

TOWN OF MANSFIELD  
FINANCE COMMITTEE MEETING

Monday, May 11, 2015

Audrey P. Beck Building  
**Council Chambers**  
**6:00pm**

A G E N D A

1. Call to order
2. Approval of the minutes for March 23, 2015
3. Opportunity for Public Comment
4. Staff Reports
5. BlumShapiro – Financial & Operational Controls Review – Project Status Update
6. Management Comments – Fraud Risk Assessment
7. Appoint the Auditors – FY 2014/15 Audit
8. Communications/Other Business/Future Agenda Items
9. Adjournment

TOWN OF MANSFIELD  
FINANCE COMMITTEE MEETING  
MINUTES OF MARCH 23, 2015

Members Present: Bill Ryan (Chair), Paul Shapiro, Virginia Raymond

Other Council Members Present: Betsy Paterson, Alex Marcellino (at 6:05pm), Toni Moran, Betty Wassmundt (at 6:13pm), Peter Kotchenburger (at 6:20pm)

Staff Present: Matt Hart, Cherie Trahan, Amy Meriwether

Guests: Jeff Ziplow & Sam Weil - BlumShapiro

1. Meeting called to order at 6:00pm.
2. Approval of the minutes for February 18, 2015

*Move to approve the minutes of February 18, 2015 by Paul Shapiro. Seconded by Virginia Raymond. Motion passed unanimously.*

3. Opportunity for Public Comment –

Arthur Smith, Mulberry Road had questions regarding the reclassification of assets – how many years did this occur? Is the SEC looking into this? What is the impact on our bond rating? What type of procedures are being put in place to make sure this doesn't occur again?

4. Staff Reports – Cherie Trahan reported on the reports provided by the Assessor regarding businesses coming off and being added to our grand list over the past 4 years. It was suggested that these reports be shared with the Economic Development Commission. The Committee discussed the need to have all shared service agreements state that we require each entity to comply with the town's policies and procedures.
5. BlumShapiro – Financial & Operational Controls Review – Project Status Update. Jeff Ziplow reviewed the Financial & Operational Controls Testing Procedures and Results, and the Municipal Analysis and Comparison Version 1 dated March 19, 2015. Mr. Ziplow also provided a Draft Policies and Procedures Manual as a starting point for Mansfield's document. Mr. Ziplow answered questions from the Committee and Council members. Councilor Raymond expressed concern regarding the inclusion of the UConn student dorm population in Mansfield's population and also requested that Mr. Ziplow add Tolland and Coventry to the comparable community analysis. Mr. Ziplow gave his rationale for the inclusion of this population and agreed to add Tolland and Coventry to the analysis. In addition, his report acknowledges that the Finance Department has minimal resources to meet their expected responsibilities and recommends that the Town consider adding an accountant full time equivalent to the department.

Mr. Ziplow confirmed that the finance department's cost allocation was very fair and further explained that information technology services are charged to the other entities via an internal service fund. Councilor Raymond requested that Mr. Ziplow provide his own calculations on the cost of the Finance Department's services to the various entities. When asked about the value of the shared services model, Mr. Ziplow confirmed that the shared services model is a reality in this economic climate and that it makes good business sense. He further confirmed the need to follow best practice and have standard procedures for all entities.

6. BlumShapiro – Management Comments – Fraud Risk Assessment. This discussion was tabled until the April meeting.
7. Communications/Other business/future agenda items –
  - ⇒ Proposed Capital Improvement Budget Adjustments FY 14/15
  - ⇒ Parameters for building permit fee reductions
8. Adjournment. The meeting adjourned at 7:22 pm.  
*Move to adjourn by Paul Shapiro. Seconded by Virginia Raymond. Motion passed unanimously.*

Respectfully Submitted,  
Cherie Trahan, Director of Finance



## Town of Mansfield Department of Finance

**To:** Finance Committee, Town of Mansfield  
**From:** Cherie Trahan, Director of Finance  
**CC:** Matthew Hart, Town Manager  
**Date:** March 23, 2015  
**Re:** Audit Recommendations

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BlumShapiro has provided the Town of Mansfield with a management letter stating four specific recommendations to practices/procedures related to the FY13/14 audit. Below is a complete listing of the recommendations and our responses to these recommendations.

1. The Town review its procedures over capital assets to ensure that only items that will be owned by the Town are included in capital asset additions, or within the construction in process account.
  - a. The Finance Department has revised its Capital Asset procedures to separately track all capital assets that will not be Town owned from those that are true Town capital assets/construction in process.
2. The Town review its procedures over year end accruals to ensure that invoices are reviewed subsequent to year end and all material accruals are recorded.
  - a. The Finance Department will review all expenditures and invoices 60 days post close to ensure all accruals are captured for the appropriate fiscal year. Current procedures already address the accrual for GASB statements. An additional review is now included for GAAP statements.
3. The Town and Board of Education have a Fraud Risk Assessment performed. A Fraud Risk Assessment is designed to proactively identify fraud risk, pinpoint opportunities to reduce the cost of fraud, determine if adequate fraud prevention exists and to help create cost effective fraud prevention and detection policies and procedures.
  - a. The Finance Committee will discuss this item. Management is supportive of fraud risk assessment and will assist with the selection of a firm to provide this study.

4. The Town and Board of Education consider instituting a formal whistleblower policy that includes a tip line for employees to report suspected fraud or inconsistencies.
  - a. Management is supportive of this recommendation and will draft a policy for the Committee's review and establish a tip line. Target date: June, 2015 Finance Committee meeting.



Town of Mansfield  
Agenda Item Summary

To: Town Council  
From: Matt Hart, Town Manager *M. Hart*  
CC: Maria Capriola, Assistant Town Manager; Cherie Trahan, Director of Finance; Amy Meriwether, Accounting Manager  
Date: May 11, 2015  
Re: Appointment of Auditor to Conduct Financial Audit for Fiscal Year 2014/15

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**Subject Matter/Background**

Section 7-392(c) and 4-232 of the Connecticut General Statutes, as amended, requires that each municipality annually designate an independent public accounting firm to audit the books and accounts of that government. This audit was performed last year by Blum, Shapiro & Company, P.C., as the third year of a three-year contract (with an option to extend two years).

Staff recommends the Town Council extend the contract and appoint BlumShapiro to conduct the audit for FY 2014/15. The Finance Committee will review staff's recommendation at its meeting on May 11<sup>th</sup> in advance of the regular Council meeting.

**Financial Impact**

The Proposed FY 2015/16 budget includes funds to cover the audit fees of \$46,810.

**Recommendation**

If the Finance Committee wishes to recommend the appointment of BlumShapiro to the Town Council, the following motion is in order:

*Move, to appoint Blum Shapiro and Company, P.C. as the auditing firm for the Town of Mansfield for Fiscal Year 2014/15.*



**Town of Mansfield Financial and Operational Controls Assessment**  
**Municipal Analysis and Comparison**  
*Version 2 – April 2015*

**Prepared By:**  
Jeff Ziplow  
Sam Weil

**BlumShapiro**

**Background:**

Accounting | Tax | Business Consulting

**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

As part of the Financial and Operational Controls Assessment project, BlumShapiro evaluated the Town of Mansfield’s Finance Department in comparison to ten (10) other municipalities in Connecticut. BlumShapiro obtained and evaluated the following comparison information for each town:

1. Town Population
  - a. Note: Mansfield’s population is approximately 13,500 when on-campus students are not considered
2. Total Municipal and School District 2014-15 Budget Information
  - a. Note: Mansfield’s represented budget does not include approximately \$6 million in grant funds annually
3. Shared Services Environment
4. Total Number of Financial Staff for both the Municipality and School District  
(please see the Appendix for position detail)
  - a. Note: BlumShapiro included staff members that were involved in performing financially relevant operations or that were assigned to support finance staff as part of their daily tasks (ex: Finance Office Secretaries).
5. Salaries and Benefits of Financial Staff
  - a. Note: Due to the confidentiality of some benefits information, BlumShapiro was unable to obtain exact benefits data from the other municipalities. Therefore we used a benefits multiplier of 39% for all salaries to calculate benefits totals for the rest of the towns.
6. Financial Services for Other Entities

	Town	Shared Services?	Total Budget 2014-15	Population	Number of Finance Staff
1	Newtown, CT	Yes	\$111,066,204	27,543	12
2	North Haven, CT	Yes	\$88,857,841	23,035	15
3	Madison, CT	Yes	\$75,751,043	17,858	8
4	Rocky Hill, CT	No	\$70,894,850	19,729	9
5	Mansfield, CT	Yes	\$57,112,694	25,648	7
6	Plainville, CT	Yes	\$55,424,977	17,328	5
7	Suffield, CT	No	\$55,300,389	15,692	7
8	Tolland, CT	No	\$53,175,832	15,052	9
9	Plainfield, CT	No	\$45,193,803	15,358	7
10	East Hampton, CT	Yes	\$40,285,926	13,352	7
11	Coventry, CT	No	\$39,088,204	12,435	6

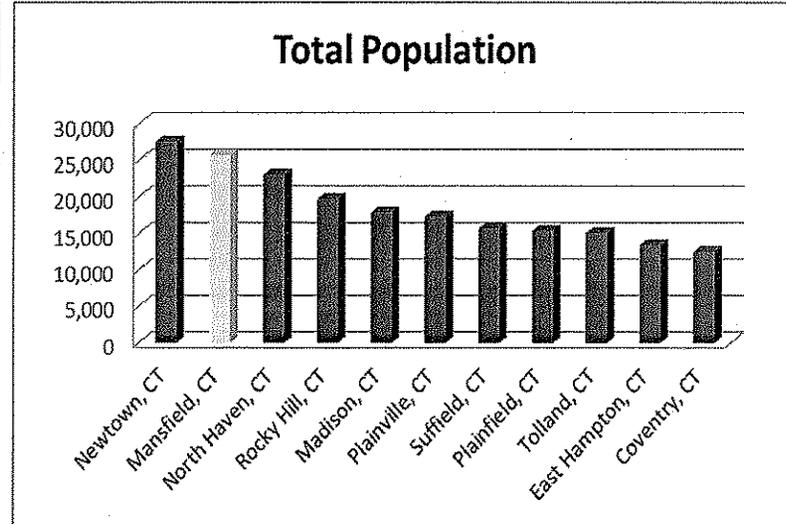


**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

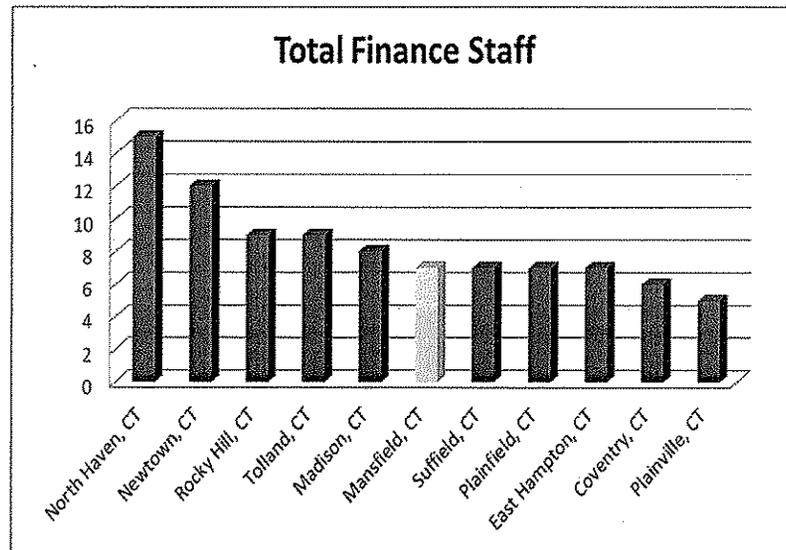
**Initial Comparison:**

BlumShapiro performed a comparison of population, financial staff and budget on the following pages.

	Town	Shared Services?	Population
1	Newtown, CT	Yes	27,543
2	Mansfield, CT	Yes	25,648
3	North Haven, CT	Yes	23,035
4	Rocky Hill, CT	No	19,729
5	Madison, CT	Yes	17,858
6	Plainville, CT	Yes	17,328
7	Suffield, CT	No	15,692
8	Plainfield, CT	No	15,358
9	Tolland, CT	No	15,052
10	East Hampton, CT	Yes	13,352
11	Coventry, CT	No	12,435



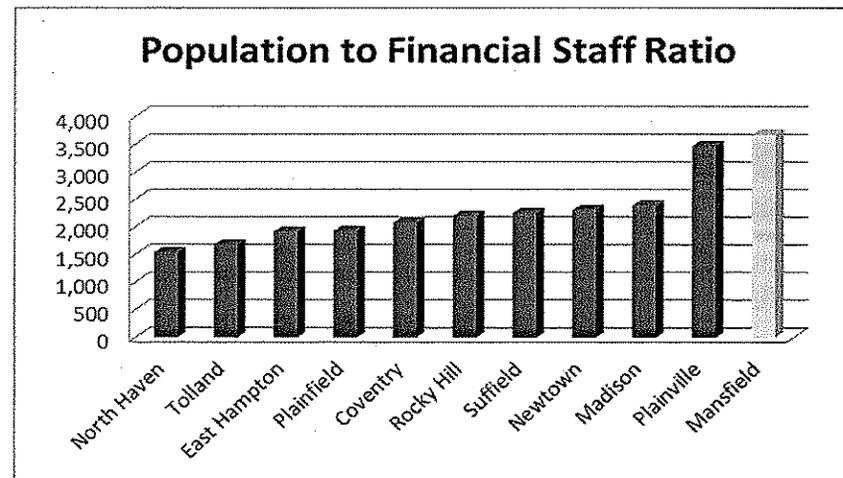
	Town	Shared Services?	Number of Finance Staff
1	North Haven, CT	Yes	15
2	Newtown, CT	Yes	12
3a	Rocky Hill, CT	No	9
3b	Tolland, CT	No	9
5	Madison, CT	Yes	8
6a	Mansfield, CT	Yes	7
6b	Suffield, CT	No	7
6c	Plainfield, CT	No	7
6d	East Hampton, CT	Yes	7
10	Coventry, CT	No	6
11	Plainville, CT	Yes	5



**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

BlumShapiro evaluated town populations against the number of respective financial staff. Mansfield has the lowest financial staff-to-population ratio compared to the other municipalities.

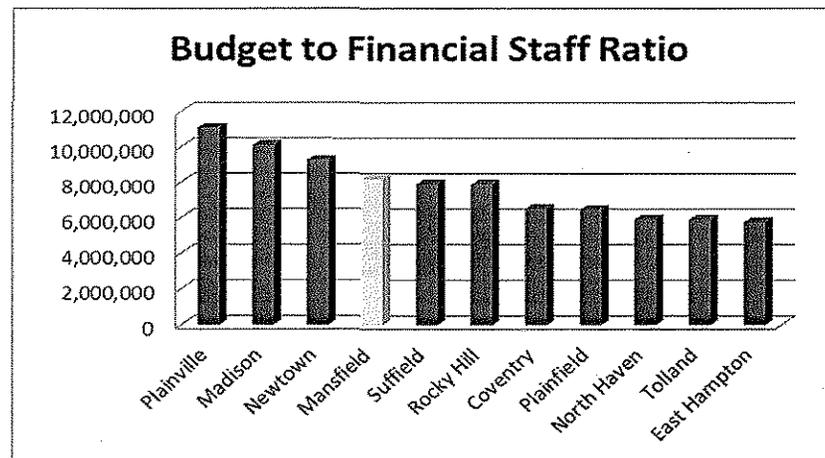
<i>Ratio of Population to Financial Staff</i>					
	<b>Town</b>	<b>Shared Services?</b>	<b>Ratio (= Population / Financial Staff)</b>	<b>Population</b>	<b>Number of Financial Staff</b>
1	North Haven	Yes	1,536	23,035	15
2	Tolland	No	1,672	15,052	9
3	East Hampton	Yes	1,907	13,352	7
4	Plainfield	No	1,920	15,358	7
5	Coventry	No	2,073	12,435	6
6	Rocky Hill	No	2,192	19,729	9
7	Suffield	No	2,242	15,692	7
8	Newtown	Yes	2,295	27,543	12
9	Madison	Yes	2,381	17,858	7.5
10	Plainville	Yes	3,466	17,328	5
11	Mansfield	Yes	3,664	25,648	7



**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

BlumShapiro evaluated Town and BOE budgets against the number of respective financial staff. Mansfield has the fourth (4<sup>th</sup>) highest budget to financial staff ratio compared to the other municipalities.

<i>Ratio of Budget to Financial Staff</i>				
	<b>Town</b>	<b>Ratio (= Budget / Financial Staff)</b>	<b>Total Budget 2014-15</b>	<b>Number of Financial Staff</b>
1	Plainville	11,084,995	\$55,424,977	5
2	Madison	10,100,139	\$75,751,043	7.5
3	Newtown	9,255,517	\$111,066,204	12
4	Mansfield	8,158,956	\$57,112,694	7
5	Suffield	7,900,056	\$55,300,389	7
6	Rocky Hill	7,877,206	\$70,894,850	9
7	Coventry	6,514,701	\$39,088,204	6
8	Plainfield	6,456,258	\$45,193,803	7
9	North Haven	5,923,856	\$88,857,841	15
10	Tolland	5,908,426	\$53,175,832	9
11	East Hampton	5,755,132	\$40,285,926	7

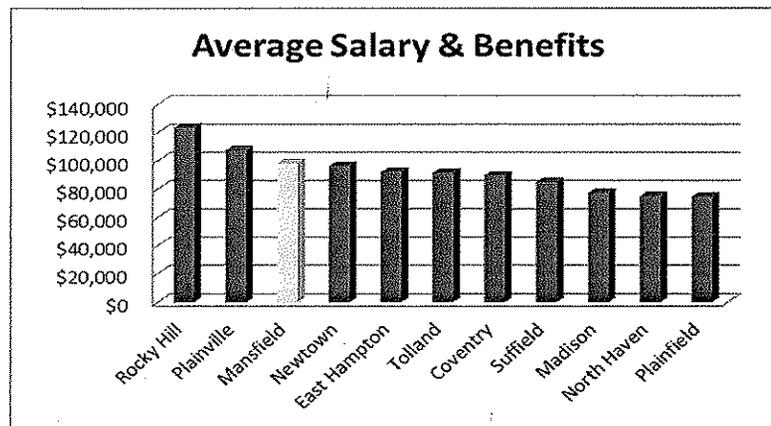


**Salaries and Benefits:**

**Town of Mansfield Financial and Operational Controls Assessment**  
**Municipal Analysis**

BlumShapiro evaluated average and total Town and BOE Finance staff salaries and benefits: Mansfield has the third (3<sup>rd</sup>) highest average salary and benefits, and the fifth (5<sup>th</sup>) highest total salary and benefits, for Finance staff compared to the other municipalities.

<i>Average Finance Employee Salary &amp; Benefits</i>					
	<b>Town</b>	<b>Shared Services?</b>	<b>Number of Financial Staff</b>	<b>Total Salary &amp; Benefits</b>	<b>Average Salary &amp; Benefits per Finance Employee</b>
1	Rocky Hill	No	9	\$1,108,346	\$123,150
2	Plainville	Yes	5	\$535,300	\$107,060
3	Mansfield	Yes	7	\$685,450	\$97,921
4	Newtown	Yes	12	\$1,154,014	\$96,168
5	East Hampton	Yes	7	\$643,670	\$91,953
6	Tolland	No	9	\$822,457	\$91,384
7	Coventry	No	6	\$535,776	\$89,296
8	Suffield	No	7	\$593,576	\$84,797
9	Madison	Yes	7.5	\$576,604	\$76,881
10	North Haven	Yes	15	\$1,120,015	\$74,668
11	Plainfield	No	7	\$520,256	\$74,322



**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

**Entity Services:**

BlumShapiro performed a comparison of financial/accounting services provided by each municipality for other entities.

<i>Entity Services Matrix</i>							
Town	Town Departments	BOE Departments	Additional School District	Health District	Additional Entity (1)	Additional Entity (2)	Additional Entity (3)
<b>Mansfield</b>	X	X	X	X	X	X	
<b>Tolland</b>	X	X			X	X	X
<b>Rocky Hill</b>	X	X			X		
<b>Suffield</b>	X	X			X		
<b>East Hampton</b>	X	X		X			
<b>Madison</b>	X	X					
<b>Plainville</b>	X	X					
<b>Newtown</b>	X	X					
<b>Plainfield</b>	X	X					
<b>Coventry</b>	X	X					
<b>North Haven</b>	<b>No Response Provided</b>						

**Mansfield:**

- Town and BOE Departments
- Additional School District – Region 19 School District
- Health District – Eastern Highlands Health District
- Additional Entity (1) – Downtown Partnership
- Additional Entity (2) – Discovery Depot

**East Hampton:**

- Town and BOE Departments
- Health District – Chatham Health District

**Rocky Hill:**

- Town and BOE Departments
- Additional Entity (1) – Foodservice Department (Sodexo)

**Suffield:**

- Town and BOE Departments
- Additional Entity (1) – Water Pollution Control Authority

**North Haven: (No Response Provided)**

**Findings:**

**Tolland:**

- Town and BOE Departments
- Additional Entity (1) – Tolland Non-Profit
- Additional Entity (2) – Food Services Department
- Additional Entity (3) – Family Resource Center

**Madison:**

- Town and BOE Departments

**Plainville:**

- Town and BOE Departments

**Newtown:**

- Town and BOE Departments

**Plainfield:**

- Town and BOE Departments

**Coventry:**

- Town and BOE Departments

**Town of Mansfield Financial and Operational Controls Assessment**  
**Municipal Analysis**

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BlumShapiro compared the Town of Mansfield against the sampled municipalities. BlumShapiro identified the following findings:

**1. Population**

- a. Mansfield has the second (2<sup>nd</sup>) highest population and is tied for the third lowest number of financial staff.
- b. Mansfield has the lowest finance staff-to-population ratio.

**2. Budget**

- a. Mansfield has the fifth (5<sup>th</sup>) highest budget and is tied for the third lowest number of financial staff
- b. Mansfield has the fourth (4<sup>th</sup>) highest budget-to-finance staff ratio
  - i. = 2014-15 Budget / Total Number of Financial Staff

**3. Salaries and Benefits**

- a. Mansfield has the fifth (5<sup>th</sup>) highest salary and benefits total for financial staff
- b. Mansfield has the third (3<sup>rd</sup>) highest salary and benefits average per financial staff member

**4. Entity Services**

- a. Mansfield performs accounting services for the highest number of additional entities
- b. Mansfield does not charge the Discovery Depot or Downtown Partnership for accounting services

**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

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**Finance Department Cost Allocation Assessment:**

BlumShapiro reviewed, evaluated and updated the cost allocation model developed by the Mansfield Finance Department and concluded the following:

**A. Cost Model Overview**

1. Annual salary costs were identified for Mansfield Finance Department employees (7 FTEs)
2. Employee benefits were also calculated
  - a. Longevity, Social Security, Medicare, MERS, Medical Insurance, Workers Compensation, STD/LTD life insurance, OPEB
3. Other expenses were identified as part of the Finance Department operations
  - a. This included bank fees, supplies and utilities
    - i. Utilities were calculated based on square footage of Finance Department usage
    - ii. Facility maintenance costs were also estimated and included
  - b. Technology costs were not included as they are a separate charge to each department
    - i. Mansfield created an Internal Service Fund (Management Services Fund) to manage technology based internal charges
    - ii. Costs in this fund included salary, technology infrastructure, utilities, phones, copiers, software maintenance, etc.
4. Allocations identified for each entity were based on an estimated amount of work performed by each person within the Finance Department. Services included accounts payable, payroll, budget, financial reporting/analysis and grants management. BlumShapiro reviewed the time estimates and agreed with this approach (See Appendix for list of services provided by entity).
5. No Finance Department expense allocations were made for the Discovery Depot
6. No Finance Department expense allocations were identified for the Downtown Partnership
7. No technology costs from the internal service fund were allocated to either entity

**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

**Town of Mansfield Finance Department Cost Allocation Model**

Finance Department Costs/Expense by service and entity

<b>Item</b>	<b>Finance Dept. Expenses</b>	<b>Total Costs</b>	<b>Notes</b>
A.	Salaries	\$ 489,949	July 1st actual salaries for all Finance staff - 7 FTE's
B.	Overtime	\$ 1,500	
C.	Benefits:		
1.	Longevity	3,750	
2.	Social Security	30,377	Rate = 6.2% of annual salaries & budgeted overtime
3.	Medicare	7,104	Rate = 1.45% of annual salaries & budgeted overtime
4.	MERS	58,696	July 1st rate = 11.98% of annual salaries & budgeted overtime
5.	Medical Insurance	88,339	
6.	Workers Comp	24,711	Basis - Finance salaries as a % of total salaries times W/C annual premium
7.	STD/LTD/Life	7,359	Actual premiums based on coverage for Finance staff
8.	OPEB	5,046	Basis - Finance salaries as a % of total salaries times annual OPEB contribution
D.	Bank Management Fees	22,000	Budgeted bank service fees
E.	Central Supplies	10,000	Budgeted office supplies
F.	Office Space	6,575	Alloc. of building maint/energy annual budget based on office square footage
G.	Furniture & Fixtures	1,000	Estimated cost of desk units, file cabinets, chairs with average life of 10 years
H.	Miscellaneous	2,425	
I.	<b>Total Costs</b>	<b>\$ 758,832</b>	

<b>Cost of Services by Entity</b>								
<b>Service</b>	<b>Total Costs</b>	<b>Town</b>	<b>Board</b>	<b>Region 19</b>	<b>EHHD</b>	<b>Downtown Partnership</b>	<b>Discovery Depot:</b>	<b>Notes</b>
Accounts Payable	\$ 146,773	\$ 67,321	\$ 46,154	\$ 22,812	\$ 8,170	\$ 760	\$ 1,556	Estimated hours of support
Payroll	\$ 90,550	19,966	36,220	28,976	1,811	1,132	2,445	Estimated hours of support
Budget	\$ 143,982	93,556	22,110	24,320	2,909	1,086	-	Estimated hours of support
Financial Reporting, etc Technology	\$ 258,415	147,713	43,290	61,278	3,978	1,078	1,078	Estimated hours of support
	*Separately charged to respective departments through							
Grants Management	75,613	25,368	15,205	15,205	19,834	-		Estimated hours of support
Other	43,500	17,700	16,580	5,800	1,640	840	940	
<b>Total Costs</b>	<b>758,832</b>	<b>371,625</b>	<b>179,559</b>	<b>158,391</b>	<b>38,342</b>	<b>4,896</b>	<b>6,019</b>	
<b>Percentage By Entity</b>	<b>100%</b>	<b>49%</b>	<b>24%</b>	<b>21%</b>	<b>5%</b>	<b>0.65%</b>	<b>1%</b>	

**Town of Mansfield Financial and Operational Controls Assessment  
Municipal Analysis**

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**Observations:**

Based on the aforementioned findings, BlumShapiro has made the following observations regarding the Town of Mansfield Finance Department:

**1. The Finance Department has minimal resources to meet their expected responsibilities**

- a. The Finance Department is tied for the second (2<sup>nd</sup>) least number of staff and are asked to perform accounting services for the highest number (6) of entities
- b. We recommend that the Town consider adding an accounting position FTE to the Town's Finance Department. This person's role would include the following:
  - i. Helping to oversee financial controls
  - ii. Perform financial analysis
  - iii. Assisting with the budgeting process
  - iv. Assisting with the grants management process

**2. Mansfield does not have a consistent policy for charging other entities for their accounting services**

- a. Currently the Discovery Depot and Downtown Partnership do not pay a fee for the accounting services provided by the Mansfield Finance Department
- b. BlumShapiro recommends that Mansfield develop a consistent policy for charging additional entities for services performed by the Finance Department
  - i. Mansfield should track time (at a high level) to more accurately reflect costs by entity for services performed

Town of Mansfield Financial and Operational Controls Assessment  
 Appendix

Municipal and School District financial staff detail listing

<i>Financial Staff Detail</i>									
Town	<u>North Haven</u>	<u>Newtown</u>	<u>Rocky Hill</u>	<u>Madison</u>	<u>Plainfield</u>	<u>East Hampton</u>	<u>Mansfield</u>	<u>Suffield</u>	<u>Plainville</u>
Shared Services?	Yes	Yes	No	Yes	No	Yes	Yes	No	Yes
Number of Financial Staff	15	12	9	7.5	7	7	7	7	5
<b>Town Finance Office</b>	1. Director of Finance 2. Treasurer 3. Asst. Office Mngr. 4. Bookkeeper II 5. Bookkeeper II 6. Bookkeeper II 7. Bookkeeper I 8. Secretary 9. Senior Clerk 10. Senior Clerk	1. Director of Finance 2. Asst. Finance Director 3. Accountant & Payroll 4. Accts. Payable 5. Secretary	1. Director of Finance 2. Accounting Mngr. & Treasurer 3. Payroll Clerk 4. Accts. Payable Clerk	1. Director of Finance 2. Comptroller & Asst. Director of Finance 3. Payroll Mngr. 4. Senior Acct. & Payroll Clerk 5. Accounting Supervisor 6. Senior Acct. Clerk I 7. Senior Acct Clerk II 8. Accts Payable (part time)	1. Director of Finance 2. Asst. Director of Finance 3. Staff Member I	1. Finance Director 2. Asst. Finance Director 3. Accts. Payable Clerk 4. Revenue Clerk	1. Director of Finance 2. Accounting Mngr. 3. Budget Analyst 4. Accountant 5. Accts. Payable Clerk 6. Payroll Admin. 7. Finance Clerk	1. Director of Finance 2. Payroll 3. Accts. Payable 4. Treasurer	1. Director of Finance 2. Accts. Payable
<b>BOE Finance Office</b>	11. Director of Business & Operations 12. Asst. Director of Business & Ops. 13. Student Revenue & Payroll 14. Accts. Payable 15. Benefits	6. Director of Business 7. Business Office Coordinator 8. Accountant 9. Accts. Payable Coordinator 10. Payroll Coordinator 11. Payroll Bookkeeper 12. Financial Analyst	5. Director of Finance & Ops. 6. Executive Asst. Director of Finance & Ops. 7. Bookkeeper I 8. Bookkeeper II – Accts. Payable 9. Secretary II	N/A	4. Director of Finance 5. AP/AR Clerk 6. Payroll 7. Secretary	5. Business Mngr. 6. Accts. Payable Clerk 7. Payroll Clerk	N/A	5. Director of Fiscal Admin. 6. Accounting Coordinator 7. Payroll & Benefits Coordinator	3. Director of Business & Ops. 4. Accts. Payable 5. Payroll

Additional Municipal and School District financial staff detail listing

<i>Financial Staff Detail</i>		
<b>Town</b>	<b><u>Tolland</u></b>	<b><u>Coventry</u></b>
<b>Shared Services?</b>	No	No
<b>Number of Financial Staff</b>	9	6
<b>Town Finance Office</b>	1. Director of Finance 2. Assistant Finance Director 3. Treasurer 4. Senior Account Clerk	1. Director of Finance/Treasurer 2. Accountant 3. Assistant to the Accountant
<b>BOE Finance Office</b>	5. Business Manager 6. Accountant 7. Payroll Clerk 8. Payables Clerk 9. Secretary	4. Business Manager 5. Payroll Clerk 6. AP Clerk

**Town of Mansfield Financial and Operational Controls Assessment  
Appendix**

**Town of Mansfield – Finance Department Detailed Service Listing**

Description	Town	Board	Region	EHHD	Downtown Partnership	Discovery Depot
<b>Financial Services</b>						
<b>Routine Operations:</b>						
Purchasing Agent/Services – RFQ, RFP review	X	X	X	X	X	X
Payroll Processing – paychecks, direct deposits, tax reporting, deduction processing, pension reporting, etc	X	X	X	X	X	X
Accounts Payable Processing – check issuance, 1099 Reporting, etc	X	X	X	X	X	X
Quarterly Financial Statements	X	X	X	X	X	X
Quarterly Narrative	X					
Monitor Fiscal Year Budget Activity	X					
Semi-annual Energy Reports	X	X	X			X
Energy Contracts Negotiations	X	X	X			X
Bus Contract Negotiations		X	X			
Software User training & maintenance – AP, PO, GL, PR, BU, CAMA, Tax Collections & Misc. Receivables	X	X	X	X	X	X
Annual Audit	X	X	X	X	X	X
Comprehensive Annual Financial Report Preparation	X	X	X	X		
Submittal of CAFR to GFOA	X		X			
Fiscal Yearend Closing	X	X	X	X	X	X
ED001, ED141, MBR, SBCH Reporting		X	X			
Journal Entry Processing	X	X	X	X	X	X
Grant monitoring, reporting, journal entries, and drawdowns	X	X	X	X		
Salary Transfer Calculations	X	X	X			
Health Insurance Fund Operations – monthly contribution calculation & transfers, claims payments.	X	X	X	X	X	X
Management Services Fund Operations (copiers, energy, IT, postage, phones, etc)	X	X	X	X	X	X
Parking Garage Operations	X					

**Town of Mansfield Financial and Operational Controls Assessment  
Appendix**

Description	Town	Board	Region	EHHD	Downtown Partnership	Discovery Depot
Intermodal Center Operations	X					
Parks & Recreation Fund Operations	X					
Treasury Management	X	X	X	X	X	X
Maintain Fixed Asset Records	X	X	X	X	X	X
Capital Projects Fiscal Management	X	X	X			
Employee Contract Negotiation						
Projections	X		X	X	X	
Assist with Interlocal Agreements	X	X	X	X		X
Fund Analysis	X	X	X	X	X	X
Purchasing Card Management	X	X	X	X	X	X
Oversight of Assessor's Office	X					
Oversight of Collector's Office	X	X	X	X	X	X
<b>Budget Preparation:</b>						
Salary & Benefit Projections	X	X	X	X	X	
Energy Cost Projections	X	X	X		X	X
Health Insurance Fund Projections	X	X	X	X	X	X
Management Services Fund Projections (Energy, copiers, phones, IT, postage, etc)	X	X	X	X	X	X
Workers Comp Fund Projections	X	X	X			
Solid Waste Fund Review	X					
Transportation Cost Projections		X	X			
Budget in Brief preparation	X	X	X			
Budget narratives and schedule preparation	X	X	X	X	X	X
Preparation of budget documents	X					
Preparation of information packets and presentations	X					
Submittal of budget to GFOA	X					
<b>Projects:</b>						
Implement UCOA	X	X	X	X	X	X
Implement OpenGov	X	X	X	X	X	X
Developed Pay-As-You-Go Capital Plan	X					
Implement Employee Benefit Statements	X	X	X	X	X	X
Storrs Center – Assessments, Grant	X					

Town of Mansfield Financial and Operational Controls Assessment

Appendix

Description	Town	Board	Region	EHHD	Downtown Partnership	Discovery Depot
Management, Funding Analysis						
Financial Software Upgrade	X	X	X	X	X	X
Revenue Collection System Upgrade	X	X	X	X	X	X
CAMA System Upgrade	X					
Region 19 Bond Refunding (2009)			X			
Issue General Obligation Bonds (2011)	X		X			
Athletic Track & Facility Improvements – debt analysis, member town impact, public info. sessions, budgeting			X			
Four School Renovation Project – cost projections, debt analysis, budgeting, public info. sessions, etc	X	X				
Financial Policy Updates	X		X			
Four Corners Sewer Project – Debt/Cost analysis, presentations	X					
School Construction - applications, reporting, reimbursement requests, audit preparation, etc.		X	X			
Review of procedures for Student Activities Fund		X	X			
Implemented Energy Watchdog	X	X	X		X	X
<b>Grants:</b>						
Storrs Center – DOT, DECD, etc	X					
Other DOT Projects (bridges, etc)	X					
Education – Title I, VIB, etc		X	X			
School Construction		X	X			
Agricultural Education Equipment			X			
LOCIP, Town Aid Road, etc	X					
PILOT, Pequot, Transportation, ECS	X	X	X			
Bioterrorism Preparedness				X		
Other EHHD grants				X		

### Mansfield Finance Department Cost Allocation By Department/Service

Services Used by Entity:	Budget %	Fin. Clerk (CD)	Fin. Clerk (DN)	Payroll Admin	Accountant	Budget Analyst	Accounting Manager	Dir. Of Finance	Overtime	Bank Fees	Central Supplies	Indirect Expenses	Grand Total
<b>Town Functions:</b>	29.00%	64%	22.05%	25%	19%, 20%	51.0%	40%, 40%, .2%	100%	45%	30%	33%		
Accounts Payable	22,051	45,270							1,500	9,900	3,000	3,300	81,721
Payroll			19,966										19,966
Budget						20,636		72,921					93,556
Financial Reporting					19,834		54,959	72,921					147,713
Technology	*Separately charged to respective departments through												
Grants Management						21,722		3,646					25,368
	22,051	45,270	19,966	19,834	42,358	54,959	149,487	1,500	9,900	3,000	3,300		371,625
<b>Mansfield Board of Ed:</b>	30%	33%	40.0%	25%	17%, 14%	15%	2%, 4%		49%	33%	25%		
Accounts Payable	22,812	23,342								10,780	3,300	2,500	60,234
Payroll			36,220										36,220
Budget						18,464		3,646					22,110
Financial Reporting					19,834		16,164	7,292					43,290
Technology	*Separately charged to respective departments through												
Grants Management						15,205							15,205
	22,812	23,342	36,220	19,834	33,669	16,164	10,938	-	10,780	3,300	2,500		179,559
<b>Regional School District #19:</b>	30%		32.0%	25%	14%, 14%	30%	5%, 5%				33%	25%	
Accounts Payable	22,812										3,300	2,500	26,112
Payroll			28,976										28,976
Budget						15,205		9,115					24,320
Financial Reporting					19,834		32,329	9,115					61,278
Technology	*Separately charged to respective departments through												
Grants Management						15,205							15,205
	22,812	-	28,976	19,834	30,411	32,329	18,230	-	-	3,300	2,500		158,391
<b>Eastern Highlands Health:</b>	10%	1%	2%	25%	1%	2%	1%, 1%		2%	2%	10%		
Accounts Payable	7,604	566								440	200	1,000	8,810
Payroll			1,811										1,811
Budget						1,086		1,823					2,909
Financial Reporting							2,155	1,823					3,978
Technology	*Separately charged to respective departments through												
Grants Management					19,834								19,834
	7,604	566	1,811	19,834	1,086	2,155	3,646	-	440	200	1,000		38,342
<b>Downtown Partnership</b>	1%		1%		1%	1%				2%	1%	3%	
Accounts Payable	\$ 760.39									\$ 440	\$ 100	300	1,300
Payroll			1,132										1,132
Budget						1,086							1,086
Financial Reporting							1,078						1,078
Grants Management													-
	760	-	1,132	-	1,086	1,078	-	-	440	100	300		4,896
<b>Discovery Depot:</b>		2.2%	2.7%				1%		2%	1%	4%		
Accounts Payable		1,556							440	100	400		2,096
Payroll			2,445										2,445
Budget													-
Financial Reporting							1,078						1,078
Grants Management													-
	-	1,556	2,445	-	-	1,078	-	-	440	100	400		6,019
<b>Total Services</b>	<b>76,039</b>	<b>70,734</b>	<b>90,550</b>	<b>79,335</b>	<b>108,610</b>	<b>107,763</b>	<b>182,301</b>	<b>1,500</b>	<b>22,000</b>	<b>10,000</b>	<b>10,000</b>		<b>758,832</b>



ACCOUNTING AND FINANCE OPERATIONS DOCUMENT

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# Finance Department Policies and Procedures Manual

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**Town of Mansfield**

April 2015

Version 2.0

4 South Eagleville Road  
Storrs, CT  
(860) 429-3387

**CONFIDENTIAL – INTERNAL USE ONLY**

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## 1. INTRODUCTION

The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Mansfield.

Within each procedure, all key elements are identified, including:

- Required forms and documents
- Necessary approvals and authorizations
- Appropriate staff and department contacts

In the event any questions or exceptions arise, it is the responsibility of that staff person to confirm the appropriate course of action with their Supervisor, the Finance Director, and, if necessary, the Town Manager.

It is the responsibility of the Town of Mansfield Finance Department to maintain the accuracy and consistency of these procedures. Any changes should be immediately reported to the Finance Director with a detailed description and reason for the change.

### A.1. Distribution List for Finance Department Policies and Procedures

- Town Manager's Office
- Finance Committee
- Town Council
- Superintendent's Office
- Board of Education

### A.2. Financial Management System (FMS)

The Town of Mansfield implemented ADMINS Unified Community (AUC) during the year 1997. This software is an integrated software solution exclusive to local governments and School Districts. The following modules were purchased:

- General Ledger
- Accounts Payable
- Budgeting
- Payroll
- Human Resources

Aside from AUC, the Tax Collector's Office and Tax Assessor's office use Quality Data Service (QDS) and a Computer Assisted Mass Appraisal system (CAMA), Vision System. All financial data is manually imported from these systems to the main FMS – no electronic interfacing exists.

## **2. ACCOUNTING RECORDS**

### **B.1. Security of Records**

Users are assigned access rights to specific FMS modules according to their job function and responsibility, and are prevented from entering and approving their own entries in the system. Each accounting record is associated with the appropriate users that created, approved, and posted the transaction with the system.

### **B.2. Journal Entries**

The Finance Director, Accounting Manager, Budget Analyst and Accountant are the only individuals with responsibility and capability to enter and post journal entries in the General Ledger. The Accountant's journal entries must be reviewed and approved by the Accounting Manager. The Accounting Manager's and Budget Analyst's journal entries must be reviewed and approved by the Finance Director. All approvals must be confirmed via email and archived in Journal Entry labeled folders within the Finance Section of the FMS.

### **B.3. Bank Transfers**

The Finance Director, Accounting Manager, Accountant and Budget Analyst are restricted from releasing their own bank transfers for security purposes. If one of the aforementioned employees wants to make a bank transfer, one of the other four employees must make a secondary approval after the transaction is initiated. The transaction is restricted from full processing until the secondary secure token approval is made.

### 3. FINANCIAL MANAGEMENT SYSTEM (FMS) ADMINISTRATION

ADMINS Inc. is the software development company that created and maintains ADMINS Unified Community. ADMINS is based in Cambridge, Massachusetts, and has been providing municipal and local government software solutions to the Northeast since 1974. The FMS is hosted on a Windows 2008 server and uses a Microsoft Windows environment.

#### C.1. System Security

Computer information systems and networks are key business tools for the Town of Mansfield. Mansfield has made a substantial investment in human and financial resources to create these systems to support and enhance department and overall operations.

The following policies have been established in order to:

- Protect this investment.
- Safeguard the information contained within these systems.
- Reduce business and legal risk.
- Protect the Town and entities served.

Any violations by Town employees may result in disciplinary action in accordance with Town's policy. Failure to observe these guidelines may result in disciplinary action by Town officials depending upon the type and severity of the violation, whether it causes any liability or loss to the Town, and/or the presence of any repeated violation(s).

All users in the "System" group have administrative rights to ADMINS. The Budget Analyst, Accounting Manager and IT Director should be the only active users with administrative rights. All access to ADMINS is role-based.

#### C.2. Establishing a New User in the FMS

1. HR Representation For The Entity Notifies The Accounting Manager

Human Resources must notify the Accounting Manager by electronic mail, at least three days prior to the start date, of any new employee needing access to the FMS. The email must include the new employee's full name, assigned department, position title, phone number, name of direct supervisor and specific access needed in the FMS. The Finance Director must be copied on all email notifications.

2. Accounting Manager Sets Up User Account

The Accounting Manager creates a user account for the new employee based on the access requested by Human Resources. The Accounting Manager is responsible for notifying the appropriate Department Head, the respective HR personnel and the Finance Director, via email, when the user account has been fully set up.

3. Archive New User Requests

The Accounting Manager is responsible for archiving all email notifications from Human Resources in the FMS. Emails are stored in folders labeled according to the name and email of the new user. The separate folders for individual users are all stored in a “New User” folder.

### **C.3. Modifying a User’s Application and System Privileges**

1. Department Heads Notify The Accounting Manager

Department Heads must notify the Accounting Manager by electronic mail with any change to a user’s access rights to the FMS. The email must include the employee’s name, email, and an indicated reason for the change. The Finance Director must be copied on the email.

2. Archive Modification Requests

The Accounting Manager is responsible for archiving all email notifications from Department Heads in the FMS. Emails are stored in folders, labeled according to the name and email of the modified user. The separate folders for individual users are all stored in a “Modified Access” folder.

### **C.4. Notifying the Finance Department of Terminated Employees**

1. HR Representation For The Entity Notifies The Accounting Manager

In the event an employee is to be terminated from service, Human Resources must notify the Accounting Manager via email no less than 30 minutes prior to the termination to ensure all access rights to the FMS are revoked. This notification must include the employee’s full name, department, job title and phone number to ensure the correct employee is removed. The Finance Director, respective HR personnel, and appropriate Department Head must be copied on the email. In the case a Town employee is terminated, the Town Manager should be copied. In the case a School District employee is terminated, the Superintendent should be copied.

2. The Accounting Manager Disables The User Account

Upon receipt of the email notification from Human Resources, the Accounting Manager must immediately disable all access rights to the FMS. Once complete, a reply confirmation email is sent to HR. The Finance Director, respective HR personnel, and appropriate Department Head must be copied on the email. In the case a Town employee is terminated, the Town Manager should be copied. In the case a School District employee is terminated, the Superintendent should be copied.

3. Archive Termination Requests

The Accounting Manager is responsible for archiving all email notifications from the Human Resources in the FMS. Emails are stored in folders, labeled according to the name and email of the terminated user. The separate folders for individual users are all stored in a “Terminated User” folder.

4. Accounting Manager Reviews FMS User Accounts

On an annual basis, the Accounting Manager is responsible for vetting terminated employees against users in the FMS. Human Resources will provide the Accounting Manager with a list of terminated employees from the current year to perform the review. The Accounting Manager will review the FMS user list to ensure no terminated employees on the HR provided list have an active account. The Finance Director will review, sign off and file the review if successful. The Accounting Manager is then responsible for notifying the Human Resources of a successful review. If any discrepancies are found, the Finance Director and respective HR personnel are to be notified immediately and appropriate removal and investigative action will be taken.

### **C.5. Systems Support**

The Town's IT Department is responsible for all network administration and support. The Accounting Manager is responsible for all FMS administration and works with support from Admins Inc. to maintain and update the software.

### **C.6. Data Backup**

The Town relies heavily on the computer systems that manage its data and applications. Every day, the information saved on a computer's hard drive or the Town Network is exposed to a wide variety of risks: Equipment failure, unauthorized intrusion, viruses, and/or power surges. To make sure Mansfield can successfully recover from such disastrous events, the following Data Backup Policy has been established:

#### **C.6.a. Normal FMS Data Backup**

##### Perform Backups Daily

The data residing on the servers that comprise the Town Network will be backed up on a daily basis. This process fully backs up data and system files stored on all servers to ensure the most recent versions can be recovered when required. The Town's Information Technology Director is responsible for ensuring this process successfully occurs every night.

##### Apply a Rotation Strategy

A rotational schedule using a different backup external hard drives will be followed. Eight (8) external hard drives will be rotated on a monthly basis. This approach creates a level of data insurance that lets users recover data in the case the local script backup is unsuccessful.

##### Perform Full System Backups

In addition to nightly full system backups, at least one full weekly backup should be performed. This procedure will include the backup of all system programs, application

programs and associated data files required by the computer systems to function correctly. If it is deemed necessary, this procedure will be performed on a more frequent basis. At year end, perform an additional full system backup and take off-site for storage.

#### Store Backup Media Off-Site

Backup external hard drives will be stored off-premise to ensure the Town's data is safe from potential harm. A local script will provide nightly backup off all Town financial data to a data center at the local High School. In addition, the external hard drives will be taken off-site and rotated on a monthly basis to provide a second level of redundancy.

### **C.6.b. Testing Data Backups**

#### Periodically Test Backups

The backup process will be tested quarterly to ensure that files are successfully copied to external hard drives. The testing process will include the recovery of a randomly selected test file to each of the network's servers to confirm the reliability of the external drive in use and the configuration of the data backup software.

### **C.7. User IDs and Passwords**

Although the information gathered, processed and maintained by the Town of Mansfield is, by law, public record, access to that information must be controlled to assure integrity and use of that data for Town operations. The Town has implemented various system controls to protect this information, ensuring that only authorized employees have access. This access is further restricted to only those capabilities that are appropriate to each employee's job duties.

#### **1. IT Department Responsibilities**

The IT Department shall be responsible for the administration of access controls to all Town computer systems. The IT Department will process adds, deletions, and changes upon receipt of a request from the HR Department or the end user's supervisor. All requests must be provided by electronic mail for record keeping purposes. The IT Department is responsible for responding to all electronic requests promptly and in a timely fashion, and will maintain a list of administrative access codes and passwords and keep this list in a secure area.

#### **2. Employee Responsibilities**

Each employee:

- Shall be responsible for all computer transactions that are made with his/her user ID and password.
- Shall not disclose passwords to others. Passwords must be changed immediately if it is suspected that they may be known to others. Passwords should not be recorded where they may be easily obtained.
- Will change passwords at least every 90 days.
- Should use passwords that meet complexity requirements.

- Should log out when leaving a workstation for an extended period.

3. Supervisor's Responsibility

Managers and supervisors should notify the IT Department promptly whenever an employee leaves the Town or transfers to another department so that his/her access can be revoked. Involuntary terminations must be reported by the HR Department concurrent with the termination.

4. HR Department Responsibility

The HR Department will notify the IT Department by electronic mail at least three days prior to the new employee's hire date to allow sufficient time to set up a new ID with the necessary access rights. This electronic notification should include the new employee's job title and system access requirements. For any involuntary terminations, the HR Department must notify the IT Department concurrent with the termination to ensure all system access can be revoked.

## C.8. Disaster Recovery Plan

The Disaster Recovery plan contains contact information, data backup procedures, prioritization of restoration, inventory of systems and step-by-step procedures for possible disaster scenarios with offsite recovery locations. The plan must be reviewed and tested on no less than an annual basis.

## C.9. Role Backup

One employee in the IT Department must be assigned as backup network administrator in the situation the IT Director is unavailable. The Budget Analyst is assigned as the backup FMS administrator in the situation the Accounting Manager is unavailable.

## 4. CHART OF ACCOUNTS

### D.1. Account Code Structure

#### D.1.a. Policy

The Accounting Manager is responsible for maintaining the Town's Chart of Accounts. The Finance Director and Budget Analyst have ability in the FMS to create new accounts, but they still must notify the Accounting Manager via email for approval. Any and all requests for new accounts must be emailed directly to the Accounting Manager for approval. In the case the Accounting Manager wants to create an account on his/her own, the Finance Director must be emailed for approval. All approval emails must be archived FMS folders. Only the three aforementioned employees have FMS authorization to create new accounts.

#### D.1.b Elements of the Account Code Structure

1. Account Number

17-digit account numbers are used in the FMS for Town and Board of Education transactions. These account numbers consist of five (5) segments: 3-digit Fund, 5-digit Department, 5-digit Object, 2-digit Location and 2-digit Entity (NOTE: The Entity code is always "00")

2. Fund Number

Each fund has its own individual code. A fund number has to be assigned first before any activity can be entered into the FMS.

3. Department Number

These numbers represent the individual departments across the Town and School District.

4. Object

These numbers classify revenues and expenditures for which specific areas are charged. They also represent the activity for which a service or material object is acquired.

- 1 = Asset
- 2 = Liability
- 3 = Fund Balance/Retained Earnings
- 4 = Revenue
- 5 = Expense

5. Location

This number is used for classification purposes

## 5. BUDGETING

### E.1. Budget Calendar

#### E.1.a. Town of Mansfield

<b>Early December</b>	Staff Meeting – Budget Manual/Package
<b>Late January</b>	Budget Retreat and Major Projects Update w/ Town Council All budgets (CIP & GF) entered into system Program Narratives & Performance Measures submitted Proposed Salaries entered
<b>Late January - Early February</b>	Department reviews – Budgets, Narrative, Performance Measures, Core Services & CIP CIP Budget Team Meetings
<b>Late February</b>	General Fund bottom line 1 <sup>st</sup> Draft Book ready for review
<b>Early March</b>	2 <sup>nd</sup> Draft Book ready for review
<b>Mid March</b>	Final Budget Book ready for review
<b>Late March</b>	Budget Book ready for reproduction Council Budget Workshop Mail out Citizen’s Budget Guide First Council Budget Workshop
<b>Early April</b>	Council Budget Workshops continued Public Information Session #1 Public Hearing on Budget
<b>Late April</b>	Council Budget Workshops continued Adoption of Budget and Recommended Appropriations
<b>Early May</b>	Town Meeting Guide to printer Public Information Session #2
<b>Mid May</b>	Annual Town Meeting

### **E.1.b. Mansfield Board of Education**

<b>Early October</b>	Budget Manual Sent to Administrators
<b>Early December</b>	Budget Review with Administrators
<b>Mid January</b>	Budget finalized by Superintendent Budget Books prepared for BOE
<b>Late January</b>	Budget Introduction & Overview Board Review – Regular Programs
<b>Early February</b>	Board Review – District Mgmt., Special Education, Support Svcs. & Board Questions
<b>Mid February</b>	Board Detail Review and Adoption

### **E.1.c. Region 19 School District**

<b>Early November</b>	Budget manual to administrators and department heads Board Retreat to discuss Budget priorities Budget process reviewed at department head meetings
<b>Late November</b>	Draft program narratives submitted to Principal
<b>Early December</b>	Technology requests to IT Director Department Budgets submitted to Principal
<b>Mid December</b>	Municipal Budget meeting Budgets reviewed by Principal and forwarded to Superintendent
<b>Early-Mid January</b>	Bottom Line/Budget Book preparation
<b>Late January</b>	Superintendent's Proposed Budget to printer
<b>Early February</b>	Superintendent's Proposed Budget distributed to member towns and the public
<b>Late February</b>	Budget Review Meeting
<b>Early March</b>	Regular District BOE Meeting Budget Review Meetings

<b>Late March</b>	Public hearing on Superintendent’s Budget Finance Committee meeting Budget review and recommendation
<b>Early April</b>	Regular District BOE Meeting Board Adoption of Budget
<b>Early May</b>	Annual Meeting on Budget Budget referendum held in Town of Ashford, Mansfield and Willington

## **E.2. Budget Preparation, Presentation and Adoption**

### **E.2.a. Town of Mansfield**

The Town Manager and Finance Director must meet with Department Heads in early December to provide guidelines for budget preparation. Department Heads are responsible for preparing individual estimates for the current year, as well as revenue and expenditure estimates for the upcoming year. Department Heads must pay close attention to historical trends and current needs when determining estimates. The Town Manager and Finance Director review estimates with the Department Heads and use them to develop the Town Manager’s proposed budget. The Town Council reviews the Town Manager’s proposed budget, makes changes as necessary, and eventually adopts. The final Town budget, along with the Board of Education budget, is sent to the Town Meeting for voter adoption.

### **E.2.b. Mansfield Board of Education**

Administrators and Principals are responsible for preparing estimated and proposed budgets for review by the Superintendent. The Superintendent then presents his/her proposed budget to the Board of Education. The Board of Education engages in further review and is ultimately responsible for preparing a final itemized estimate of the budget each year for submission to the Town Council for review and appropriation. Following appropriation, the Board of Education shall meet and revise such itemized estimates, if necessary, and adopt a final appropriated budget for the year. The final Board of Education budget, along with the Town budget, is sent to the Town Meeting for voter adoption.

### **E.2.c. Region 19 School District**

Administrators and Principal are responsible for preparing estimated and proposed budgets for review by the Superintendent. The Superintendent then presents his/her proposed budget to the Board of Education. The Board of Education engages in further review and is ultimately responsible for preparing a final itemized estimate of the budget each year for presentation at a public district meeting. Following the district meeting, the

Board will prepare a final budget for the next fiscal year that will be presented at a second public district meeting. The final budget is approved and adopted at the second district meeting.

### **E.3. Budget Monitoring and Transfers**

#### **E.2.a. Town of Mansfield**

The Finance Director and Town Manager are responsible for administering and monitoring the budget through the course of the year. On a quarterly basis, the Finance Director updates the Town Manager and Finance Committee on budget appropriations versus expenditures to date. The Quarterly Financial Reports are reviewed and signed by the Finance Director prior to submission to the Finance Committee. All line item transfers are prepared by the Finance Department and presented to the Finance Committee for review and recommended approval to the Town Council. Line item transfer requests made by Department Heads must be approved by the Finance Director before submission to the Finance Committee.

#### **E.2.b. Mansfield Board of Education**

The Superintendent's Office is responsible for administering and monitoring the budget through the course of the year. A quarterly budget report, prepared in the same format as the annual budget, is presented to the Board of Education at the second regularly scheduled meeting in the month following the period for which such report is prepared. The report must show the appropriated budget amount for each line item, expenditure to date, project expenditures, difference between the project expenditures and the appropriation, and general comments indicating the reason for the difference. The Superintendent will recommend to the Board of Education any requested line item transfers. The Superintendent is authorized to approve urgent line item transfers without approval of the Board of Education as long as they do not exceed 5% of the total budget. Urgent transfers will be announced at the next regularly scheduled meeting with the Board of Education.

#### **E.2.c. Region 19 School District**

The Superintendent's Office is responsible for administering and monitoring the budget through the course of the year. A quarterly budget report, prepared in the same format as the annual budget, is presented to the Board of Education at the second regularly scheduled meeting in the month following the period for which such report is prepared. The report must show the appropriated budget amount for each line item, expenditure to date, project expenditures, difference between the project expenditures and the appropriation, and general comments indicating the reason for the difference. The Superintendent will recommend to the Board of Education any requested line item transfers. The Superintendent is authorized to approve urgent line item transfers without approval of the Board of Education as long as they do not exceed 5% of the total budget. Urgent transfers will be announced at the next regularly scheduled meeting with the Board of Education.

## 6. CASH AND BANK RECONCILIATION

### F.1. Petty Cash

#### F.1.a. Obtaining Reimbursement

1. Submit Request For Petty Cash To The Petty Cash Administrator  
Employees seeking petty cash reimbursement must submit the request to their respective Petty Cash Administrator. All requests must be signed and dated by the requestor and respective Department Head. Disbursements are not to exceed \$100 on an individual basis. Cash will not be disbursed without the review and signature of the Petty Cash Administrator. Petty cash requests must be submitted during the fiscal year of the actual purchase(s). Any Petty Cash Administrator seeking personal reimbursement must gain approval from a different Petty Cash Administrator.
2. Receipt Included With Request  
All Petty Cash requests require an original receipt for the amount to be disbursed. Copies of receipts will not be accepted. Receipts must be itemized showing individual items for all purchases. Online purchases using a personal credit card submitted for reimbursement can have an online receipt and a copy of the credit card statement.
3. Disburse Cash To Requestor And Log Changes  
Funds are disbursed in the form of cash to the person requesting reimbursement. The Petty Cash Administrator will then record the disbursement in the petty cash voucher. The Petty Cash Administrator is responsible for keeping the voucher up-to-date. The voucher must completely document the proper General Ledger code, amount paid, and the department/program to be charged. Documented invoices and cash slips must be properly endorsed by the recipient of funds. The Petty Cash Administrator must sign and date the voucher before submission to Finance.
4. Chief Executive Reimbursement  
Chief Executives of each entity must have signed approval from the Finance Director to receive petty cash reimbursement.

#### F.1.b. Petty Cash Replenishment

1. Complete Petty Cash Replenishment Voucher  
On a monthly basis, the Petty Cash Administrator will reconcile expenditures with cash on hand using the appropriate Finance Department form. Once reconciled, the Petty Cash Administrator will submit the replenishment voucher and reconciliation documentation to the Accounts Payable department for replenishment.

2. Accounts Payable Processes Request

Accounts Payable will process the request for reimbursement and create the appropriate purchase order to do so. The AP Clerk must sign and date the review of all reimbursement vouchers before creating the appropriate purchase order.

**F.2. Termination of Petty Cash Accounts**

The Finance Director maintains the authority to suspend or terminate a petty cash account that is non-compliant with the aforementioned operating procedures.

**F.3. Bank Reconciliation Process**

There are nine (9) accounts that get reconciled on a monthly basis.

1. Town Checking Account

This is a pooled-cash, operating account for the Town, Eastern Highland Health District, Daycare and Downtown Partnership. The Accountant reconciles the bank statement and the Accounting Manager reviews and signs off.

2. Region 19 Checking Account

This is a pooled-cash, operating account for Region 19 & EO Smith Foundation. The Accountant reconciles the bank statement and the Accounting Manager reviews and signs off.

3. Community Center Deposit Account

This is a deposit account for all community center credit card transactions. On a monthly basis, all funds in the account are transferred to the Town Checking account, leaving a remaining balance of \$5,000 for refunds and other needs. The Accounting Manager reconciles the account and the Finance Director reviews and signs off.

4. Holiday Fund Checking Account

This account is for contributions to the Holiday Fund program. The Human Services Department is allowed to use these funds for the Holiday Program. All contributions are deposited to the Town Checking Account and then transferred into the Holiday Fund Checking Account. The Accounting manager reconciles the account and the Finance Director reviews and signs off.

5. Board of Education Student Activities Account

This account is for funding student activities. The bank statements are sent to the Finance Department and the checkbook pages are photocopied and set up for reconciliation. The Finance Clerk reconciles the account and the Accounting Manager reviews and signs off.

6. Board of Education Athletics Account

This account is for funding student activities. The bank statements are sent to the Finance Department and the checkbook pages are photocopied and set up for reconciliation. The Finance Clerk reconciles the account and the Accounting Manager reviews and signs off.

7. Region 19 Student Activities Account

This account is for funding student activities. The bank statements are sent to the Finance Department and the checkbook pages are photocopied and set up for reconciliation. The Finance Clerk reconciles the account and the Accounting Manager reviews and signs off.

8. Region 19 Athletics Account

This account is for funding student athletic activities. The bank statements are sent to the Finance Department and the checkbook pages are photocopied and set up for reconciliation. The Finance Clerk reconciles the account and the Accounting Manager reviews and signs off.

9. Small Cities Checking Account

This account is for Small Cities to deposit funds. When funds are deposited, they are transferred to the Town Checking Account. The Accounting Manager receives the bank statements and reconciles the account and the Finance Director reviews and signs off.

## 7. RECEIPTS AND REVENUES

### G.1. Deposit and Application of Miscellaneous Receivables

#### G.1.a. Receipt of Revenues

The Collector of Revenue Office is responsible for receiving and reconciling daily Town revenues. All cash and checks are delivered to the Collector of Revenue Office with standard Report of Collection forms. The physical cash and checks are reconciled against the Report of Collection forms and totaled in the Daily Revenue Sheet. The Report of Collection forms are then attached to the Daily Revenue Sheet and sent to the Finance Office and Town Treasurer for processing.

#### G.1.b. Bank Deposits

The Collector of Revenue office is responsible for bringing cash and checks to the Bank for deposit the following business day of collection.

### G.2. Record Keeping

Cash and checks are stored in a locked bank bag and stored in a secure location until the deposit is taken to the bank. The Tax Collector's Office receives the Daily Revenue Sheet, indicating each deposit with department name, total check/cash amount and a grand total for the day. The Revenue Specialist is responsible for reconciling the Daily Summary Sheet against the corresponding Report of Collection forms before entering any revenues into AUC. Any short/over discrepancies over \$1.00 in the recording of daily revenues are adjusted manually using a separate Report of Collections. Once the revenues are posted to the General Ledger, the Accounting Manager reconciles the Daily Summary Sheet against what the Tax Collector's Office posted to the General Ledger. If accurate, the Accounting Manager records the changes in the Cash Control Spreadsheet. The Accountant is responsible for entering the tax adjustments receivable into AUC on a monthly basis. The Accounting Manager reviews and approves this entry. The Collector of Revenue Office is responsible for reconciling recorded revenues between the AUC and QDS systems on an annual basis.

## 8. PURCHASING

### H.1. Principles of Purchasing

#### H.1.a. Purchasing Program Overview

- Establishment of written policies, regulations, controls and guidelines for the purchasing process
- Integration of budgeting and recordkeeping functions with purchasing processes

### H.2. Purchasing Policies

All purchases must go through the formal request and approval process detailed in the following policy. Exceptions to the process include p-card purchases and emergency purchases which are detailed in the Exceptions to the Normal Purchasing Process section (H.7.) of this policy.

### H.3. Bid Requirements Policies (Apply Town's Purchasing Ordinance to BOE)

All purchases \$7,500 or more must go out to bid unless the Town or School District can take advantage of a State Contract or a bid waiver is approved by the purchasing agent (See H.3.c for waivers). Bids for professional services in the amount of at least \$10,000 must be awarded by the Town Manager.

All Town purchases in excess of \$7,500, which do not go out to bid or are not reoccurring service charges, must have a completed Best Value Method Source Selection form (bid waiver) accompanying the purchase order. The form must be reviewed and signed by the Finance Director.

#### H.3.a. Competitive Quotation Process

Departments with purchases that are at least \$2,500 but less than \$7,500 must solicit offers from at least three (3) vendors.

#### H.3.b Competitive Proposal Process

A Request for Proposal (RFP) or Request for Qualifications (RFQ) shall be written for all requests for professional services in excess of \$10,000. The process used for solicitation of proposals shall assure that a reasonable and representative number of vendors are given an opportunity to compete. On behalf of the Town, the Town Manager shall have the authority and responsibility to execute professional service contracts in excess of \$10,000.

### H.3.c. Waivers

To request a bidding, quotation or proposal process be waived, a requesting administrator must make a written request to the Purchasing Agent to obtain a waiver. The processes may be waived for any of the following reasons:

1. Only one (1) reasonable or qualified source can be identified. This shall include situations such as the purchase of copyrighted materials and textbooks.
2. The purchase is made using one (1) of the State of Connecticut's formal contracts with a third party.
3. Time is a critical factor, and taking the time necessary to comply with the formal process would not be in the best interest of the Town or School District.
4. In the opinion of the Superintendent and/or Finance Director, an emergency requires the purchase of goods or services to avoid injury or damage to human life or property.
5. A special source, including but not limited to a sale, purchasing plan, government discount, or trade-in allowance, will supply a lower cost than that which would result from a bid process.
6. A formal process would result in substantially higher costs to the Town and/or School District, or inefficient use of personnel, or cause substantial disruption of Town and/or School District operations.
7. Prices of goods or services are subject to specific federal or state competitive bidding requirements, including, but not limited to, "school building projects" as defined in the Connecticut General Statutes.
8. Regional or cooperative purchases.

## H.4. Requisitioning

### H.4.a. Department Requests and Approvals

#### 1. Submit Purchase Order Requests to the Finance Department

Purchase order requests must be completed and include the following information:

- *Vendor Name* – Determined by the requesting department or from the FMS Vendor list
- *Ship-to Code* – Location of where goods or services will be received
- *Account Number* – Account to be charged for the expense
- *Receiving School or Department* – Who is responsible for receiving the goods or services
- *Items for Purchase* – Description should include sufficient detail including any part numbers or vendor information about the item(s)
- *Extended Price* – The total price of the purchase, including any freight charges should be calculated and included
- *Total Anticipated Cost* – The total value of the goods or services included on the Purchase Order
- *Requestor ID (Name)* – The person responsible for addressing any issues regarding the request and the goods and/or services received per the Purchase Order

2. Obtain Appropriate Approvals

The request must be approved by the requestor's Department Head. All approved purchase requests are then reviewed and approved by the AP Clerk. The Finance Director must approve all purchases in excess of \$5,000.

3. Payment Approval

All purchases orders need to have proper approvals before the actual purchase can be made. Purchases conducted without the proper approvals made beforehand may result in non-payment.

4. Purchase Order Thresholds (To Be Reviewed)

The Finance Department needs to review active vendors on file on an ongoing basis and implement appropriate purchase order thresholds. This will limit the amount that can be spent on a single vendor and also help prevent any irresponsible spending. Written approval from the Finance Director must be evident to change an applied threshold.

## H.5. Purchase Orders

### H.5.a. Preparation of the Purchase Order

Department Heads and their staff use the FMS to create purchase orders electronically. The purchase orders are sent to the Finance Department for review and processing. From there, approved purchase orders are then emailed or mailed to vendors as requested. Any relevant documentation (packing slips, delivery confirmation, etc.) received in connection with goods or services covered by a purchase order must be filed at the school or department. The school or department will confirm the receipt of the goods or services and the vendor will be paid according to standard Accounts Payable procedures. The Finance Director or Accounting Manager must approve an appropriate allocation of funds before a vendor will be paid.

### H.5.b Purchase Order Cancellation

In the event a School or Department decides to cancel a purchase order, they should promptly email the Finance Department with the Subject "Cancelled Purchase Order for (insert school/department)". The purchase order number and date should be stated in the email. The email will act as approval from the school for cancellation of the purchase order. The Finance Department will archive all cancellation emails. It is the responsibility of the School or Department to promptly notify the vendor that the order has been cancelled. The Finance Department will then delete the Purchase Order from the system.

## H.6. Purchasing Cards (P-Cards)

Purchasing Cards are awarded to Department Heads and other Town employees on an as-needed basis. All purchases made by Town p-card are for Town business only; personal expenditures are not allowed. Requests for p-cards must be directly approved by the Finance Director. On an annual basis, the Finance Department will compare the year's terminated employees against current cardholders to ensure all cardholders are active employees.

### Policy Agreement:

All p-card granted employees must sign the Cardholder Agreement Form and Purchasing Card Use Policy. These policies outline purchasing ethics, general policies, the purchasing process, recordkeeping requirements and authorized account usage.

### Spending Limits:

Cardholders are held to daily and monthly spending limits based on their job function. Individuals are granted either a \$1,000 single-transaction and \$5,000 monthly limit, or a \$5,000 single-transaction and \$25,000 monthly limit. On an annual basis, the Finance Department will review cardholder spending limits and adjust the limits at their discretion.

### H.6.a.P-Card Recordkeeping

Cardholders are responsible for entering their purchases online and applying them to the correct account codes. All purchases must be entered by the 15<sup>th</sup> of each month or the Finance Department will freeze the individual p-card. Cardholders print their monthly expense report, attach supporting documentation and receipts, sign the report, have their Department Heads review and sign the report, and send it to the Finance Department for processing. The Finance Department performs monthly reviews of p-card expenditures to ensure there is no backlog of unprocessed purchases and that all purchases have appropriate documentation. All reviews must be signed and dated.

## H.7. Exceptions to the Normal Purchasing Process

Under certain emergency conditions, defined below, it may be necessary to deviate from the formal requisitioning and purchasing process.

### Definition of an Emergency

An emergency exists when unforeseen circumstances beyond the Town or School District's control:

- a. Present a real, immediate threat to the proper performance of essential functions;  
or
- b. May reasonably be expected to result in:
  - i. Material loss or damage to property,
  - ii. Bodily injury or
  - iii. Loss of life, if immediate action is not taken.

Under \$7,500

If an emergency determination is made that requires immediate action, the requestor will contact the Finance Department immediately and ask that the Finance Director approve the purchase. An additional email request must be sent to the Finance Director for record-keeping purposes. The purchase will be approved and the invoice will be submitted to the Finance Department within 24 hours. The invoice will be matched to the emergency purchase. The requisition will be entered into FMS after-the-fact and the purchase approved by the Finance Director (or Accounting Manager in his/her absence).

\$7,500 or more

If an emergency determination is made whereby the time required to go through the formal bidding process is not feasible, the vendor selected will need to be approved by the Finance Director, Town Manager or Superintendent. The Finance Office will be informed promptly at any emergency declarations and provided the necessary direction to record contracted obligations.

A written contract shall be executed prior to commencing work. Where a purchase is made or work contracted without a prior written contract, a written contract shall be prepared and executed as early as possible. The contract shall contain such detail as is appropriate under the circumstances. At a minimum, the contract shall state the parties, the item to be purchased, the maximum amount, the basis for payment and require that the contractor comply with all statutory requirements. A copy of the contract shall be kept in the Finance Department files.

Because an emergency situation may require immediate action without incorporating all of the usual and customary contract provisions, Finance Department staff and the vendor should consider the use of a short term contract with limited authority whenever possible. During this interim period, alternatives should be considered, such as competition (by sealed bids or otherwise) for the remaining purchases or work, or a more detailed contract which incorporates the usual and customary terms. Even where an emergency is determined to exist, the Town shall obtain competition whenever practicable, as the best means to assure quality services and minimum cost.

Purchasing Cards

P-Card holders are asked to use their P-cards for emergency situations. P-Card holders are asked to only use the exception process if the emergency purchase exceeds their daily or monthly spending limit.

## 9. ACCOUNTS PAYABLE AND EXPENDITURES

### I.1. Accounts Payable and Disbursement

#### I.1.a. Receipt of Goods and Services

Schools and Departments receive items that have been approved through the purchasing policy. Goods or services are delivered directly to the requesting School or Department. Confirmation and verification of the receipt of goods or services is the responsibility of each respective location.

#### I.1.b. Vendor Invoices

Invoices for all goods and services are mailed directly to the Finance Department. In the event an invoice is sent directly to a School or Department, the invoice is forwarded to the Finance Department as soon as possible; original invoices only for processing.

#### I.1.c. Recording Invoices

The Finance Clerk is responsible for matching invoices to purchase orders and entering them in the FMS. It is the Finance Clerk's responsibility to identify any discrepancies with purchase order information and alert the Accounting Manager and/or Finance Director immediately. In the event a purchase order match cannot be found, the invoice is sent to the recipient School or Department to be verified. If the goods or services have been received and the invoice information is correct, the Finance Clerk must create a purchase request using the information provided on the invoice. The purchase request must then be processed according to standard procedures. The invoice will not be paid until the confirmation receipt has been entered in the system.

#### I.1.d. Check Processing

Checks to vendors are automatically signed and printed out of the FMS. The Finance Clerk is responsible for reviewing the batch of checks and matching them against the corresponding purchase orders and invoices. Each purchase order reviewed by the Finance Clerk requires his/her signature and date to signify completion of the review process. Any discrepancies are brought to the immediate attention of the Finance Director and Accounting Manager. If no discrepancies are found, the Finance Clerk signs and dates the batch and provides the report to the Accounting Manager. A second Finance Clerk, who is not involved in Accounts Payables functions, will be asked to perform the same review process as a second level of redundancy.

## I.2. Expenditure Reviews

The Finance Director and Department Heads are responsible for scheduling expenditure meetings at the end of each quarter. At these meetings, the Finance Director and Department Heads will discuss expenditure levels to-date and communicate ways to keep departments from spending over budget. The Finance Director will also train Department Heads how to look for fraudulent spending.

## I.3. Adding a Vendor to File

The Finance Director, Accounting Manager, and Budget Analyst are the only authorized users to add new vendors to file in the FMS. To request a new vendor be added, the process is as follows:

1. Department Staff Email the Accounting Manager

If a Department wants to make a requisition to a vendor not already on file, a staff member must email a formal request to the Accounting Manager. The Finance Director and the respective Department Head must be copied on the email. The email should contain detailed information about the vendor allowing for quick and easy creation by the Finance Department. The Accounting Manager is responsible for reviewing and approving the request.

2. Accounting Manager Archives all Requests

The Accounting Manager is responsible for archiving all email notifications from the Department Heads in the FMS. Emails are stored in folders, labeled according to the name and of the new vendor. The separate folders for individual vendors are all stored in a "New Vendor" folder.

3. Perform Formal Vendor Reviews

The Finance Department must review the vendor file on a quarterly basis. Finance is responsible for running a report in AUC that identifies new vendors for the year, who added each vendor and when each vendor was added. The Accounting Manager and Finance Director must then review the report and confirm all vendors on file are appropriate. The report should be signed and dated by the Accounting Manager and Finance Director.

## 10. PAYROLL

### J.1. Payroll and Personnel/Human Resources

The Human Resources module in the FMS includes all employee related information, such as employee demographics, work history, salary history, etc. Once an employee record has been entered into the FMS, the employee record in the Payroll module is updated with appropriate deductions, withholding, etc. The Town, Region 19 and Mansfield Board of Education are responsible for documenting their individual procedures for adding and removing employees to the payroll system.

#### J.1.a. New Hires

Human Resources is responsible for ensuring all appropriate forms are given to and/or signed by the new employee. A completed New Hire Checklist or Personnel Action Form is required for each new hire and is stored in their personnel file. Human Resources must notify the Accounting Manager of any new employee that needs access to the FMS.

#### J.1.b. Employee Changes

Any change to an employee's information is documented in a Personnel Action Form. Human Resources is responsible for notifying appropriate parties of employee changes, including the Accounting Manager for changes in the FMS.

#### J.1.c. Employee Terminations

In the case of a termination, the Town Manager, Superintendent, or Department Head must notify Human Resources as soon as possible. Human Resources must notify the Accounting Manager as soon as possible to remove the former employee's access rights to the FMS. Human Resources is responsible for maintaining all termination correspondence (Exit Interview Checklist, emails, resignation letters, etc.) and storing it in the former employee's personnel file.

#### J.1.d. Employee Personnel Files

These files are maintained by Human Resources. All human resources information, such as I9, health insurance, life insurance, contract, and payroll information, such as W-2s, pension, union dues, direct deposit, are filed in the employee's file. New Hire Checklists, Exit Interview Checklists, Personnel Action Forms, termination correspondence and any signed policies and procedures are also maintained in the personnel files. Any medical information about the employee, however, needs to be filed separately.

## J.2. Time Records and Payroll Preparation

### J.2.a. Timekeeping

Time entry is decentralized and handled by each school/department. Employees enter their time into a standardized excel spreadsheet and Department Heads review for accuracy and sign off. The spreadsheets are delivered to the Payroll Administrator by the end of each pay-period.

1. Payroll Administrator Enters Time in the FMS

The Payroll Administrator enters the hours worked per pay period by employees at the Town, Downtown Partnership, Region 19 and the Board of Education. The Payroll Administrator uses the submitted spreadsheets to enter employee time into the FMS.

2. Payroll Administrator Reviews Time Entry Submission

The time entry spreadsheets submitted to Payroll are reviewed by the Payroll Administrator to confirm information is correct and appropriate approvals are in place. The Payroll Administrator and Finance Clerk compute payroll totals and manually enter them to a Timesheet Edit Report. The Timesheet Edit Report is then used to manually enter payroll data into the FMS. The Payroll Administrator initials and dates the payroll run to document the review.

3. Additional Review

The Finance Clerk and the Payroll Administrator are responsible for a secondary review after timesheets are entered into the payroll system. A Timesheet Summary Report is printed out of the FMS and compared to the original Timesheet Edit Report and individual spreadsheets. The Payroll Administrator signs and dates the review. Additionally, the Accounting Manager completes a pay-period estimation that is compared against the actual payroll totals. If accurate, the estimate is signed, dated and filed by the Accounting Manager.

4. Payroll Distribution

The payroll distribution lists, for all managed entities, are reviewed and signed by the Accounting Manager prior to sending check files to the bank. All distribution lists should be maintained by the Finance Department for recordkeeping purposes.

### J.2.b. Payroll Adjustments

Human Resources is responsible for managing employee changes in the payroll system. All adjustments require a completed Personnel Action Form that indicates the exact changes. HR Personnel Assistants enter payroll change information directly into the payroll system. All changes entered go into effect as of the next payroll time period.

### **J.2.c. Check Processing**

Payroll is run bi-weekly on Monday and Tuesday, with checks being issued on Wednesday. Payroll checks are signed by the Director of Finance and Accounting Manager. All checks are automatically signed when printed. The Payroll Administrator produces the Check Register and the Direct Deposit Register for the Treasurer's review. If approved, the Account Manager then sends the payroll files to the bank and signs and dates. Manual checks are issued as needed and entered into the system with the next regular payroll period. Finance Clerks are responsible for distributing Town paychecks and School District paychecks are given to Personal Assistants for distribution.

### **J.3. Deductions and Quarterly/Year-End Reporting**

Payroll reports are generated to confirm that the FMS payroll information has been updated. The Payroll Administrator is responsible for creating them and the Accounting Manager reviews and signs off. The following quarterly and year-end reports are printed and distributed:

- 941 Quarterly Report
- W-2s

Normal deduction information (i.e. taxes, insurance, 401/457) is entered into the payroll system by HR Personnel Assistants when an employee is added. The Payroll Administrator will enter wage attachments (i.e. Child Support, IRS Penalties), and federal tax and retirement fund adjustments. The Payroll Administrator is also responsible for submitting payments to various companies and organizations based on the deductions.

### **J.4. Severance, Vacation and Sick Time**

The HR Administrators and the Payroll Administrator are responsible for calculating and recording severance, vacation and sick time. Town and Downtown Partnership accruals are done automatically through the payroll module. At the beginning of the fiscal year, the HR Administrator needs to run a report for all vacation time and review to ensure employees are being allotted the correct amount of time. Once completed, the HR Administrator signs and dates the report and files it. The HR Administrator is also responsible for calculating severance. Once completed, the calculations are reviewed and signed by the HR Director. The Payroll Administrator must review severance payment when the HR Administrator enters it into the system.

### **J.5. Accrued Benefits/Retirement Policies**

Human Resources is responsible for tracking and maintaining the listing of retirees and reporting of retiree benefits to the Town.

## 11. FINANCIAL REPORTING

### K.1. Closing Procedures

#### K.1.a. Monthly Close

Journal entries are reconciled against bank statements on a monthly basis and are reviewed and signed off by the Accounting Manager.

#### K.1.b. Quarterly Close

All monthly closing procedures are performed. The Accounting Manager prepares a detailed fund review by reconciling asset and liability accounts and also by reviewing revenue and expenditure detail for each account. This is then further reviewed by the Finance Director and the Finance Committee. An aged purchase order review is performed as well. The quarterly financial statements are prepared by the Accounting Manager and then reviewed by the Finance Director prior to being reviewed by the Finance Committee.

#### K.1.c. Year-End Close

All monthly and quarterly closing procedures are performed. All receivables, payables, deferred revenues, year-end journal entries, fixed assets and depreciation are recorded. Allowance account balances are reviewed and encumbrances are rolled over to the next year. All closing entries are posted after the financial audit and fund balances are closed out.

#### K.1.d. Accounting Period Close

##### 1. Cash/Investments

Bank reconciliations are performed by the Accountant and Accounting Manager and reviewed by the Accounting Manager and Finance Director (see section F.2. for details). The Accounting Manager uses a cash control spreadsheet to maintain the People's checking accounts on a daily basis. This gets reconciled on a monthly basis.

##### 2. Accounts Receivable

The Accounting Manager reviews all July deposits to ensure funds are recorded in the appropriate year. The Revenue Collector's office reviews all billing activity and collections and provides a listing of receivables to the Accounting Manager to review and record the journal entry. The Finance Director reviews the journal entry.

##### 3. Inventory

The Accounting Manager records and analyzes reports of sales and purchases. Gift Card and Paper inventory counts are compared to physical inventory on a monthly basis. The Food Services Director performs a physical count of all food and provides the totals to the Accountant to record the journal entry. A reconciliation of food inventory is completed on a quarterly basis.

4. Fixed Assets

On a quarterly and year-end basis, the Accountant reviews all expenditure activity for the year to record all expenditures as fixed assets. Fixed assets are recorded into the Fixed Assets module and depreciation schedules are prepared. Physical inventory is reviewed on a bi-annual basis and Department Heads will notify the Accountant of any fixed asset disposals.

5. Accounts Payable

The final check run for the current fiscal year is performed in the middle of the next month of the next fiscal year. Any check runs after the year-end check run are reviewed for prior year invoices. If any invoices are found to belong to the final year, provide them to the Accounting Manager to record an appropriate journal entry. Open purchase orders are reconciled and all purchase orders are reviewed with Department Heads to determine the accuracy of the information.

6. Deferred Revenue

The Tax Collector provides deferred revenue information to the Accounting Manager for review and recording.

7. Revenues and Expenditures

Revenue and expenditure detail for each account is reviewed to correct any posting errors and investigate unusual results. For departments with their own systems (ex: Parks & Rec – Rec Trac), revenues are reconciled against what is recorded in AUC on monthly basis. For departments that do not track revenue, their funds are analyzed based on their budget. All budgeted funds are compared based on budgeted and actual balances. Non-budgeted funds are compared based on current year and prior year results. Any unusual results are investigated with Department Heads.

## 12. GRANT MANAGEMENT

### M.1. Requests

#### 1. Grant Applicants Notify Finance Department

Grant applicants must contact the Finance Department prior to applying for a grant. The applicant is required to provide the Budget Analyst detailed information regarding the prospective grant, including a detailed reason for pursuing the grant, what the grant will be used for, who the grant provider is and what the grant spending requirements/restrictions are.

#### 2. Cost-Benefit Analysis

The Budget Analyst is responsible for conducting a cost-benefit analysis to ensure that applying for and managing a given grant does not yield negative gains. The Finance Director will reject any grants that provide fewer funds than it costs to monitor, process, and apply for the grant.

#### 3. Grant Award Letter

If the applicant is approved and awarded grant funds, a copy of the applicable award letter must be submitted to and maintained by the Finance Department for tracking purposes.

### M.2. Monitoring and Administration

The Finance Department is responsible for monitoring and tracking all grant activity. Formal grant fund reviews should be completed by the Finance Department on a monthly basis. The person responsible for the grant administers the grant and he/she will meet with the Budget Analyst on a quarterly basis to discuss the expenditures and budgeted items. The person responsible for the grant is responsible for ensuring all expenditures meet grant requirements. It is up to the discretion of the Budget Analyst and Finance Director to revoke administrative rights in the case the current administrator is incapable of properly managing the grant.

### M.3. Submission and Approval

#### 1. Town Grants

All Town grant applications require a cost-benefit analysis by the Budget Analyst. If confirmed, the application requires Finance Director and Town Manager approval before submission to Town Council. Town Council is the final approval step before the grant application can be processed.

#### 2. School District Grants

All School District grant applications require a cost-benefit analysis by the Budget Analyst. If confirmed, the application requires Finance Director and Superintendent approval before submission to the Board of Education. The Board of Education is the final approval step before the grant application can be processed.

## 13. CAPITAL ASSETS

### N.1. Capital Asset Policies

#### N.1.a. Accounting Methodology

The Town makes beneficial use of capital assets in pursuing its missions. Legal responsibilities require that the Town accurately record and account for capital assets on a regular basis. Because the Town engages in the acquisition, transfer, disposal, and use of capital equipment, this policy sets forth the roles and responsibilities in regard to capital assets. One reason capital assets are recorded and capitalized is to properly depreciate their value over time, thus reflecting their cost during the useful life of the asset and not only on the date of acquisition. An item valued at less than the capitalization threshold is not depreciated. It is fully written off as an expense at the time of acquisition and not added to the capitalization inventory. Another reason capital assets are recorded and capitalized is to protect the assets from misuse and misappropriation. The FMS Fixed Asset module will compile a list of all capital assets, replete with a description of the asset, value and location. The Accountant and Accounting Manager maintain the physical and reporting control of the Town's capital assets, and the Accounting Manager reviews and signs the annual fixed asset reports. The major responsibilities each party has in connection with the Capital Assets Policy & Procedures are as follows:

#### All Departments and Schools:

- Report to the Finance Department the loss or destruction of fixed assets within one (1) day of discovery
- Review the annual listing of property inventory prepared and distributed by the Finance Department on a timely basis, explaining and pursuing the resolution of all discrepancies identified in the property inventory
- Safeguard all property in the custody of the department/school

#### Finance Department:

- Record all changes to assets on the Fixed Asset module and in the general ledger
- Review and approve all Construction in Progress activity on an annual basis
- Review "book current depreciation" as part of the annual review of the fixed asset reports
- Prepare an annual listing of recorded property and distribute it to individual departments/schools for verifications and certification purposes by September 30<sup>th</sup> of the current fiscal year
- Conduct a periodic physical inventory of property (including affixing inventory tags)

**N.1.b.Asset Classifications**

To be classified as a fixed asset, a property acquisition must meet the following criteria:

1. Be of tangible nature
2. Have a useful life of at least two (2) years
3. Have significant value:
  - a. Equipment

Item	Town/Board General funds	Town-MSF 833 Fund	EHHD	Region 19
Computer Equip. - Capitalization	>\$5,000	>\$500 <i>Exception: All laptops and computers are capitalized regardless of cost</i>	>\$1,000	>\$5,000
Computer Equip. – Accountable	\$1,000-\$5,000	N/A	N/A	\$1,000-\$5,000
Non Computer Equip. – Capitalization	>\$5,000	>\$2,500	>\$1,000	>\$5,000
Non Computer Equip. – Accountable	\$2,500-\$5,000	N/A	N/A	\$2,500-\$5,000

- b. Buildings, building improvements, or improvements other than buildings, must have an acquisition cost of at least \$20,000
- c. Infrastructure (i.e. roads, bridges, curbs, drains, etc.) must have an acquisitions cost of at least \$100,000

**N.1.c. Addition of Capital Assets**

Capital asset acquisitions are entered into the FMS at year end or as they are purchased. The Accountant is responsible for recording all fixed assets and the Accounting Manager assists and reviews. The Town Manager has the authority to approve the acceptance of capital assets.

**N.1.d. Disposal of Capital Assets**

Department Heads must notify the Finance Department within one (1) day of any capital asset disposal. An approved Fixed Asset Disposal form is required for the disposal of a capital asset. The Town Manager or Superintendent must sign the form.

**N.1.e. Transfer of Capital Assets**

Department Heads must notify the Finance Department within one (1) day of any capital asset transfer. A completed Fixed Asset Transfer form is required for the transfer of a capital asset.

## 14. STUDENT & ATHLETIC ACTIVITY FUND ACCOUNTS

The High School (Regional School District 19) and Mansfield Middle School are the only schools with Student and/or Athletic Activity Fund Accounts. The funds are set up as petty cash funds and the account is a single signature checking account with select individuals, as appointed by the Superintendent, to sign for checks. The following procedures must be followed for all Student and/or Athletic Activity Fund Accounts:

### 0.1. Receipts

#### 1. Collection Of Receipts

Each school activity collects money through various means of fundraising – donations, sales, and/or events. Two (2) employees for each school are responsible for collecting money raised from school activities. The Activity Collection Form is filled out and signed by the two (2) employees – each school is required to disclose who these employees are to the Finance Department on an annual basis. The form indicates the total funds collected and for what reasons. The money is then sealed in an envelope with the Activity Collection Form and sent to the Finance Department for processing within two (2) business days of an event.

#### 2. Recordkeeping

It is the responsibility of the two (2) assigned employees for each school to keep detailed records of Student and Athletic Activity Fund Account activity. The account activity must be updated after every collection.

The Accounting Manager is responsible for entering the receipt into the General Ledger after receiving an Activity Collection Form. On a monthly basis, the (2) assigned employees are responsible for sending the School's account record/ledger to the Finance Department for a formal reconciliation against the account's bank statement. The Accounting Manager completes the reconciliation and signs, dates and files it. The reconciliation for each account MUST be completed by the Finance Department in addition to the school's internal review.

### 0.2. Disbursements

#### 1. General Disbursements

The disbursement of activity funds must be clearly documented by the two (2) assigned employees in the School's account record/ledger. All checks drawn must have a signature from an assigned approver. Under no circumstances will checks be distributed without an approval signature. Additionally, checks must be written to a specific party – the "pay to the order" line cannot be left blank.

#### 2. Reimbursement Requests

An Activity Reimbursement Request form must be completed by one of the two (2) employees responsible for overseeing the Student and Athletic Activity Fund Accounts in order to obtain reimbursement. The form must clearly outline how much money is needed for

reimbursement and for what reasons. Copies of the corresponding checks and the activity ledger must be attached to the voucher. The School Principle and one of the two (2) designated employees sign the form. Once completed, the form is sent to the Finance Department.

3. Reimbursement Processing

On a monthly basis, the Finance Clerk creates a purchase order to replenish the account. All Activity Reimbursement Request forms for the month are reviewed and totaled on the month-end PO. Copies of checks drawn for that month must be attached. The PO is reviewed and approved by the Superintendent before any funds are disbursed. Once the PO is approved, one of the authorized employees cuts the reimbursement check and it is deposited in the appropriate School's Student or Athletic Activity Fund Account.

4. Recordkeeping

It is the responsibility of the two (2) assigned employees for each school to keep detailed records of Student Activity Fund Account activity. The account activity must be updated after every reimbursement. Reimbursement vouchers need to be reconciled against the monthly bank statement in addition to the schools' check registers/ledgers.

### **0.3. Reporting and Reconciliation**

Each school's record of their fund's activity must be kept in a detailed spreadsheet. The Principal must review, initial and date the spreadsheet before sending it to the Finance Department for reconciliation. The monthly reconciliation performed by the Accounting Manager must be approved and reviewed by the Finance Director and the school Principals. Under no circumstances are separate Activity Fund Accounts to exist within the High School or Middle School that are not overseen by the Finance Department.

## 15. EXPENSE REIMBURSEMENTS

### P.1. General Reimbursements

Employees are eligible for reimbursement from the town for a number of different expenses, including travel (mileage, lodging, parking, etc.), meals, memberships, supplies, uniforms and more. All Town, Mansfield Board of Education and Region 19 School District employees must have approval in advance from their Department Heads to be eligible for a reimbursement. Employees must submit the Employee Reimbursement Form and all supporting documentation (original receipts only!) for reimbursement directly to their Department Heads and Superintendent (if applicable) for review and signed and dated approval. The Employee Reimbursement Form and supporting documentation are then submitted to the Finance Department for further review and approval. Reimbursements are then processed through the payroll system, with the supporting documentation maintained by the Finance Department for recordkeeping purposes.

**Under no circumstances, is a Mansfield official at any level, allowed to approve their own expense reimbursements without Finance Department review and approval.**

### P.2. Travel Reimbursements

Employees authorized to attend conferences, meetings or travel on Town, Board of Education or Region 19 School District business shall be reimbursed, upon submitting the Employee Reimbursement Form and supporting documentation for reasonable expenditures, transportation costs, and registration fees. Employees must gain advanced approval by completing and submitting a *Professional Travel Request* form. This form must be submitted prior to any travel or the incurred expenses will not be reimbursed.

### P.3. Mileage Reimbursements

All mileage should be submitted for approval using the Employee Reimbursement Form.

#### P.3.a. Mileage Log Form Instructions

1. From/Destination - List both the name and address of the starting point and destination. The starting place should be the place in which the mileage reimbursement starts. For example, if you are leaving your house for a meeting but can only be reimbursed from your central office location please input the central office location as your starting point.
2. MTG Nature/Purpose - Provide a clear and concise detail of why you are attending the meeting. Please do not put generic terms such as "Conference/Workshop." The more information that can be verified the better.

3. Miles - We have created a “Standard Mileage Chart” which can be found on the Town's Intranet/"M" drive (Region). This chart provides standard mileage for frequently traveled sites. Please check this chart to see if your travel is documented here. If so, please input the standard mileage based on this chart. No other mileage value will be accepted if the travel site is listed within this chart. If your travel site is not listed within the Standard Mileage Chart please submit documentation of mileage for your travel. (i.e. Mapquest, Google Maps)
4. All mileage reimbursements should be submitted to Finance for processing.

**P.3.b. Standard Mileage Chart of Approved Distances**

<b>Location From/To</b>	<b>Location From/To</b>	<b>Approved Distance</b>
Town Hall 4 South Eagleville Rd Mansfield CT	Goodwin Elementary 321 Hunting Lodge Rd Storrs CT	4
Town Hall 4 South Eagleville Rd Mansfield CT	Southeast Elementary 134 Warrenville Rd Mansfield CT	4
Town Hall 4 South Eagleville Rd Mansfield CT	Vinton Elementary 306 Stafford Rd Mansfield CT	5
Town Hall 4 South Eagleville Rd Mansfield CT	Mansfield Middle School 205 Spring Hill Rd Storrs CT	3
Goodwin Elementary 321 Hunting Lodge Rd Storrs, CT	Southeast Elementary 134 Warrenville Rd Mansfield CT	8
Goodwin Elementary 321 Hunting Lodge Rd. Storrs, CT	Vinton Elementary 306 Stafford Rd Mansfield CT	6
Goodwin Elementary 321 Hunting Lodge Rd. Storrs, CT	Mansfield Middle School 205 Spring Hill Rd Storrs CT	7
Southeast Elementary 134 Warrenville Rd. Mansfield, CT	Vinton Elementary 306 Stafford Rd Mansfield CT	5
Southeast Elementary 134 Warrenville Rd. Mansfield, CT	Mansfield Middle School 205 Spring Hill Rd Storrs CT	3
Southeast Elementary 134 Warrenville Rd. Mansfield, CT	Goodwin Elementary 321 Hunting Lodge Rd Storrs CT	8
Vinton Elementary 306 Stafford Rd. Mansfield, CT	Mansfield Middle School 205 Spring Hill Rd Storrs CT	3
Vinton Elementary 306 Stafford Rd. Mansfield, CT	Goodwin Elementary 321 Hunting Lodge Rd Storrs CT	6
Vinton Elementary 306 Stafford Rd. Mansfield, CT	Southeast Elementary 134 Warrenville Rd Mansfield CT	5
Town Hall 4 South Eagleville Rd Mansfield CT	EASTCONN 376 Hartford Tpke Hampton CT	11
Town Hall 4 South Eagleville Rd Mansfield CT	State Dept. of Ed 165 Capitol Ave Hartford CT	25
Town Hall 4 South Eagleville Rd Mansfield CT	Legislative Office Bldg 300 Capitol Ave Hartford CT	26
Town Hall 4 South Eagleville Rd Mansfield CT	ACES 205 Skiff St Hamden CT	55

Town Hall 4 South Eagleville Rd Mansfield CT	Conn Assn of Public School Supt 26 Caya Ave, W. Hartford, CT	28
Town Hall 4 South Eagleville Rd Mansfield CT	Institute of Tech & Bus Dev 185 Main St New Britain CT	36
Town Hall 4 South Eagleville Rd Mansfield CT	Conn Assn School 30 Realty Dr Cheshire CT	50
Town Hall 4 South Eagleville Rd Mansfield CT	Holiday Inn 100 E. River Dr East Hartford CT	24
Town Hall 4 South Eagleville Rd Mansfield CT	Crowne Plaza 100 Berlin Rd Cromwell CT	36
Town Hall 4 South Eagleville Rd Mansfield CT	Quinnipiac 275 Mt. Carmel Ave Hamden CT	52
Town Hall 4 South Eagleville Rd Mansfield CT	Capitol Region Education Council 111 Charter Oak Ave Hartford CT	25
Town Hall 4 South Eagleville Rd Mansfield CT	Univ. of Hartford 200 Bloomfield Ave W. Hartford CT	27
Town Hall 4 South Eagleville Rd Mansfield CT	Four Points Sheraton 275 Research Pkwy Meriden CT	43
Town Hall 4 South Eagleville Rd Mansfield CT	CT Convention Center 100 Columbus Blvd Hartford CT	25
Town Hall 4 South Eagleville Rd Mansfield CT	Central CT State University 1615 Stanley St New Britain CT	34
Town Hall 4 South Eagleville Rd Mansfield CT	Sheraton Hartford South Hotel 100 Capital Blvd Rocky Hill CT	32
Town Hall 4 South Eagleville Rd Mansfield CT	Marco Polo Restaurant 1250 Burnside Ave East Hartford CT	22
Town Hall 4 South Eagleville Rd Mansfield CT	Farmington Marriott 15 Farm Springs Rd Farmington CT	34
Town Hall 4 South Eagleville Rd Mansfield CT	Shipman and Goodwin 1 Constitution Plaza Hartford CT	24
Town Hall 4 South Eagleville Rd Mansfield CT	Aqua Turf Club 556 Mulberry St Plantsville CT	48
Town Hall 4 South Eagleville Rd Mansfield CT	Community Child Guidance Clinic 317 N Main St Manchester CT	20
Town Hall 4 South Eagleville Rd Mansfield CT	Manchester Memorial Hospital 71 Haynes St Manchester CT	17
Town Hall 4 South Eagleville Rd Mansfield CT	CT Children's Medical Center School 282 Washington St Hartford CT	26
Town Hall 4 South Eagleville Rd Mansfield CT	EASTCONN (Columbia Autism Prog) 10 Commerce Drive Columbia CT	9
Town Hall 4 South Eagleville Rd Mansfield CT	Gengras Center 1678 Asylum Ave West Hartford CT	28
Town Hall 4 South Eagleville Rd Mansfield CT	EASTCONN (Putnam) 508 Pomfret St Putnam CT	22
Town Hall 4 South Eagleville Rd Mansfield CT	New England Assistive Technology Center (NEAT) 33 Coventry St Hartford CT	27
Town Hall 4 South Eagleville Rd Mansfield CT	Windham Early Childhood Center 322 Prospect St Willimantic CT	8
Town Hall	STEM Magnet School	9

4 South Eagleville Rd Mansfield CT

141 Tuckie Rd North Windham CT

#### **P.4. Employee Reimbursement Form**

1. This form should be completed in its entirety. If any information is left blank or supporting documentation is not complete, the reimbursement will not be processed until all appropriate information has been received.
2. All reimbursements should be processed monthly at a minimum. (This does not apply to Dependent Care, Uninsured Medical or Tuition Reimbursements)
3. Uninsured Medical/Dependent Care Reimbursements/Tuition Reimbursement - Submit this form with all supporting documentation to your appropriate HR Administrator for processing and approval. Department head signature is not required.
4. Supplies/Travel/Meals - Attach all supporting original receipts (including the travel authorization form, if appropriate) to the reimbursement, have your Department Head sign off for approval and submit to Finance for processing.
5. **All approval signatures need to be hand written signatures. Stamped signatures will not be accepted for reimbursement.**

## 16. GIFT CARD MANAGEMENT

The purchase and use of merchant gift cards is a fairly new activity, most utilized by the Human Services and Youth Services departments. There is a need for the occasional use of gift cards for specific purposes, however given the "cash" nature of these cards, tight internal controls are necessary to avoid any instance or appearance of fraud. The following procedures are in place to effectively manage all Town-owned gift cards:

1. The purchase of any gift card, regardless of the denomination or source of funding (i.e. grants), must have prior written approval from either the Director of Finance or the Town Manager. The request must be signed by a Department Head and must include: the number of cards to be purchased, the merchant, the denomination of each card, the intended recipient(s), and the reason or purpose of the gift card.
2. Acceptable uses include, but may not be limited to:
  - a. Volunteer or other appreciation award
  - b. Human Services Assistance program
  - c. Holiday Giving program
  - d. Other programs as approved by the Town Manager
3. Unacceptable uses include, but are not limited to:
  - a. As an alternate procurement method. In other words, they are not to be purchased to be used at a later date to purchase food or other materials and suppliers for meetings, events, etc.
  - b. As payment to an independent contractor for services or expense reimbursement
  - c. As reimbursement to an employee for mileage, meals or other expenses
  - d. As reimbursement to a volunteer for mileage, meals or other expenses
4. Once purchased, all cards are to be inventoried by the requesting Department and recorded on the attached Gift Card Inventory List. It is the responsibility of the requesting Department Head to make certain the cards are secured in a locked area with controlled access.
5. Distribution of gift cards must be documented either with a letter to the recipient (including name and address) stating the reason and amount of the award, signed by the Department Head (or his/her designee) or signature on the Gift Card Inventory List by both the individual dispensing the card and the recipient.
6. On a monthly basis, prepare a month end report documenting the physical inventory of the gift cards in your possession as compared to the Gift Card Inventory list. Department Head approval is required and a copy of the report must be sent to the Finance office.
7. All gift card inventories are subject to random, unannounced audit by the Finance Department. Please retain all Inventory Lists and Reports along with copies of all letters to recipients.

## 17. CELLULAR TELEPHONE USE POLICY

Employees granted a Town-owned cellphone who elect to use it for personal use are required to adhere to the Town's Acceptable Use Policy. These employees must sign and date the policy.



# Town of Mansfield

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## Financial and Operational Controls Assessment

### Phase I – Preliminary Test Results

### Findings and Recommendations

January 2015

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  - A. Project Completion Status
- II. Mansfield Financial Overview
  - A. Finance Department
  - B. Policies and Procedures
- III. Test Results
- IV. Project Findings & Recommendations
  - A. Updated Policies and Procedures

I. Project Overview

A. Background

The Town of Mansfield (hereafter referred to as “Mansfield”) has reached a critical milestone where they are looking for recommendations that will enhance internal controls and overall operations and also help to enhance accountability, transparency, and efficiencies within the Finance Department. Mansfield hired Blum Shapiro Consulting, LLC (hereinafter referred to as “BlumShapiro”) to conduct an evaluation of financial and operational controls within the Finance Department’s operations. We performed an analysis of the existing operational processes, management systems, technologies, and core functions of key operational areas within the Town’s Finance Department. BlumShapiro interviewed the Finance Director and Accounting Manager as part of the assessment. We also received and analyzed over 30 documented policies provided by the Finance Department.

Our goal of the financial and operational assessment was to perform an analysis of existing financial controls and to provide guidance and recommendations that will enable the implementation of new and revised controls that are accountable, transparent, and efficient. In addition, BlumShapiro was asked to test both the current and proposed controls to evaluate their effectiveness.

B. Methodology

The goals and objectives of the financial and operational controls review included the following:

- Review the current operational processes, management systems, and controls of key operational areas within the Mansfield’s Finance Department.
- Perform a risk assessment of management’s ability to override controls.
- Identify control weaknesses within these areas and developing control improvements.
- Assess the roles and responsibilities of Finance Department staff.
- Review internal control procedures.
- Document the accounting policies and procedures in support of staff roles and responsibilities.
- Assess the current workflow practices and controls of the key financial operational areas.
- Review the current technologies used to process the aforementioned information.

## I. Town of Mansfield Financial and Operational Controls Review – Project Overview

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- Document findings and gaps observed as part of the review.
- Testing of both current and proposed controls
- Updating the accounting policies and procedures manual.
- Performing a cost analysis on services provided by the Finance Department
- Provide constructive and practical recommendations for re-engineering processes, enhancing internal controls and achieving potential change.

As a result of the aforementioned goals and objectives, the project team focused on the following:

1. Reviewed the current policies, procedures, protocols and physical processes managing the flow of information within and between the various operating areas. The following processes and functional areas were reviewed in detail:

- Purchasing/Accounts Payable
- Grants Management
- Accounts Receivable
- Revenue
- Cash Management
- Financial Reporting
- Closing Procedures
- Debt
- System Interfaces
- Bank Reconciliations
- General Ledger
- Payroll
- Capital Assets
- Budget
- General Reconciliations
- Accrued Expenses
- Credit Cards/P Cards
- Process for Other Entities

2. Confirmed current technologies to determine their effect on controls and overall operations. The project team reviewed the use of the financial management system (Admins Unified Community) and interfaces in order to assess the impact on controls on the financial and operational environment.
3. Evaluated current people and processes within the Finance Department to assess employee roles and responsibilities as they pertain to financial and operational controls.

## **I. Town of Mansfield Financial and Operational Controls Review – Project Overview**

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The process was participative and consultative. The project team interviewed and consulted with Mansfield's key financial management staff, including the Finance Director and Accounting Manager. Mansfield was given significant opportunity to contribute their thoughts and suggestions.

Common themes raised by the financial management staff included:

- There are several key controls processes that were undocumented
- The Town would benefit from improved communication between the Finance Department and Department Heads
- It has been a while since the financial controls have been fully reviewed
- Our policies and procedures need to be updated based on new processes and updated technologies.

### **C. Acknowledgements**

BlumShapiro would like to thank the Town of Mansfield Finance Department for their participation, support, on-going dialog and feedback during the project.

### **D. Commendations**

Although this report will identify a number of findings and recommendations as part of the financial and operational controls review, there are a number of very positive and successful initiatives that have had a significant positive impact on the overall operations within the Town. Outline below are some of those initiatives:

1. All staff was timely and well prepared for interviews and follow-up questions during this project.
2. All staff was eager to discuss process improvements and ideas for enhancement of existing controls.
3. All staff was open to constructive feedback and embractive of learning new processes.
4. Finance Director provided the project team with all documented policies and procedures along with a myriad of other documents supporting this project.
5. Although the Town's policies and procedures have not been updated on a regular basis, the Town has over 30 documented policies that identify controls over their operations

## I. Town of Mansfield Financial and Operational Controls Review – Project Overview

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### A. Project Completion Status

This report marks the end of Phase I of the Financial and Operational Controls Assessment. The BlumShapiro project team has successfully completed all Phase I tasks, including:

1. Review Current Processes, Operations & Controls
2. Confirm Current Technologies
3. Evaluate Core Systems and Functions
4. Confirm Roles and Responsibilities of Staff
5. Perform Tests on Current Controls
6. Identify Opportunities for Improved Controls and Process
7. Develop Findings and Recommendations

Upon acceptance of this report, BlumShapiro will move forward with Phase II of the Assessment, including:

8. Update Accounting Policies and Procedures Manual
9. Perform Cost Analysis of Finance Department Services
10. Perform Test on Updated Controls

II. Mansfield Financial Overview

A. Finance Department

The Town of Mansfield Finance Department Consists of seven (7) employees:

1. Finance Director – reports to the Town Manager
2. Accounting Manager – reports to the Finance Director
3. Budget Analyst – reports to the Finance Director
4. Payroll Administrator – reports to the Accounting Manager
5. Accountant – reports to the Accounting Manager
6. Finance Clerk – reports to the Accounting Manager
7. Finance Clerk – reports to the Accounting Manager

B. Policies and Procedures

As part of our review, the Finance Director and Accounting Manager provided BlumShapiro with over 30 documented policies and procedures, including:

- |  |   |
|--|---|
| 1. Accounting for Rental of Town Buildings             | 2. Assessor's Office Policy And Training Manual |
| 3. Best Value Method Source Selection                  | 4. Use of Emergency Notification System         |
| 5. Fixed Asset Procedures                              | 6. Fund Balance Policy                          |
| 7. Use of Merchant Gift Cards On Hand                  | 8. Purchase and Use of Merchant Gift Cards      |
| 9. Mansfield BOE Fiscal Management                     | 10. Mansfield BOE Board Policies                |
| 11. Mileage – Approved Distances                       | 12. Mileage Procedures                          |
| 13. Mileage Reimbursement Policy                       | 14. Ordinance for Obtaining Goods and Services  |
| 15. Financial Management Performance Goals             | 16. Personnel Rules                             |
| 17. Petty Cash Procedures                              | 18. Purchase Order Procedures                   |
| 19. Purchasing Card Policies and Procedures            | 20. Worker's Compensation Payroll Procedures    |
| 21. Purchasing Procedures Manual                       | 22. Region 19 BOE Fiscal Management             |
| 23. Collector of Revenue Standard Operating Procedures | 24. Professional Travel Policy                  |
| 25. BOE Budget Manual                                  | 26. Vehicle Use Policy                          |
| 27. Working Cash and Petty Cash Vouchers               | 28. Cellular Telephone Use Policy               |
| 29. Exit Interview Checklist                           | 30. New Hire Checklist                          |

### III. Town of Mansfield Financial and Operational Controls Review – Test Results

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#### III. Test Results

Based on our evaluation of the Town’s current policies and procedures, BlumShapiro identified 36 financial controls that required testing. These 36 controls are summarized and encompass a number of detailed controls identified in the Controls Matrix.

We have created a ranking system for the controls that failed testing. Since the failing of one control can be considered more severe than another, we felt it was important to measure risk and impact level of a given failure.

Impact Level	Reasoning
High	The current control procedure is ineffective and needs to be entirely updated OR critical elements of the procedure are not being followed through with on a regular basis
Medium	The current control procedure needs some updates OR important elements of the procedure are not being followed through with on an occasional basis
Low	The current control procedure is effective but minor aspects are sometimes forgotten (ex: missing date or signature on a review document)

BlumShapiro will provide comprehensive result forms for each control tested. These forms will provide a detailed assessment of the effectiveness of controls currently in place within the Finance Department. Below we have provided a high-level overview of the 36 controls tested and their respective results. Please note that the page number in the Findings and Recommendations column represents the page number within this report that more detailed information can be found.

### III. Town of Mansfield Financial and Operational Controls Review – Test Results

Control Area	Control Subject	Control	Number of Test Procedures Applied	Test Results	Failure Impact Level	Failed Entity(s)	Finding & Recommendation
Accrued Expenses	BOE Expense Reimbursement	Advanced approval and supporting documentation/receipts are required as evidence for BOE expense reimbursement.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Accrued Expenses	Mileage Reimbursement	Advanced approval on the Town's intranet site is required as evidence for mileage reimbursement.	1	PASS	N/A	N/A	N/A
Accrued Expenses	Travel Expense Reimbursement	Advanced approval is required for any travel expense reimbursements.	1	PASS	N/A	N/A	N/A
Administrative	New Hires	The Human Resource Department documents the onboarding process to ensure new hires are given appropriate access to Town resources.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Administrative	Terminations	The Human Resource Department documents the employee termination process to ensure terminated employees are removed from access to Town resources.	2	FAIL	High	Region 19	pg. 27-28
				FAIL	Medium	Region 19	pg. 27-28
Budget	Review of Town and BOE Budget estimates	Town management reviews and modifies all budget estimates prior to final appropriation by Town Council.	1	PASS	N/A	N/A	N/A
Capital Assets	Fixed Asset Management	Current policies and procedures outline what qualifies as a fixed asset, who is responsible for maintaining fixed assets, and how to dispose of fixed assets.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				FAIL	Low	Town Region 19	pg. 29
Capital Assets	Fixed Asset Recordkeeping and Reconciliations	The Accounting Manager and Accountant work together to ensure all fixed asset recordkeeping is accurate and completed.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A

### III. Town of Mansfield Financial and Operational Controls Review – Test Results

Control Area	Control Subject	Control	Number of Test Procedures Applied	Test Results	Failure Impact Level	Failed Entity(s)	Finding & Recommendation
Cash Management	Petty Cash	The Town enforces withdrawal limits and approval controls to actively manage petty cash accounts.	4	PASS	N/A	N/A	N/A
				FAIL	Medium	Region 19 Discovery Depot	pg. 26
				FAIL	Medium	Region 19	pg. 26
				PASS	N/A	N/A	N/A
Cash Management	Daily Receipts	The Accounting Manager reviews daily revenue totals provided by the Collector's Office prior to creating a journal entry.	1	PASS	N/A	N/A	N/A
Cash Management	Cash Disbursements	The payroll distribution list is reviewed prior to sending check files to the bank. Bank transfers are not to be released by an employee who set the original transfer up.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Chart of Accounts	Account Management	The Finance Director, Accounting Manager and Budget Analyst are the only users in the FMS with the ability to add new accounts to the Chart of Accounts.	2	Will Test in Phase 2	N/A	N/A	N/A
				Will Test in Phase 2	N/A	N/A	N/A
Closing Procedures	Monthly Procedures	The Accounting Manager reconciles bank statements on a monthly basis.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Closing Procedures	Informal Financial Close	The Accounting Manager and Finance Director perform an informal financial close in preparation of the financial statements to be reviewed by the Finance Committee.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Closing Procedures	Formal Financial Close	The Accounting Manager and Finance Director perform the formal financial close.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

Control Area	Control Subject	Control	Number of Test Procedures Applied	Test Results	Failure Impact Level	Failed Entity(s)	Finding & Recommendation
Financial Management System Administration	User Administration	Only authorized employees have administrative rights in the FMS. The Accounting Manager is solely responsible for adding and removing user.	3	Will Test in Phase 2	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Financial Management System Administration	System Security	Users of Admins Unified Community must first authenticate to Active Directory, and then authenticate with a separate user ID and password, before gaining access to the system.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Grant Management	Grant Reporting and Tracking	The Finance Department must receive a copy of the Grant Award Letter before the Grant Administrator is allowed to spend any of the funds. However, not all grants are actively tracked by the Finance Department, so this control applies only to those being tracked	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Journal Entries	Posting Permissions	Only authorized employees have the ability to post journal entries in the FMS.	1	PASS	N/A	N/A	N/A
Journal Entries	Review Procedures	All journal entries are reviewed and approved by a supervisor prior to getting posted to the General Ledger. At this time, the involved employees do not follow a uniform process.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				FAIL	Low	Town	pg. 14
Payroll	Timekeeping and Payroll Runs	Employee hours are reviewed and approved prior to checks being distributed. At this time, standardized timesheets do not exist for each Department.	3	FAIL	Medium	Region 19	pg. 21
				FAIL	Low	Town	pg. 29
				PASS	N/A	N/A	N/A
Payroll	Employee Pay Validation	The Finance Department performs a pay-period estimate to ensure that calculated employee pay is equivalent to what is entered into the FMS.	1	Not Tested - No Evidence of Completion	N/A	N/A	N/A

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

Control Area	Control Subject	Control	Number of Test Procedures Applied	Test Results	Failure Impact Level	Failed Entity(s)	Finding & Recommendation
Purchasing/AP	Purchase Order Processing	Accounts Payable is responsible for maintaining purchasing records and matching checks against corresponding purchase orders and invoices.	4	PASS	N/A	N/A	N/A
				FAIL	Low	Town	pg. 17
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Purchasing/AP	Expensive Purchases	The Finance Director must review and approve purchases in excess of \$5000.	2	PASS	N/A	N/A	N/A
				FAIL	Medium	Town	pg. 18
Purchasing/AP	Gift Card Management	The purchase of gift cards must be approved and inventoried.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Purchasing/AP	Purchasing Card Policies	Employees granted P-Cards must sign the Cardholder Agreement Form and the Credit Card Use Policy.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Purchasing/AP	Purchasing Card Spending Limits	Employees granted P-Cards are held to daily and monthly spending limits.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Purchasing/AP	Purchasing Card Expense Reporting	Employees granted P-Cards are required to disclose their monthly spending to the Finance Department.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				FAIL	Low	Town	pg. 29
Revenue/Receivables	Recording Daily Revenues	The receipt and recording of daily revenues (cash and checks) requires the use of standardized forms and review by the Collector's Office and the Finance Department.	3	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

Control Area	Control Subject	Control	Number of Test Procedures Applied	Test Results	Failure Impact Level	Failed Entity(s)	Finding & Recommendation
Revenue/Receivables	Short and Over Adjustments	Discrepancies over \$1.00 in the recording of daily revenues are adjusted manually to ensure accurate reporting. A separate Report of Collections is filled out to complete this process.	1	Will Test in Phase 2	N/A	N/A	N/A
Student Activity Fund	Fund Management Procedures	The Superintendent's Office and the Finance Department are responsible for overseeing the account. Only authorized employees are allowed to sign account checks. The Superintendent's approval is required for month-end account replenishment.	3	PASS	N/A	N/A	N/A
				FAIL	High	Town Region 19 BOE	pg. 24-25
				FAIL	High	Town Region 19 BOE	pg. 24-25
Athletic Account Activity Fund	Fund Management Procedures	The Superintendent's Office and the Finance Department are responsible for overseeing the account. Only authorized employees are allowed to sign account checks. The Superintendent's approval is required for month-end account replenishment.	3	PASS	N/A	N/A	N/A
				FAIL	High	Town Region 19 BOE	pg. 24-25
				PASS	N/A	N/A	N/A
System Interfaces	Interface Security	Admins Unified Community, Quality Data Services and Vision Systems are the applications in use that have data with financial reporting implications. No electronic interfaces exists between the financial systems.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Vendor Management	Adding a Vendor to File	The ability to add vendors in Admins Unified Community is limited to authorized employees only. No formal process for reviewing vendors prior to addition to file exists at this time.	1	PASS	N/A	N/A	N/A
Vendor Management	Vendor Payment Verification	Payments to vendors (checks) are reviewed by Accounts Payable prior to being distributed.	2	PASS	N/A	N/A	N/A
				PASS	N/A	N/A	N/A
Use of Town Cellphones	Acceptable Use Policy	Employees granted a Town-owned cellphone are required to adhere to the Town's acceptable usage policy.	1	PASS	N/A	N/A	N/A

IV. Findings & Recommendations

*Findings:*

1. Journal Entry Review Processes Needs to be Standardized

- a. The Finance Director, Accounting Manager, Budget Analyst and Accountant are responsible and have system access rights for posting journal entries
- b. All journal entries are reviewed before posting
  - i. The Accounting Manager reviews the Accountant’s journal entries
  - ii. Finance Director reviews the Accounting Manager’s and Budget Analyst’s journal entries
    - BlumShapiro found that one Budget Analyst journal entry was posted without any review or sign-off
    - Per discussion with the Accounting Manager, any unapproved journal entries are discovered during the quarterly review of all journal entries – reconciled with their approval emails
- c. Currently there are three methods being utilized to review journal entries
  - i. Hard-copy review with manual sign-off
  - ii. Email approval with email sign-off
  - iii. Monthly review of journal entry report with manual sign-off
- d. A lack of a single formalized process makes it harder to track previous entries and ensure proper sign-off prior to posting

*Recommendation:*

1. Develop A Single Formalized Procedure For Reviewing And Posting Journal Entries

- a. The three (3) review and approval processes currently in place should be consolidated into a single process
- b. Strictly enforce the requirement of Finance Director and/or Accounting Manager approval for all journal entries
- c. Request and document all journal entry approvals via email
  - i. Archive the emails in folders that are labeled in accordance with the General Ledger
  - ii. Copy the Finance Director on every journal entry email
- d. Document the formal procedures in a policy by outlining step by step instructions

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

---

#### *Finding:*

#### 2. Financial System Administration Controls Need Improvement

- a. The Accounting Manager is responsible for adding new users, removing terminated users and modifying access rights in ADMINS Unified Community (AUC)
- b. A single formalized process for notifying the Accounting Manager of a new employee needing access, or a terminated employee needing removal, does not exist
  - i. Inability to track who requested changes
  - ii. Threat of unauthorized access by non-employees
  - iii. Possibility of inappropriate access rights for unauthorized employees

#### *Recommendation:*

#### 2. Develop A Shared Human Resources and Finance Policy For Administering AUC Accounts

- a. Account modification requests must be sent directly to the Accounting Manager via email
  - i. Requests must come directly from Human Resources
  - ii. The email request must identify the specific system resources to be added or removed
  - iii. All emails must be archived in an AUC folder
  - iv. Phone calls and in-person modification requests cannot be accepted
- b. Conduct an annual user access review
  - v. HR needs to provide a list of terminated employees which gets vetted against users in AUC
  - vi. Accounting Manager performs the review and the Finance Director signs off
- c. Document the formal procedures by outlining the responsibilities of HR, Department Heads and Finance

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

3. There Is A Lack Of Controls Over Adding Vendors To The Accounts Payable Vendor File
  - a. The Accounting Manager, Finance Clerk and Payroll Administrator have the ability the add vendors in AUC
  - b. Currently this process is informal, unmonitored and undocumented
    - i. Increased risk of fraudulent vendors being created/getting paid
    - ii. No management sign-off enforced prior to vendor creation

#### *Recommendation:*

3. Institute A Thorough Approval And Review Process For Adding New Vendors To The Financial System
  - a. Requests for a new vendor are to be made through email only
    - i. All requests must be forwarded to the Accounting Manager and/or Finance Director for review and approval
    - ii. Request and approval emails must be archived in an AUC folder
  - b. Formally review the vendor file on a quarterly basis
    - i. Run a report identifying new vendors in AUC and confirm who added the vendor, when it was added and if the vendor is appropriate
    - ii. Finance Director and/or Accounting Manager need to review the report and sign off
  - c. Document the formal procedures by outlining the responsibilities of Department Heads and Finance

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

---

#### ***Finding:***

#### 4. Vendor Payments Require Additional Review Prior To Distribution

- a. The Finance Clerk is the only employee verifying checks against invoices to confirm proper payment to vendors
  - i. A second employee does not complete the same review
  - ii. No sign-off process exists to confirm that the review is actually being completed
  - iii. Currently only the “paid” stamp signifies Finance Clerk involvement – a separate document, nor the Finance Clerk’s signature on the purchase order exist to verify that the matching process was completed
- b. The lack of a stringent review process could lead to improper checks getting cut and distributed to vendors

#### ***Recommendation:***

#### 4. Implement A Secondary Review Of Vendor Payments Prior To Distribution

- a. A second employee outside of payables needs to review check runs
  - i. This process must include a thorough review of purchase orders, matching invoices and associated checks
  - ii. The assigned reviewer must sign and date the batch once the review is completed
  - iii. Any discrepancies must be brought to the immediate attention of the Finance Director and Accounting Manager
- b. Train the assigned reviewer what to look for when reviewing the check runs
  - i. Formally document how to properly match purchase orders, invoices and checks
  - ii. Teach the reviewer to pay close attention to check numbers and a matching of money coming in and going out

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

---

#### *Finding:*

#### 5. Purchasing Controls And Oversight Of Department Heads Needs To Be Improved

- a. Only purchases above \$5,000 require approval from the Finance Director
- b. There is not enough clarity for when to use the Best Value Method Source Selection form
  - i. BlumShapiro testing found that one purchase order in excess of \$7,500 was processed without the completion of the Best Value Method Source Selection Form – a document for Department Heads to complete for purchases in excess of \$7,500 that do not go out to bid
    - The Finance Director noted that use of this form has not been enforced on a regular basis
- c. Departments are approving their own requisitions without Finance Department review and approval
  - i. School requisitions require Superintendent approval but Town Departments only require Department Head approval
  - ii. The payables review process cannot be solely relied on to catch all purchasing errors
- d. An AUC automated control has not been identified to prevent Department Heads from spending over budget

#### *Recommendation:*

#### 5. Implement An Approval Control To Reduce The Purchasing Authority Of Department Heads

- a. The Finance Department needs to be approve all Town requisitions after Department Head approval
  - i. Implement a second approval stage in ADMINS that requires Finance Director or Accounting Manager action
  - ii. Decreases the likelihood that departments spend over budget
  - iii. Prevents Department Heads from making purchases before creating the purchase order
- b. Require Department Heads to make emergency purchases via P-card
- c. Train Department Heads how to look for fraudulent spending
- d. Implement an aggregate purchase order threshold for select vendors
- e. The Finance Director must review quarterly reports with Department Heads
  - iv. Encourage best practices and increased communication regarding spending
- f. Document these procedures in a formal policy

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

#### 6. Purchasing Card Controls and Oversight Need Improvement

- a. Cardholders are responsible for recording their p-card purchases online and applying them to the correct account codes
  - i. The Finance Department is unable to detect over-budget spending until the account codes are entered
  - ii. There are formalized controls enforcing cardholder to enter their codes in a timely manner
  - iii. The Finance Department cannot reconcile p-card purchases until all codes are entered
- b. The Finance Department reviews bank-provided p-card expense reports on a monthly basis
  - i. BlumShapiro testing found that two (2) cardholder reports lacked a signed review from the Finance Department
    - Only a red check mark signified review, no date or signature
    - BlumShapiro acknowledges the reconciliation as an effective control and we encourage the practice of signing and dating the review moving forward
- c. Some cardholders have unnecessarily high daily and monthly spending limits
- d. A number of credit cards (i.e. Home Depot, Big Y, etc.) are active

#### *Recommendation (1):*

#### 6a. Document And Enforce P-Card Oversight Controls

- a. P-Card holders must be required to reconcile purchases and enter appropriate account codes by a month-end deadline
  - i. The Finance Department must freeze the p-cards of holders who do not complete the account code entry process by the month-end deadline
  - ii. A formal reconciliation report must be completed and signed by p-card holders and supplied to the Finance Department
  - iii. Supporting receipts and documentation must still be submitted to the Finance Department for all p-card purchases

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Recommendation (2):*

##### 6b. Enhance The P-Card Review Process

- b. The Finance Department must continue reviewing p-card purchases on a monthly basis
  - i. Confirm there is no backlog of purchases that need reconciliation
  - ii. A signature and date must be included to evidence the review process
- c. Conduct an annual review of terminated employees against p-card holders
- d. Conduct an annual review of all p-card holders
  - iii. Confirm the daily and monthly spending limits for each cardholder and adjust accordingly
  - iv. Remove non-essential purchasing cards from employees that do not need them due to job function
- e. Document the responsibilities of p-card holders and the Finance Department in a formal policy

#### *Recommendation (3):*

##### 6c. Eliminate The Use Of All Credit Cards By Mansfield Employees

- a. Immediately shut off all existing credit cards
- b. Do not use credit cards for any Town purchases in the updated p-card policy

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### ***Finding:***

#### 7. Current Timesheet Completion Practices May Lead To Payroll Inaccuracies

- a. The standard Excel spreadsheet used for time-entry is being completed by various departments in different ways
  - i. BlumShapiro testing discovered that some timesheets were approved without a signature from the associated Department Head
  - ii. There is a greater chance of improper payroll processing due to a lack of strict timesheet protocols
    - Controls testing found that one (1) Region 19 tutor was paid without the completion of a standard timesheet: no Department Head approval was present either
  - iii. Finance has not addressed this issue with the various departments
- b. The Parks and Recreation Department is no longer providing individual timesheets
  - i. A combined employee time-entry spreadsheet gets sent to Payroll
  - ii. Parks and Recreation did not seek approval from the Finance Department before implementing this change
- c. Some Department Heads may not be thoroughly reviewing timesheets prior to signing them

#### ***Recommendation:***

#### 7. Implement New Controls Over The Current Time-Entry And Payroll Procedures

- a. Create a standard time-entry spreadsheet for each entity in payroll
  - i. Eliminates the problem of the current spreadsheet being completed in different ways
  - ii. Helps Payroll easily identify which employees belong to which entities
  - iii. The spreadsheet's unique identifiers will reduce payroll entry errors
- b. Coordinate with Parks and Recreation to determine a suitable way to complete the time-entry process
- c. Train Department Heads to put greater emphasis on reviewing timesheets for misrepresentation
- d. Document these procedures in a formal policy

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

---

#### *Finding:*

#### 8. Payroll Review And Validation Processes Need Improvement

- a. The Payroll Clerk is responsible for reviewing payroll runs by balancing timesheets to a system generated report
  - i. The review is intended to confirm accuracy of the hours entered
  - ii. BlumShapiro testing found that only one (1) employee's timesheet was not properly validated against the ADMINS Unified Community generated report – only a check mark was present, no date or signature by the Payroll Clerk
- b. A pay period estimate is completed to ensure that calculated employee pay is equivalent to what is entered into ADMINS Unified Community
  - i. At this time, the pay period estimate is not documented and approved

#### *Recommendation:*

#### 8. Confirm That All Elements Of The Payroll Validation Process Are Completed On A Regular Basis

- a. Require the Payroll Clerk to sign and date the review of payroll runs
  - i. Consider enforcing a secondary review of payroll runs to ensure accuracy
- b. Formally document and sign all pay period estimates to evidence completion

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

#### 9. Grants Processing Lacks Approval Controls And Tracking From The Finance Department

- a. Grant applicants are currently independently responsible for administering grant funds
  - i. Many applicants do not provide grant information to the Finance Department in a timely manner
  - ii. Some grants are untracked by the Finance Department
  - iii. Only educational grants are reviewed by the Budget Analyst on a monthly basis
- b. Applicants do not seek the approval of the Finance Department before applying for a grant
  - i. Grants may be getting processed even though there is a lack of cost-benefit analysis by the Finance Department

#### *Recommendation:*

#### 9. Institute Grant Application Controls To Involve The Finance Department In Approving And Tracking All Grants

- a. Draft a formal policy holding grant applicants to strict procedures
- b. Enforce applicants to communicate clear reasons for pursuing the grant
  - i. The Finance Department must perform a cost-benefit analysis to ensure the grant is worth pursuing
- c. Grant applicants must provide detailed grant information to Finance for tracking purposes, including
  - i. The grant's purpose
  - ii. The grant's provider
  - iii. The grant's requirements
- d. Town grant applications must require Finance Director and Town Manager approval before submission to Town Council
- e. School District grant applications must require Finance Director and Superintendent approval before submission to the Board of Education

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

#### 10. Control Procedures For Monitoring Student and Athletic Activity Funds Need To Be Enforced

- a. Mansfield Middle School and Regional School District 19 (High School) are the entities with Student and Athletic Activity Funds
- b. The Schools are responsible for recording Student and Athletic Fund activity on a separate ledger
  - i. The Finance Department has limited knowledge of who performs record keeping or who has access to the fund ledger
- c. Supporting documentation is required when a request is made for expense reimbursement
  - i. There is no formal policy indicating who is assigned to sign off on the supporting documentation
  - ii. There is a standing belief that some reimbursements get processed without a signature on the supporting documentation
- d. A formal reconciliation between the schools' records and the actual account activity is not completed following strict standards
  - i. Per discussion with the Accounting Manager, BlumShapiro learned that the Finance Department does not perform the bank reconciliation for the Mansfield Middle School Student Activity Fund – an administrator for the school is responsible
    - Finance is only responsible for reimbursing the account
  - ii. Currently the Finance Department reconciles reimbursement vouchers against the school-provided ledger but not against the monthly bank statements
- e. Town policy indicates that copies of all checks drawn must be attached to the reimbursement voucher
  - i. This practice is not enforced
  - ii. Copies of checks drawn are only found on the monthly bank statements
  - iii. BlumShapiro testing revealed that some checks were processed without approval signatures from designated administrators
  - iv. BlumShapiro testing also confirmed that some checks were written to “blank” and still processed

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Recommendation:*

#### 10. Develop Formalized Control Procedures To Manage and Monitor Student and Athletic Activity Funds

- a. Two (2) employees must sign the collections form verifying the amount to be deposited for a particular event
- b. Employees authorized to sign off on collection forms and reimbursement requests must be clearly documented
- c. Employees responsible for recording fund activity on the school side must be documented
  - i. Document all employees with access to the ledger that records fund activity
- d. Prohibit any reimbursements without signatures accompanying the supporting documentation
  - i. Enforce Region 19 and Mansfield Middle School to have copies of all checks drawn to accompany the reimbursement vouchers
  - ii. Investigate any checks written out to “blank”
- e. Enforce a more robust reconciliation process
  - i. The Finance Department should be responsible for reconciling the Mansfield Middle School Student Activity Fund, not a school administrator
  - ii. Reimbursement vouchers need to be reconciled against the monthly banks statements in addition to the schools’ check registers
- f. Document the control procedures in a formal Student and Athletic Activity Fund policy
- g. Conduct annual reviews of the operational procedures being followed for managing Student and Athletic Activity Funds

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

#### 11. Petty Cash Reimbursement Control Processes Need Improvement

- a. To apply for cash reimbursement, town policy indicates that employees must gain Department Head and Finance Department approval, and provide original copies of receipts.
  - i. BlumShapiro testing found that some reimbursements are occurring without evidence of the expenses incurred (lack of original receipts)
    - Mainly minor expenses go approved without receipts (UConn Dairy bar trips, etc.)
    - Original receipts are important to clearly evidence expenses
  - ii. BlumShapiro noted that one employee for Region 19 has been approving her own reimbursements
    - This employee is a Petty Cash Administrator and is responsible for approving reimbursements in her department
    - Finance Department approval was evident in this case

#### *Recommendation:*

#### 11. Administer Uniform Approval Processes For All Levels Of Petty Cash Reimbursement

- a. Tighten approval controls to ensure that no reimbursements get processed without original copies of receipts
  - i. Town employees should retain original copies of receipts even if the expense is considered minor
    - A high number of minor reimbursements over time has the potential to add up to a major expense for the Town
- b. Assign a secondary approver for Petty Cash Administrators currently approving their own reimbursements
  - i. No town employee should have the ability to approve their own reimbursements before the voucher is submitted to the Finance Department.
  - ii. Enhance the current review process to prevent Petty Cash Administrators approving their own reimbursements

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Finding:*

#### 12. Current Employee Termination Procedures Lack Consistency

- a. The Town, Mansfield Board of Education, Region 19, Eastern Highlands Health District and Mansfield Discovery Depot all follow separate procedures for terminating a person's employment and ultimately removing them from payroll
  - i. Mansfield Board of Education requires completion of an Exit Interview Checklist but the other entities do not
  - ii. There is no standard acceptance criteria for maintaining termination correspondence in the employee's record for Region 19
    - Ex: Email from the Department Head requesting the individual be removed from payroll
- b. Region 19 Human Resources does not maintain termination correspondence for work study and student labor employees
  - i. Human Resources relies on notification from EastConn to remove a work study employee from the payroll system
    - Some EastConn administrators are more diligent than others
  - ii. Human Resources does not receive any notification to remove student labor employees from payroll
    - Administrators are expected to know when a student graduates as indication to remove them from payroll
  - iii. BlumShapiro testing discovered that one (1) work study employee and one (1) student labor employee were removed from payroll without any form of termination correspondence on file
- c. Terminated employees remaining in the payroll system increases the chance of payroll inaccuracy

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### *Recommendation:*

#### 12. Implement A Standard Employee Termination Process For All Managed Entities

- a. Develop an Exit Interview Checklist that can be applied to terminated employees for all managed entities
  - i. The completed form must remain in the employee's record
  - ii. Include a section that indicates the employee was removed from payroll
  - iii. Require signature from the employee's supervisor and a Human Resources administrator
- b. Require all terminated employees to have some form of termination correspondence on file
  - i. Supervisors need to email Human Resources and request that an employee be removed from payroll
    - This step must be taken immediately following an employee's departure
  - ii. The email should be printed, signed and maintained in the employee's record
  - iii. Termination correspondence provides additional evidence that an employee is no longer employed and that the proper steps were taken to remove them from payroll
- c. The new employee termination procedures need to be clearly outlined in an updated policy.

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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***Finding:***

13. Many Existing Control Processes Would Benefit From Supporting Dates and Signatures As Evidence Of Completion

- a. Currently the Finance Department conducts a number of review and approval processes, but BlumShapiro testing revealed that some of them are not consistently completed with a supporting signature and/or date
  - i. Daily Revenue Sheet and Report of Collections reconciliations
  - ii. Payroll Clerk review of pay period totals against the Admins Unified Community generated report
  - iii. Journal Entry approvals
  - iv. Pay Period Estimate
  - v. Purchasing Card expense report reconciliations
- b. Some control documentation that require signatures and dates are being processed without the former
  - i. Fixed Asset Disposal forms
  - ii. Department Head approval of employee timesheets
  - iii. Petty Cash Reimbursement vouchers

***Recommendation:***

13. Require Accompanying Signatures And Dates Upon The Completion Of Formal Reviews And Documentation

- a. Signatures and dates provide an indication of who completed a review/approval and when it was completed
  - i. Improves overall transparency and tracking

#### A. Updated Policies and Procedures

Testing of Mansfield's documented policies and procedures, in addition to discussions with the Finance Director and Accounting Manager, assisted in identifying control procedures that need formal documentation. Based on the aforementioned Findings and Recommendations, BlumShapiro strongly recommends the development of new control policies:

##### 1. **New Hire and Employee Termination Procedures**

- The Town needs to develop a uniform procedure for adding and removing employees (for all managed entities) from the payroll system and create a policy document that outlines the expectations of Department Heads and Human Resources.

##### 2. **Review and Posting of Journal Entries**

- The process and responsibilities for reviewing and approving journal entries for the Accounting Manager, Budget Analyst and Accountant should be clearly outlined.

##### 3. **Procedures for Adding and Removing Users from the Financial Management System**

- Documented procedures indicating that the Accounting Manager must receive an email request in order to add or remove users should be distributed to all Department Heads.

##### 4. **Procedure for Adding New Accounts to the Existing Chart of Accounts**

- Documented procedures indicating that the Accounting Manager must receive an email request in order add new account should be part of the Finance Department's procedures.

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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#### 5. Employee Time-Entry Procedures

- The Town needs to develop a uniform time-entry process and create a procedures document that outlines the expectation of employees, Department Heads and the Finance Department.

#### 6. Release of Grant Funds

- Documented instruction to provide a copy of the grant award letter to the Finance Department needs to be available to all Town departments – with the inclusion that funds will not be released until the letter is provided.

#### 7. Procedures for Validating Payments to Vendors

- The Finance Department needs to document step-by-step procedures for validating purchase orders, invoices and associated checks – with the inclusion that the Finance Clerk signs and dates the review process.

#### 8. General Requisition Procedures

- Document a policy that explains that all requisitions require Finance Department approval and include instructions for using the Best Value Source Selection Form
- Alert Department Heads that select vendors will have an aggregate purchase order threshold applied

#### 9. Purchasing Card Control Procedures

- Develop a procedural document for the Finance Department that explains the proper way to review p-card expense report and instructs Finance staff to review p-card holders and spending limits on an annual basis

### III. Town of Mansfield Financial and Operational Controls Review – Findings & Recommendations

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Although the Town needs to generate a complete set of new policies and procedures, BlumShapiro has identified a few current policy documents that contain substantial control information. We feel these documents would benefit from procedural updates as opposed to a complete overhaul:

#### **10. *Region 19 Board of Education Fiscal Management***

##### ***Mansfield Board of Education Fiscal Management***

- Step-by-step procedures for completing the collection, reimbursement and reconciliation processes, for all Student and Athletic Activity Funds, need to be included in what documentation exists regarding the funds.

#### **11. *Purchasing Procedures Manual***

- Procedures for requesting and approving payments over \$5,000 should be included as part of the policy.
- Include detailed instructions for using the Best Value Source Selection form

#### **12. *Petty Cash Procedures***

- Instructions that Petty Cash Administrators cannot sign for their own reimbursement vouchers should be included
- Greater emphasis that original receipts are required for reimbursement regardless of the expense amount

Overall, the Finance Department should collaborate with Department Heads and Human Resources to develop step-by-step procedures that thoroughly encompass the aforementioned control procedures. These procedures need to be made available to all Town employees. Furthermore, it should fall on the responsibility of Department Heads to keep their employees up-to-speed with any applicable policies and procedures.



# Town of Mansfield

## Financial and Operational Controls Testing Procedures and Results

### February 2015

<b>Control Area:</b>	Accrued Expenses	<b>Control Document(s):</b>	Mansfield Board of Education By-Laws	<b>Control Date:</b>	10/10/2013
<b>Control Subject:</b>	Expense Reimbursement	<b>Updated Accounting Manual Page Number:</b>	39	<b>Entity(s):</b>	BOE & Region 19

**Control:** 1 Advanced approval and supporting documentation/receipts are required as evidence for BOE and Region expense reimbursement.

**Risk Impact:** High  
**Risk Probability:** Medium

**Control Frequency:** As-Needed      **Sample Size:** 39

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Test that granted BOE and Region 19 expense reimbursements have advanced approval prior to reimbursement. Ensure that evidence of the actual expenses incurred is provided.

Test	Result	Auditor	Pass	Fail
Confirm that reimbursement requests have advanced approval by appropriate parties.	The project team sampled 39 BOE (50 total for all entities) and Region 19 expense reimbursements from 2014 and confirmed evidence of advanced approval for each reimbursement in the form of a signature and date. Per discussion with the Accounting Manager, the Finance Department moved from processing reimbursements from the Accounts Payable system to the Payroll system in October, 2014. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm requestors provided vouchers and supporting documentation for reimbursement.	Upon review of the sampled expense reimbursements, the project team noted that three (3) reimbursements did not provide supporting documentation. Per discussion with the Accounting Manager, those reimbursements were for tuition or uninsured medical dependent care, and therefore were processed through HR to comply with FERPA and HIPAA laws. The remaining sample provided supporting documentation for reimbursement. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



**Town of Mansfield**  
**Financial and Operational Controls Testing Procedures and Results**  
**February 2015**

<b>Control Area:</b>	Accrued Expenses	<b>Control Document(s):</b>	Mileage Procedures Update (Memo)	<b>Control Date:</b>	7/1/2014
<b>Control Subject:</b>	Expense Reimbursement & Mileage Reimbursement	<b>Updated Accounting Manual Page Number:</b>	39	<b>Entity(s):</b>	Town

<b>Control:</b>	Advanced approval and supporting documentation/receipts are required as evidence for Town and mileage expense reimbursements.	<b>Risk Impact:</b>	<b>High</b>
<b>2</b>		<b>Risk Probability:</b>	<b>Medium</b>

<b>Control Frequency:</b> As-Needed	<b>Sample Size:</b> 11
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**Procedure:** Test that Town and granted mileage reimbursements have advanced approval prior to the actual reimbursement.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Review the Town employee reimbursements and confirm approval from an Administrator	The project team sampled 11 Town expense reimbursements (50 total for all entities) from 2014 and confirmed evidence of advanced approval for each reimbursement in the form of a signature and date. Per discussion with the Accounting Manager, the Finance Department moved from processing reimbursements from the Accounts Payable system to the Payroll system in October, 2014. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Review mileage reimbursements for the Town and confirm advanced approval is evident.	The project team noted five (5) mileage reimbursements from the selected sample and confirmed supporting documentation and approval from an Administrator. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



**Town of Mansfield**  
**Financial and Operational Controls Testing Procedures and Results**  
**February 2015**

<b>Control Area:</b> Accrued Expenses	<b>Control Document(s):</b> Professional Travel Policy (Memo)	<b>Control Date:</b> 8/1/2014
<b>Control Subject:</b> Travel Expense Reimbursement	<b>Updated Accounting Manual Page Number:</b> 39	<b>Entity(s):</b> Town

**Control:** 3      Advanced approval is required for any travel expense reimbursements.      **Risk Impact:** *High*  
**Risk Probability:** *Medium*

**Control Frequency:** As-Needed      **Sample Size:** 2

**Procedure:** Test that granted travel expense reimbursements have evidence of advanced approval.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that Town travel reimbursement requests have a completed and signed Travel Request Form.	Of the 11 sampled Town expense reimbursements, the project team found two (2) reimbursements for non-mileage travel expenses. One (1) reimbursement was for an LSTA Grant and Project Management Workshop and the other was for a Microsoft Excel Training Course. A completed Travel Request Form was completed for both reimbursements. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



**Town of Mansfield**  
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<b>Control Area:</b> Administrative	<b>Control Document(s):</b> Undocumented	<b>Control Date:</b> N/A	
<b>Control Subject:</b> New Hires	<b>Updated Accounting Manual Page Number:</b> 29	<b>Entity(s):</b> Town, BOE & Region 19	

**Control:** 4 The Human Resource Department documents the onboarding process to ensure new hires are given appropriate access to Town resources. **Risk Impact:** *Medium*  
**Risk Probability:** *Medium*

**Control Frequency:** As-Needed **Sample Size:** 32

**Procedure:** Test that new hire documents are completed and maintained by the HR Department.

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that new BOE full-time hires have a completed New Hire Checklist.	BlumShapiro elected to sample 10 new hires for the BOE and noted that seven (7) were full-time employees. All seven (7) had a completed New Hire Checklist on file. For the remaining sample, two (2) were substitutes and one was a part-time custodian and therefore did not require a New Hire Checklist. HR maintains an employee profile page from the Payroll system for all part-time hires. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that new Town hires have a completed Personnel Action Form and New Hire Policies via Intranet Acceptance Agreement.	BlumShapiro elected to sample 12 new hires for the Town and noted that 10 had completed PAFs and Intranet Acceptance Agreements on file. Per discussion with the HR Assistant, the two (2) employees without PAFs were not new hires but were listed as new hires in the ADMINS system do to changes in pay steps and grades. The two (2) employees without Intranet Acceptance Agreements were originally hired by the Town prior to mid-2012, which is before the agreement was required. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that Region 19 new hires without benefits have a completed New Hire Checklist.	BlumShapiro elected to sample 10 new hires for Region 19 and noted that six (6) were new hires with benefits. All six (6) had a completed New Hire Checklist on file. For the remaining sample, two (2) were student workers without benefits and the other two (2) were substitutes. Per discussion with the HR Assistant, all substitutes have a "substitute package" on file. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: BlumShapiro recommends that the Town revise the current policies and procedures for managing new hires and terminations across the Town, BOE and Region 19.		<input type="checkbox"/>	<input type="checkbox"/>





**Town of Mansfield**  
**Financial and Operational Controls Testing Procedures and Results**  
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<b>Control Area:</b>	Budget	<b>Control Document(s):</b>	Board of Education Fiscal Management and 2014/15 Budget Guidelines	<b>Control Date:</b>	12/3/2013
<b>Control Subject:</b>	Review of Budget estimates	<b>Updated Accounting Manual Page Number:</b>	16	<b>Entity(s):</b>	Town, BOE & Region 19

**Control:** 6      Town management reviews and modifies all budget estimates prior to final appropriation by Town Council.      **Risk Impact:** *High*  
**Risk Probability:** *Low*

**Control Frequency:** Quarterly      **Sample Size:** 6

**Procedure:** Test that the budget review process is followed prior to budget adoption.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result		Auditor	Pass	Fail
Confirm the Finance Director reviews and prepares Quarterly Financial Reports prior to submission to the Finance Committee.	The project team received copies of the Quarterly Financial Reports for Q4 2013 and Q1 2014 for Region 19, Mansfield BOE and the Town (includes EHHD and Discovery Depot). All reports contain a memo from the Finance Director to serve as evidence of her preparation of the budget. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





**Town of Mansfield**  
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<b>Control Area:</b>	Capital Assets	<b>Control Document(s):</b>	Undocumented (Audit Team Risk Assessment Notes)	<b>Control Date:</b>	6/30/2014
<b>Control Subject:</b>	Fixed Asset Recordkeeping and Reconciliations	<b>Updated Accounting Manual Page Number:</b>	35	<b>Entity(s):</b>	Town, BOE & Region 19

<b>Control:</b>	The Accounting Manager and Accountant work together to ensure all fixed asset recordkeeping is accurate and completed.	<b>Risk Impact:</b>	<i>Medium</i>
8		<b>Risk Probability:</b>	<i>High</i>
	<b>Control Frequency:</b> Annual	<b>Sample Size:</b>	1

**Procedure:** Test that there are adequate review and sign off procedures for monitoring and recording fixed asset changes.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that Construction in Progress activity is maintained by the Accountant and reviewed by the Accounting Manager annually.	Per discussion with the Accounting Manager, BlumShapiro confirmed that CIP reports are created by the Accountant and reviewed and approved by the Accounting Manager. The project team received the annual CIP reports for all managed entities and noted the Accounting Manager's signature and date. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that the Accountant builds a depreciation allocation and assumption report that is reviewed by the Accounting Manager.	Per discussion with the Accounting Manager, the depreciation allocation and assumption report is part of the annual review of all fixed assets. The fixed asset reports contain a "book current depreciation" column that provides all the necessary information for review. The Accounting Manager signs and dates the fixed asset reports. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



## Town of Mansfield Financial and Operational Controls Testing Procedures and Results February 2015

<b>Control Area:</b> Cash Management	<b>Control Document(s):</b> Petty Cash Procedures	<b>Control Date:</b> N/A	
<b>Control Subject:</b> Petty Cash	<b>Updated Accounting Manual Page Number:</b> 18	<b>Entity(s):</b> Town, BOE & Region 19	

<b>Control:</b> 9 The Town enforces withdrawal limits and approval controls to actively manage petty cash accounts.	<b>Risk Impact:</b> High
<b>Control Frequency:</b> As-Needed	<b>Risk Probability:</b> High
<b>Sample Size:</b> 11	

**Procedure:** Test that granted petty cash withdrawals do not exceed the enforced withdrawal limit and have appropriate approval prior to withdrawal.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that individual petty cash withdrawals do not exceed \$100.	The project team sampled petty cash reports for the months of March and August and confirmed a total of 11 petty cash administrators between all Town entities. Per observation of the petty cash reports, BlumShapiro noted that all individual withdrawals did not exceed \$100. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that supervisor approval is evident prior to cash advancements.	For the month of August, the project team found that the Discovery Depot did not provide a signed voucher for reimbursement - only receipts. For the month of March, the project team noted that a petty cash Administrator for Region 19 (Lisa Beebe) approved her own reimbursement voucher prior to submission to Finance. BlumShapiro recommends that no administrator be allowed to sign for their own voucher. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
For petty cash reimbursements, confirm that original receipts are provided and submitted during the fiscal year of the purchase.	The project team noted that the administrators mentioned in the Test 2 Result did not always provide original copies of receipts for reimbursements. Some requestors simply provided a piece of paper with the amount of expense incurred written down. The missing receipts were for minor expenses, such as trips to the UConn Dairy bar. BlumShapiro recommends that all reimbursements require original receipts regardless of the level of expense. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure the Petty Cash Administrators compile detailed reports documenting changes to their accounts.	Per discussion with the Accounting Manager, the combination of all month-end vouchers are the detailed reports provided by Administrators. These are reviewed and approved by the Administrator and Finance. A purchase order is then created to reimburse the accounts. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>







**Town of Mansfield**  
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**February 2015**

**Control Area:** Chart of Accounts      **Control Document(s):** Undocumented      **Control Date:** N/A  
**Control Subject:** Account Management      **Updated Accounting Manual Page Number:** 13      **Entity(s):** Town

**Control:** 12      The Finance Director, Accounting Manager and Budget Analyst are the only users in the FMS with the ability to add new accounts to the Chart of Accounts.      **Risk Impact:** *High*  
**Control Frequency:** As-Needed      **Sample Size:** N/A      **Risk Probability:** *Medium*

<u>Status</u>		
Pass	Fail	Not Tested
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Procedure:** Test that only authorized users have the ability to add new accounts in the FMS.

Test	Result	Auditor	Pass	Fail
Confirm that the Finance Director, Accounting Manager and Budget Analyst are the only users in the FMS with the ability to add new accounts.	Users in the System, Advanced or Support Group have the ability to add new accounts to the existing COA in ADMIN. BlumShapiro has elected to test this control in Phase II to ensure the newly established procedures for adding new accounts to the COA are followed. Conclusion: Not Tested.	SSW	<input type="checkbox"/>	<input type="checkbox"/>
Confirm that requests for new accounts must be sent directly to the Accounting Manager, via email, for review, approval and creation.	Per discussion with the Accounting Manager, all new requests are directly emailed to her. However, this process was not implemented until she joined the Finance Department earlier in 2014, so not all old accounts followed this approval process. BlumShapiro has elected to test this control in Phase II to ensure the Accounting Manager's new procedure is fully followed through with. Conclusion: Not Tested.	SSW	<input type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



**Town of Mansfield**  
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**February 2015**

<b>Control Area:</b> Closing Procedures	<b>Control Document(s):</b> Undocumented (Audit Team Risk Assessment Notes)	<b>Control Date:</b> 6/30/2014	
<b>Control Subject:</b> Monthly Procedures	<b>Updated Accounting Manual Page Number:</b> 19	<b>Entity(s):</b> Town, BOE & Region 19	

<b>Control:</b> 13 The Accounting Manager reconciles bank statements on a monthly basis.	<b>Risk Impact:</b> <i>High</i>
<b>Control Frequency:</b> Daily & Monthly	<b>Risk Probability:</b> <i>Medium</i>
<b>Sample Size:</b> 3	

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Test that the Accounting Manager reviews bank statements on a monthly basis.

Test	Result	Auditor	Pass	Fail
Confirm that the Accounting Manager reconciles bank statements on a monthly basis.	The project teamed sampled monthly bank reconciliations for January, May and October for all managed entities. Per discussion with the Accounting Manager, the Discovery Depot did not have its own bank account in January and was therefore part of the Town's bank reconciliation. All other reconciliations were reviewed and approved by the Accounting Manager with a signature and date. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that the Accounting Manager keeps a cash control spreadsheet for the People's checking accounts and maintains it on a daily basis .	Per observation with the Accounting Manager, cash movement from the People's checking accounts are maintained on a separate Excel spreadsheet. The spreadsheet is maintained on a daily basis and all activity is compared against bank statements to ensure accuracy. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>





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<b>Control Area:</b> Closing Procedures	<b>Control Document(s):</b> Undocumented (Audit Team Risk Assessment Notes)	<b>Control Date:</b> 6/30/2014	
<b>Control Subject:</b> Formal Financial Close	<b>Updated Accounting Manual Page Number:</b> 32	<b>Entity(s):</b> Town, BOE & Region 19	

<b>Control:</b> 15 The Accounting Manager and Finance Director perform the formal financial close.	<b>Risk Impact:</b> <i>High</i>
	<b>Risk Probability:</b> <i>Medium</i>
<b>Control Frequency:</b> Annually	<b>Sample Size:</b> N/A

**Procedure:** Test that the formal financial close is completed and reviewed on a yearly basis.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result		Auditor	Pass	Fail
Confirm that the formal financial close includes all processes completed in the informal financial close.	Per discussion with the Finance Director and Accounting Manager, all processes completed for the monthly and quarterly informal closes are reviewed and repeated to complete the year-end formal close. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Confirm that the recording of all receivables, payables, deferred revenues, year end journal entries, and fixed assets and depreciation are reviewed by the Finance Director.	Per discussion with the Finance Director, the recording of all these items are completed in the detailed fund analysis, which is done on a quarterly basis by the Finance Director. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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**Control Area:** Financial Management  
 System Administration

**Control Document(s):** Undocumented

**Control Date:** N/A

**Control Subject:** User Administration

**Updated Accounting Manual Page Number:** 8

**Entity(s):** Town

**Control:** 16 Only authorized employees have administrative rights in the FMS. The Accounting Manager is solely responsible for adding and removing user.

**Risk Impact:** High

**Risk Probability:** Medium

**Control Frequency:** Continuous

**Sample Size:** N/A

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Procedure:** Test that only authorized employees have access rights in the FMS to add, remove and modify user settings

Test	Result	Auditor	Pass	Fail
Confirm that access to administrative rights in the FMS is limited.	All users in the System group have administrative rights. The project team received the user account listing and noted that the Finance Director, Accounting Manager, IT Director and Budget Analyst have administrative rights. Per discussion with the Finance Director, the Budget Analyst was added to this group as a precaution in case she needed the ability to perform certain tasks within the system. BlumShapiro recommends that only employees with the required job function have administrative abilities in ADMINS. BlumShapiro has elected to fully test this control in Phase II. Conclusion: Not tested.	SSW	<input type="checkbox"/>	<input type="checkbox"/>
Confirm that the Accounting Manager is responsible for user administration in the system.	Per discussion with the Finance Director, the Accounting Manager is responsible for adding and removing users in the financial system. BlumShapiro has recommended new procedures for approving the creation and removal of users in ADMINS and will test in Phase II. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm the existence of role-based access in the FMS.	Per discussion with the Accounting Manager, users are given access to the FMS based on job function. The project team received a user account listing and noted that the individual accounts were placed in different security groups. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>



**Town of Mansfield**  
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**Control Area:** Financial Management  
 System Administration

**Control Document(s):** Undocumented

**Control Date:** N/A

**Control Subject:** System Security

**Updated Accounting Manual Page Number:** 11

**Entity(s):** Town

**Control:** 17 Users of Admins Unified Community must first authenticate to Active Directory, and then authenticate with a separate user ID and password, before gaining access to the system.

**Risk Impact:** High

**Risk Probability:** Medium

**Control Frequency:** Continuous

**Sample Size:** N/A

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Test that user ID and password requirements are configured to adequately protect access to the FMS.

Test	Result		Auditor	Pass	Fail
Confirm that Active Directory requires unique user IDs and passwords for access to the Town network.	BlumShapiro received a screenshot of the Active Directory password policy and observed that unique user IDs are required and passwords must to be at least six (6) characters in length and expire every 90 days. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Confirm that Admins Unified Community requires users to have unique user IDs and passwords to authenticate to the system.	Per discussion with the Finance Director and IT Director, users must authenticate to Active Directory and then use a separate unique user ID and password to access ADMINs. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





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**Control Area:** Journal Entries      **Control Document(s):** Undocumented      **Control Date:** N/A  
**Control Subject:** Posting Permissions      **Updated Accounting Manual Page Number:** 7      **Entity(s):** Town

**Control:** 19      Only authorized employees have the ability to post journal entries in the FMS.      **Risk Impact:** High  
**Risk Probability:** Low

**Control Frequency:** Continuous      **Sample Size:** N/A

**Procedure:** Test that only authorized employees have the system access rights needed to post a journal entry.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result		Auditor	Pass	Fail
Review AUC and confirm that only the Finance Director, Accounting Manager, Accountant and Budget Analyst have the ability to post journal entries.	BlumShapiro review the user account listing and noted that only members of the System, Advanced, Finance and Support group have the ability to post journal entries. Aside from the IT Director and support personnel from ADMINS, only the Finance Director, Accounting Manager, Accountant and Budget Analyst have the ability to post journal entries. Conclusion: No exceptions noted.	SSW		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.			<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>



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**Control Area:** Journal Entries      **Control Document(s):** Undocumented      **Control Date:** N/A  
**Control Subject:** Review Procedures      **Updated Accounting Manual Page Number:** 7      **Entity(s):** Town

**Control:** 20      All journal entries are reviewed and approved by a supervisor prior to getting posted to the General Ledger. At this time, the involved employees do not follow a uniform process.      **Risk Impact:** High  
**Risk Probability:** Medium

**Control Frequency:** Continuous      **Sample Size:** 30

**Procedure:** Test that journal entries posted to the General ledger are reviewed and approved prior to posting.

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
For the Accountant's journal entries, confirm that the Accounting Manager reviews and approves them via email or hardcopy.	The project team sampled 10 journal entries made by the Accountant and confirmed Accounting Manager review and approval with the approval dates indicated as well. Three (3) were reviewed and approved via hardcopy and seven (7) were reviewed and approved via email. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
For the Accounting Manager's journal entries, confirm the Finance Director reviews and approves them via email or hardcopy.	The project team sampled 10 journal entries made by the Accounting Manager and confirmed Finance Director review and approval with the approval dates indicated as well. All 10 journal entries were reviewed and approved via hardcopy. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
For the Budget Analyst's journal entries, confirm the Finance Director reviews and approves them via email or hardcopy.	The project team sampled 10 journal entries made by the Budget Analyst and confirmed Finance Director review and approval for all but one (1) of the sampled journal entries. Per discussion with the Accounting Manager, the Accounting Manager forgot to email the Finance Director to review this entry. The Accounting Manager reviews all journal entries posted for a given quarter in order to catch unapproved entries, however this review is not documented. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>





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<b>Control Area:</b> Payroll	<b>Control Document(s):</b> Undocumented	<b>Control Date:</b> N/A	
<b>Control Subject:</b> Employee Pay Validation	<b>Updated Accounting Manual Page Number:</b> 30	<b>Entity(s):</b> Town	

<b>Control:</b>	The Finance Department performs a pay-period estimate to ensure that calculated employee pay is equivalent to what is entered into the FMS.	<b>Risk Impact:</b>	<b>High</b>
<b>22</b>		<b>Risk Probability:</b>	<b>Medium</b>

<b>Control Frequency:</b> Bi-weekly	<b>Sample Size:</b> N/A
-------------------------------------	-------------------------

**Procedure:** Test that pay period estimates are completed for each payroll run.

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm the completion of the pay period estimates for each payroll run.	Per discussion with the Accounting Manager, pay period estimates are informally completed every pay period. Presently, pay period estimates are not archived and signed off on. BlumShapiro has made the recommendation to formally document, review and archive all pay period estimates as part of the Finance Department's updated policies and procedures. Conclusion: Not tested.	ssw	<input type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



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<b>Control Area:</b> Purchasing/AP	<b>Control Document(s):</b> Undocumented	<b>Control Date:</b> N/A
<b>Control Subject:</b> Purchase Order Processing	<b>Updated Accounting Manual Page Number:</b> 27	<b>Entity(s):</b> Town, BOE & Region 19

**Control: 23** Accounts Payable is responsible for maintaining purchasing records and matching checks against corresponding purchase orders and invoices. **Risk Impact: High**

**Risk Probability: High**

**Control Frequency:** Continuous **Sample Size:** 30

**Procedure:** Review the purchasing process and confirm the proper procedures for recordkeeping and review are followed.

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that the Finance Department keeps record of all purchase orders and invoices.	Per discussion with the Accounting Manager, the Finance Department maintains copies of all purchase orders, invoices and checks. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that the AP Clerk reviews checks against the corresponding invoices and purchase orders prior to sending payments to the vendor.	The project team sampled 30 purchase orders for the months of February, May and October, and found that all corresponding invoices and checks matched. Although this helps signify a successful review by the AP Clerk, the AP Clerk does not sign and date the purchase order to evidence that the review was completed. BlumShapiro recommends that all reviewers provide a signature and date as evidence of completion. BlumShapiro also recommends that the Accounting Manager perform her secondary review of check runs before vendors are paid and bring any issues to the attention of the AP Clerk. Conclusion: Exception noted. NOTE: This control will be added to the updated policies and procedures manual.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure that only the original invoice is used to process purchases.	Per observation of the 30 sampled purchase orders, BlumShapiro confirmed that original invoices were used to process the purchases. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Review purchase orders and confirm the PO numbers do not contain issuer name or department name.	Per observation of the 30 sampled purchase orders, BlumShapiro confirmed that the PO numbers did not contain issuer name or department name. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>



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<b>Control Area:</b> Purchasing/AP	<b>Control Document(s):</b> Board of Education Fiscal Management and Best Value Method Source Selection	<b>Control Date:</b> N/A	
<b>Control Subject:</b> Expensive Purchases	<b>Updated Accounting Manual Page Number:</b> 22	<b>Entity(s):</b> Town, BOE & Region 19	

**Control:** 24      The Finance Director must review and approve purchases in excess of \$5000.      **Risk Impact:** *High*  
**Risk Probability:** *Low*

**Control Frequency:** As-Needed      **Sample Size:** 10

**Procedure:** Test that purchases in excess of \$5,000 are approved by the Finance Director.

<u>Status</u>		
<b>Pass</b> <input checked="" type="checkbox"/>	<b>Fail</b> <input checked="" type="checkbox"/>	<b>Not Tested</b> <input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that the Finance Director reviews and signs off on purchase orders in excess of \$5,000.	BlumShapiro sampled 10 purchase orders in excess of \$5,000 and confirmed the Finance Director's signature on each purchase order. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that a completed Best Value Method Source Selection form is attached to purchase orders in excess of \$7,500 purchases that do not go out to bid.	Per discussion with the Finance Director, use of the Best Value Method Source Selection form has been loosely enforced in the past because many purchase orders are reoccurring charges for services. BlumShapiro found that one (1) purchase order indicated a Best Value Method Source Selection form was completed, but the form was not retained and processed with the PO. BlumShapiro recommends requiring use of the form under a clear and concise protocol. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



## Town of Mansfield Financial and Operational Controls Testing Procedures and Results February 2015

<b>Control Area:</b> Purchasing/AP	<b>Control Document(s):</b> Purchase and Use of Merchant Gift Cards (Memo)	<b>Control Date:</b> 10/10/2012	
<b>Control Subject:</b> Gift Card Management	<b>Updated Accounting Manual Page Number:</b> 43	<b>Entity(s):</b> Town & BOE	

**Control:** 25      The purchase of gift cards must be approved and inventoried.      **Risk Impact:** *Medium*  
**Risk Probability:** *Medium*

**Control Frequency:** As-Needed      **Sample Size:** 2

**Procedure:** Test that the purchase of gift cards must be approved and inventoried.

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that original requests for gift cards are signed by Department Heads and the Finance Director or Town Manager. Ensure that requests contain the number of cards to be purchased, the merchant, the denomination of each card, the intended recipient and the reason for the purchase.	Per discussion with the Accounting Manager, only the Human Services and Youth Services departments have gift cards on-hand. Also, the Accounting Manager explained that the Finance Department did not keep record of originating requests until fiscal year 2014-15. The project team sampled requests for the months of July and September and confirmed approval from the Department Head and Finance Director. The requests contain the aforementioned required information. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ensure that purchased cards are inventoried by requesting departments using the Gift Card Inventory List.	The project team sampled July and September inventory reports provided by the Human and Youth Services departments and confirmed that individual cards are inventoried along with their balances. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm a month end report documenting the physical inventory of gift cards in departmental possession, compared to the Gift Card Inventory List, is approved by Department Heads and sent to the Finance Office.	Per discussion with the Accounting Manager, year-end reports were required in fiscal year 2013-14 and month-end reports are required for 2014-15. For the sampled months, the project team noted that the Finance Department reviewed inventory counts and ending balances and signed off on all activity between the two (2) departments. Department Head signature review was provided as well. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>



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<b>Control Area:</b>	Purchasing/AP	<b>Control Document(s):</b>	Town of Mansfield Purchasing Card Program Policies and Procedures	<b>Control Date:</b>	1/1/2007
<b>Control Subject:</b>	Purchasing Card Policies	<b>Updated Accounting Manual Page Number:</b>	25	<b>Entity(s):</b>	Town, BOE & Region 19

**Control: 26**      Employees granted P-Cards must sign the Cardholder Agreement Form and the Credit Card Use Policy.      **Risk Impact: High**  
**Risk Probability: Medium**

**Control Frequency:** As-Needed      **Sample Size:** 10

**Procedure:** Test that employees granted P-Cards are authorized and sign the proper usage policies.

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Ensure that cardholders are appropriate due to job function.	The project team elected to sample 10 cardholders from a population of 97. Per discussion with the Budget Analyst, all 10 employees were authorized a purchasing card and continue to use them due to job function. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm that cardholders sign the Cardholder Agreement Form	BlumShapiro received copies of the completed Cardholder Agreement Form for each sampled cardholder. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



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<b>Control Area:</b>	Purchasing/AP	<b>Control Document(s):</b>	Undocumented (Audit Team Risk Assessment Notes)	<b>Control Date:</b>	6/30/2014
<b>Control Subject:</b>	Purchasing Card Spending Limits	<b>Updated Accounting Manual Page Number:</b>	25	<b>Entity(s):</b>	Town, BOE & Region 19

<b>Control:</b>	Employees granted P-Cards are held to daily and monthly spending limits.	<b>Risk Impact:</b>	<i>High</i>
<b>27</b>		<b>Risk Probability:</b>	<i>Medium</i>
	<b>Control Frequency:</b> Continuous	<b>Sample Size:</b>	10
<b>Procedure:</b>	Test that cardholders are held to appropriate spending limits due to job function.		

<u>Status</u>		
Pass	Fail	Not Tested
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Test	Result		Auditor	Pass	Fail
Confirm that employees with a \$1000 single-transaction and \$5000 monthly spending limit are appropriate due to job function.	Of the 10 sampled cardholders, four (4) were given the minimum spending limit. Per discussion with the Budget Analyst, these employees were given the minimum because their job responsibilities do not require higher limits. BlumShapiro recommends that the Finance Department review spending limits on an annual basis and adjust individual limits accordingly. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Confirm that cardholders with a \$5,000 single-transaction and \$25,000 monthly limit are appropriate due to job function.	Of the 10 sampled cardholders, two (2) were given limits that exceeded \$5,000 daily and \$25,000 monthly (Parks & Recreation Director and IT Director). Per discussion with the Budget Analyst, these employees need the ability to make expensive purchases for the Town and therefore require higher limits. BlumShapiro recommends allowing high spending limits on a case-by-case basis, but then lowering the limits until another expensive purchase is needed. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	



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<b>Control Area:</b>	Purchasing/AP	<b>Control Document(s):</b>	Undocumented (Audit Team Risk Assessment Notes)	<b>Control Date:</b>	6/30/2014
<b>Control Subject:</b>	Purchasing Card Expense Reporting	<b>Updated Accounting Manual Page Number:</b>	25	<b>Entity(s):</b>	Town, BOE & Region 19

<b>Control:</b>	Employees granted P-Cards are required to disclose their monthly spending to the Finance Department.	<b>Risk Impact:</b>	<b>High</b>
<b>28</b>		<b>Risk Probability:</b>	<b>Medium</b>
	<b>Control Frequency:</b> Monthly	<b>Sample Size:</b>	10
<b>Procedure:</b>	Test that cardholders submit evidence of expenditure in order to disclose their spending to the Finance Department.		

Status

<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that employees granted P-Cards submit evidence (i.e. receipts) of their expenses on a monthly basis.	BlumShapiro sampled the same 10 cardholders between the months of February, May and October and examined their monthly expense reports. The project team confirmed that supporting documentation was provided for each purchase made. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm Department Head review and approval of monthly expense reports.	For the selected sampled, BlumShapiro confirmed signed approval by the appropriate Department Head for each monthly expense report. BlumShapiro noted that some Department Heads forgot to include a date along with their signature but we do not feel it constitutes a failure. We encourage that dates be enforced in addition to a signature for all reviewers. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ensure that the Finance Department reviews the expense reports prior to creating the journal entry.	Per observation of the selected sample, BlumShapiro found that two (2) expense reports (Jamie Russell - February & Sharon Tyler - October) did not have Finance Department approval in the form of a signature and date - only red check marks were present. The remaining reports contained Finance Department signatures and dates. BlumShapiro recommends that approvers include their signature and the date as part of all reviews. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>







## Town of Mansfield Financial and Operational Controls Testing Procedures and Results February 2015

<b>Control Area:</b>	Student Activity Fund	<b>Control Document(s):</b>	Region 19/Mansfield Board of Education Fiscal Management	<b>Control Date:</b>	10/13/2011
<b>Control Subject:</b>	Fund Management Procedures	<b>Updated Accounting Manual Page Number:</b>	37	<b>Entity(s):</b>	Town, BOE & Region 19

**Control: 31** The Superintendent's Office and the Finance Department are responsible for overseeing the account. Only authorized employees are allowed to sign account checks. The Superintendent's approval is required for month-end account replenishment.

**Risk Impact:** High

**Risk Probability:** High

**Control Frequency:** Continuous

**Sample Size:** 4

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Test that the proper controls and approvals are in place to actively manage the Student Activity Fund. Ensure funds are not being disbursed without review and approval. Confirm a monthly account reconciliation is performed.

Test	Result	Auditor	Pass	Fail
Confirm the Student Activity fund is a single signature checking account and only individuals as directed by the Superintendent are authorized to sign the checks.	Per discussion with the Accounting Manager, Region 19 and Mansfield BOE each have their own Student Activity account. Both accounts are set up as single signature checking accounts. The Accounting Manager confirmed that only individuals assigned by the Superintendent are authorized to sign the checks. BlumShapiro recommends that the Superintendent clearly document individuals who have signing privileges. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm the schools submit a month-end voucher to replenish the accounts. Sample month-end vouchers and confirm copies of the checks drawn are attached and that the Superintendent approved the voucher.	BlumShapiro elected to sample the months of February, May, September and November and confirmed Superintendent approval. The project team found that the month-end vouchers (POs) do not contain copies of all the checks drawn, but rather a copy of the check register/ledger maintained by the respective schools. Copies of the checks drawn are only available in the monthly bank statements. Per observation of the sampled checks drawn, the project team found that three (3) Region 19 checks did not have an approval signature. BlumShapiro recommends a complete revision of the Student Activity Fund reimbursement process. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirm that monthly bank statements are sent to the Finance Department for review and reconciliation. Ensure the process is properly completed and documented.	BlumShapiro elected to sample the months of February, May, September and November. The project team confirmed Finance Department review and approval for the Region 19 bank reconciliation. Per discussion with the Accounting Manager, the Finance Department does not perform a bank reconciliation for the Mansfield BOE Student Activity Fund. Finance should be involved in the reconciliation of all Student Activity funds and BlumShapiro recommends Finance take over this process for the Mansfield BOE account. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>



## Town of Mansfield Financial and Operational Controls Testing Procedures and Results February 2015

<b>Control Area:</b> Athletic Activity Fund	<b>Control Document(s):</b> Region 19/Mansfield Board of Education Fiscal Management	<b>Control Date:</b> 10/13/2011	
<b>Control Subject:</b> Fund Management Procedures	<b>Updated Accounting Manual Page Number:</b> 37	<b>Entity(s):</b> Town, BOE & Region 19	

**Control: 32** The Superintendent's Office and the Finance Department are responsible for overseeing the account. Only authorized employees are allowed to sign account checks. The Superintendent's approval is required for month-end account replenishment.

**Risk Impact:** *High*

**Risk Probability:** *High*

**Control Frequency:** Continuous

**Sample Size:** 4

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Test that the proper controls and approvals are in place for actively managing the Athletic Activity Fund. Ensure funds are not being disbursed without review and approval. Confirm an account reconciliation is performed.

Test	Result	Auditor	Pass	Fail
Confirm the Athletic Activity fund is a single signature checking account and only individuals as directed by the Superintendent are authorized to sign the checks.	Per discussion with the Accounting Manager, Region 19 and Mansfield BOE each have their own Athletic Activity account. Both accounts are set up as single signature checking accounts. The Accounting Manager confirmed that only individuals assigned by the Superintendent are authorized to sign the checks. BlumShapiro recommends that the Superintendent clearly document individuals who have signing privileges. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm the schools submit a month-end voucher to replenish the accounts. Sample month-end vouchers and confirm copies of the checks drawn are attached and that the Superintendent approved the voucher.	BlumShapiro elected to sample the months of February, May, September and November and confirmed Superintendent approval. The project team found that the month-end vouchers (POs) do not contain copies of all the checks drawn, but rather a copy of the check register/ledger maintained by the respective schools. Copies of the checks drawn are only available in the monthly bank statements. Per observation of the sampled checks drawn, the project team found that some checks in the month of November were written to "blank". BlumShapiro recommends a complete revision of the Athletic Activity fund reimbursement process. Conclusion: Exception noted.	SSW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirm that monthly bank statements are sent to the Finance Department for review and reconciliation. Ensure the process is properly completed and documented.	BlumShapiro elected to sample the months of February, May, September and November. The project team reviewed the bank reconciliations for both Athletic Activity accounts and confirmed Finance Department approval with signatures and dates. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>



## Town of Mansfield Financial and Operational Controls Testing Procedures and Results February 2015

**Control Area:** System Interfaces

**Control Document(s):** Financial Management Systems

**Control Date:** N/A

**Control Subject:** Interface Security

**Updated Accounting Manual Page Number:** 6

**Entity(s):** Town

**Control:**  
33

Admins Unified Community, Quality Data Services and Vision Systems are the applications in use that have data with financial reporting implications. No electronic interfaces exists between the financial systems.

**Risk Impact:** *Medium*

**Risk Probability:** *Low*

**Control Frequency:** Continuous

**Sample Size:** N/A

<u>Status</u>		
<b>Pass</b>	<b>Fail</b>	<b>Not Tested</b>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Procedure:** Ensure that no electronic interfacing of data exists between the financial systems.

Test	Result	Auditor	Pass	Fail
Confirm how data is uploaded from QDS to AUC.	Per discussion with the IT Director and Finance Director, there are no electronic interfaces to ADMINS. All tax and payroll data is entered into the application via manual journal entries. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Confirm how data is uploaded from Vision to AUC.	Per discussion with the IT Director and Finance Director, there are no electronic interfaces to ADMINS. All tax and payroll data is entered into the application via manual journal entries. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



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<b>Control Area:</b> Vendor Management	<b>Control Document(s):</b> Undocumented	<b>Control Date:</b> N/A
<b>Control Subject:</b> Adding a Vendor to File	<b>Updated Accounting Manual Page Number:</b> 28	<b>Entity(s):</b> Town

**Control:** 34      The ability to add vendors in Admins Unified Community is limited to authorized employees only. No formal process for reviewing vendors prior to addition to file exists at this time.      **Risk Impact:** *High*

**Control Frequency:** As-Needed      **Sample Size:** 1      **Risk Probability:** *Medium*

**Procedure:** Confirm that the ability to add vendors in Admins Unified Community is limited to authorized employees.

<u>Status</u>		
<b>Pass</b> <input checked="" type="checkbox"/>	<b>Fail</b> <input type="checkbox"/>	<b>Not Tested</b> <input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that the Finance Director, Accounting Manager, Budget Analyst, Accounts Payable Clerk and Finance Clerk are the only users with the ability to add vendors to file.	Per observation of the ADMINS user account listing, aside from the IT Director, the aforementioned Finance staff are the only users with the necessary entitlement to add vendors to file. Conclusion: No exceptions noted	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



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**Control Area:** Vendor Management      **Control Document(s):** Undocumented      **Control Date:** N/A  
**Control Subject:** Vendor Payment Verification      **Updated Accounting Manual Page Number:** 27      **Entity(s):** Town

**Control:** 35      Payments to vendors (checks) are reviewed by Accounts Payable prior to being distributed.      **Risk Impact:** High  
**Risk Probability:** High

**Control Frequency:** Continuous      **Sample Size:** 30

**Procedure:** Review Town purchases and test that all payments (checks) are reviewed and verified prior to being distributed.

<u>Status</u>		
Pass <input checked="" type="checkbox"/>	Fail <input type="checkbox"/>	Not Tested <input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm that the Accounts Payables clerk cuts, verifies, signs and distributes checks.	Per discussion with the Accounting Manager and Finance Director, the AP Clerk is responsible for completing this process. BlumShapiro recommends physically evidencing this process with a signature and date. The Accounting Manager has begun reviewing check runs and brings any questions or concerns to the attention of the AP Clerk. Conclusion: No exception noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
For a selected sample of purchases, confirm that payments (checks) match their corresponding invoices and that the Accounts Payable Clerk completes this process prior to distributing payments.	BlumShapiro sampled 30 purchases between the months of February, May and October, and confirmed that all payment amounts matched what was stated on the corresponding invoice. Although it is not evidenced at this time, the AP Clerk completes this matching process before checks are distributed. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	NOTE: This control will be added to the updated policies and procedures manual.		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>



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**Control Area:** Use of Town Cellphones      **Control Document(s):** Cellular Telephone Use Policy      **Control Date:** 10/1/2009

**Control Subject:** Acceptable Use Policy      **Updated Accounting Manual Page Number:** 44      **Entity(s):** Town

**Control: 36**      Employees granted a Town-owned cellphone who elect to use it for personal use are required to adhere to the Town's acceptable usage policy.      **Risk Impact:** Low

**Risk Probability:** Low

**Control Frequency:** Continuous      **Sample Size:** 7

**Procedure:** Test that employees granted Town-owned cellphones who elect to use it for personal use sign the Cellular Telephone Use Policy.

<u>Status</u>		
<b>Pass</b> <input checked="" type="checkbox"/>	<b>Fail</b> <input type="checkbox"/>	<b>Not Tested</b> <input type="checkbox"/>

Test	Result	Auditor	Pass	Fail
Confirm a signed Cellular Telephone Use Policy is on file for employees who use a Town-owned cellphone for personal use.	BlumShapiro sampled seven (7) employees with Town-owned cellphones and confirmed three (3) of them use the phone for personal use. All three (3) employees had completed copies of the Cellular Telephone Use Policy. For the remaining employees in the sample, three (3) elected not to use their phones for personal use and one (1) is a member of the State Police and is therefore excluded from the clause. Conclusion: No exceptions noted.	SSW	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>