

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS**

**MANAGEMENT LETTER**

**FOR THE YEAR ENDED JUNE 30, 2009**

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS**

**Management Letter**

**Year Ended June 30, 2009**

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To the Board of Selectmen  
Town of West Brookfield  
West Brookfield, Massachusetts

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Town of West Brookfield as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of West Brookfield's internal control as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on internal control.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and recommendations concerning those matters. This letter does not affect our report dated October 30, 2009, on the basic financial statements.

The accompanying comments and recommendations are intended solely for the information and use of management, the Board of Selectmen and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next engagement. We have already discussed these comments and suggestions with Town personnel. We will be pleased to discuss them in further detail and to assist you in implementing the recommendations.

Scanlon & Associates, LLC  
October 30, 2009

## **PRIOR YEAR ISSUES – NOT RECTIFIED:**

### **Curb Cut Escrow Account**

#### Prior Comment:

The Town maintains a curb-cut escrow account that is accounted for as a special revenue fund on the general ledger with an approximate balance of \$53,629 at June 30, 2008. During our testing we noted that a detailed list is not properly maintained to support the balance maintained on the general ledger. A departmental log is maintained by the department to account for the curb-cuts. However we recommend that the department develop a detailed list to support the account balance.

#### Status:

The same condition exists at June 30, 2009.

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

#### Prior Comment:

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

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

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

#### Status:

The Town has had preliminary discussions on producing such a manual. As of date of our audit the Town has drafted a financial management policies manual. The Board of Selectmen should approve the final version. Now that the Town has a financial management policy manual it should develop a departmental accounting policies and procedures manual.

## **PRIOR YEAR ISSUES – RECTIFIED:**

### **Encumbrances – Fleet Account**

#### Prior Comment:

During our audit we tested the Town's fund balance reserve for encumbrances. Encumbrances (the portion of the budget carried forward for expenditure in the subsequent year) should be based on real obligations. Generally these obligations take the form of purchase orders, contracts or departmental requests for specific voted articles and operating budgets. We noted that one account in the general fund title "fleet account" of approximately \$487,641 was not supported by existing obligations. Further inquiry found that the accounts purpose was to buy vehicles for Town departments. We reviewed the Town meeting actions and found no support that Town meeting voted specific department vehicles to purchase. The finance committee and the Board of Selectmen vote and approve on what departments will purchase a vehicle without further Town meeting action. We believe that this circumvents town meeting from voting on specific vehicle purchases.

We recommend the Town take one of two actions: 1) the Town establish a vehicle stabilization fund with this encumbrance and vote from the vehicle stabilization as needed to purchase the specific departmental vehicles or 2) As part of the Town meeting motion include what specific departmental vehicles are being purchased.

We also recommend the Town only encumber funds for know current obligations which are supported by an appropriate departmental request, open purchase order or contract.

#### Status:

At the October 21, 2008 West Brookfield town meeting, voters authorized the creation of a Fire Truck Stabilization Account and moved \$275,000.00 from the Fleet Account to the new Fire Truck Stabilization Account. The Board of Selectmen and the Advisory Committee have taken our recommendation under advisement and has made changes to the Fleet Account for the annual town meeting in May 2009.