedule formal training sessions for staff, the CFO should actively schedule periods of time for employees within divisions to rotate tasks. As another by-product of these efforts, the CFO should work with the human resources director to create updated job descriptions for all finance department employees.

Reestablish Segregation of Duties between the Assessing and Treasurer-Collector Divisions

In our proposed organization chart, the dotted lines connecting the assessing department to two employees in the treasurer/collector division have been removed. At some point in the past, a former CFO decided to create this arrangement by assigning part-time, assessing-related duties to these employees. However, basic considerations of incompatible duties should dictate a hard functional separation between assessing activities and those related to financial transactions. No one who works in an assessing capacity should have capabilities to make changes to a receivable control or to process refunds, which tasks lay squarely in the treasurer/collector's domain. [M.G.L. c. 41 §24](#) prohibits an assessor from simultaneously serving as a collector, so it follows that there should be no commingling of roles by any employees working in either area. Furthermore, based on employees' descriptions, rather than treasurer/collector staff making adjustments in Munis based on notifications of real estate exemptions and excise abatements received from the assessing division, the process happens in reverse.

Accordingly, the tasks of receiving, reviewing and approving real estate exemptions should be assigned away from the treasury financial assistant who currently does them and back to the assessing office. The only exemption-related task any treasurer/collector employee should perform is making credit adjustments after receipt of exemption reports from the assessor's office. As a corollary to this advice, the CFO should work with the town's information technology director to ensure that the Munis and PK user permissions for all finance department staff are strictly limited to what is necessary to perform their jobs and comply with sound segregation-of-duty principles.

Revise Excise Abatement Procedures

Following on the last recommendation, interviews and documents gathered during this project revealed the need to revise motor vehicle and boat excise abatement practices. At present, a resident seeking an abatement applies in person at the collections office at town hall. If a clerk there approves the abatement, she issues the resident a division-created receipt with the reason for abatement written on it. The accumulated receipts and associated supporting documents (such as bills of sale) are sent regularly via interoffice mail to the treasury office at Green Street. A financial analyst there reviews the paperwork, makes credit adjustments to the Munis accounts of

the approved applicants, and generates refund checks if payments had already been made. The analyst then runs a summary Munis report of the abatements, which she delivers to the assessors' office and files in a binder there. She then sends the receipts and supporting documents back to the collector's office by interoffice mail.

This system lacks strong controls. The collector's office keeps no log of the abatement activity, not even a prenumbered, duplicate-copy receipt book. Furthermore, the transmitting of abatement receipts and supporting documents back to town hall as soon as the Munis abatement report has been delivered to the assessors' office does not allow for proper validity reviews by the assessing staff and board. Apart from these flaws, this system must be changed because Massachusetts General Laws do not allow an excise to be abated prior to receiving a formal approval by the board of assessors. Further, the current procedures do not require an abatement applicant to provide a plate return receipt from the Registry of Motor Vehicles, which is also statutory requirement. To rectify the process, we advise the CFO to institute the following changes:

- Implement State Tax Forms 126-MVE and 126-BE as the only means for applying for abatements and make them available for download on the assessing division's webpage. Both come in long and short forms and can be found on the DLS website at <http://www.mass.gov/dor/local-officials/municipal-finance-law/forms-and-brochures.html>.
- Create a formal, written set of abatement procedures appropriately delineating the related tasks and retrain the assessing and treasurer/collector staff.
- After assessing staff accept abatement applications and make preliminary assessments on them, the principal assessor should present her recommendations to the assessing board.
- Upon approving the abatements, the board members sign a report listing them. The principal assessor will then forward copies of this list to the town accountant and treasurer/collector.
- The treasurer/collector financial assistant will make credit adjustments in Munis based on the report received from the principal assessor.

Continue to Pursue Munis Maximization

In many respects, town officials have done well in optimizing the utility of the Munis suite of applications. Rather than maintain separate proprietary applications for payroll, accounts receivable, and accounts payable, the town invested in Munis, which seamlessly integrates these to ultimately funnel data to the general ledger. In the past year, the town went further by implementing the Munis budget module and upgrading its purchasing module to the more advanced Dashboard version.

To expand on this trend, we recommend the town pursue a program to decentralize invoice data entry to more town departments as part of a long-term plan. Doing so will streamline the accounts payable process and thereby free up more worktime for finance personnel. Presently, the departments of public works (DPW) and planning input all their invoice information in Munis prior to sending original invoices to the town accountant's office for review and eventual inclusion in the vendor warrant. The same procedures could be gradually expanded to other departments.

It is also worth exploring further decentralization of payroll data entry beyond the DPW and school departments that currently do this. In Munis, the process is relatively simple and efficient, as it involves making entries only for those employees with work hour or pay rate exceptions in that week. As with the invoice process, each department head would still send signed documentation attesting to the submission, in this case, a departmental summary report. To complete the payroll and accounts payable processes, treasurer/collector and accountant staff, respectively, would review electronic entries against submitted documents before accepting and posting them to Munis. The accountant would then submit the payable data on warrants for the mayor's approval.

Patience must be exercised in these types of rollouts, as they initially involve more work and diligence by finance department personnel to manage input errors. But if finance personnel follow up with department staff as to the errors' root causes and the mayor insists on departmental ownership for making this work, Weymouth can eventually become like other communities in the state for which this is a routine and highly efficient model.

Town Auditor Conduct Risk Assessments

Another title created by the 2000 charter was town auditor, a town council appointee. The purpose of this position is to provide a check on town operations by an individual functioning independently of town departments and the mayor. To date, only one person has ever fulfilled this role, working on a part-time basis. Although the town auditor makes decisions anew each year on which areas to review, over a long period of time and familiarity, there can be a tendency for the audits to become routine. In light of the changes in the finance and other departments since the new mayor's arrival, we suggest the town auditor begin adding a systematic, town-wide risk assessment program to his annual plans. He could create a year-to-year schedule by which he reviews a few departments annually until all have been assessed over a certain number of years.

Weymouth's external auditor, Melanson, Heath & Co., has also repeatedly recommended the town conduct risk assessments, though the firm primarily focuses on fraud risk within the finance department. In the most recent formal response to these management letter comments, the town assigned risk assessment responsibility to the CFO. However, it seems more appropriately a task for the town auditor. Additionally, since meaningful risk assessments require the willing and thoughtful

engagement of department managers, a memo introducing the program cosigned by the mayor and council president would be helpful in this regard.

A risk assessment is a sophisticated evaluation of operations that involves examining potential internal and external events and circumstances that may threaten the achievement of town-wide or departmental objectives. The town auditor should start with the finance department and develop a fundamental approach that he can replicate with other departments. In reviewing a particular department, the town auditor should meet with its managers as a group and guide them through the following steps:

- 1) Identify mission critical functions and objectives.
- 2) List events that might prevent accomplishing the functions/objectives (i.e., the risks).
- 3) Rate the likelihood of each risk occurring on a one-to-five scale.
- 4) Rate each risk's potential level of impact on a one-to-five scale.
- 5) Identify controls to mitigate each risk.

Beyond key finance-related job functions, risk exposure is associated with the town's rolling stock, buildings, equipment, information technology, and contract agreements, as well as the services provided by each department. A risk might arise from the absence of a key person, the loss of a piece of equipment, a malware intrusion, a vendor's failure to perform contract terms, or a bypassed authorization.

After identifying and scoring the risks, the participants review the controls in place to mitigate them and consider what additional controls might be applicable. Controls are tools designed to provide reasonable assurance that risks will be prevented or detected. Control examples include: written policies and procedures, duty segregation, physical asset security, reconciliations, inventories, firewalls, disaster recovery plans, and many others. As a result of this process, the town auditor should present a report to the town council, mayor, and reviewed department, detailing the risk analysis and recommending which controls to implement, maintain, enhance, or discontinue based on cost-benefit analyses tied to the combined likelihood / impact risk assessment scores.

Observations Related to the Policy Manual

Among the policies in the manual TAB provided Weymouth last year were two specifically included to address concerns observed during this review. Adopting polices on reconciliations and tax enforcement will be an important initial step toward improving practices, but this should also be accompanied by written procedures, staff training, and increased oversight by the CFO to ensure appropriate controls function properly going forward. To avoid redundancy with Melanson & Heath's related management letter comments, the exposition below is meant to be supplementary.

Reconciliations

Reconciliation of accounting records is perhaps the most fundamental financial control. When carried out regularly and properly, it provides verification that the general ledger is accurate and that there are no unrecognized cash deficits or asset liabilities. To be truly effective, the reconciliation process must be fully comprehensive of all the transactions, notations, and authorizations associated with each accounting book. Otherwise, resolving variances may become guesswork, and fraudulent activities may go undetected.

To ensure tighter reconciliation controls, written procedures should emphasize, among other things, that the treasurer/collector should send schedules of receipts to the accounts at least weekly. Equally important, within a month of any approved real estate or water/sewer abatement, the assessing division and DPW, respectively, must send formal notices of them to both the accountant and treasurer/collector divisions. Procedures should also ensure that payroll reconciliations occur monthly in keeping with the reconciliation schedules other types of accounts.

Tax Enforcement

Given that the property tax levy constitutes the largest bulk of revenue supporting the town's annual budget, the treasurer/collector's office has a great responsibility to maximize collection rates and secure the community's interest in delinquent liabilities. However, this division has fallen behind in these duties in recent years, particularly when it comes to tax takings.

State law provides that, until it is paid, every assessed property tax is automatically a lien against the property effective January 1st of the assessed year. However, this lien has an expiration period of three-and-a-half years, which the town can extend only if it completes a tax taking within that time to "perfect" the lien. Weymouth's backlog in tax takings is putting at risk the town's ability to secure its interest on these delinquent liabilities. At this point in time, tax takings have only been completed on properties up through FY2013 assessments.

Part of the problem appears to lie with management of the contract with town's deputy collector, John Y. Brady, Inc. The first stage of tax takings is the mailing of demand notices, which can legally begin 15 days of the 4th quarter bill's due date. The collections office has been sending these demands relatively timely on an annual basis. After this point, however, the treasurer/collector division refers all delinquent accounts to the vendor to take the steps required for continued enforcement and eventual tax taking. In the Tax Enforcement policy, TAB laid out policy statements designed to ensure that these follow-up tax taking actions occur on a same-calendar-year basis. Firm enforcement action done on an early, same-year basis not only produces better collection results but also serves notice that Weymouth is serious about tax collections.