

TOWN OF MANSFIELD
FINANCE COMMITTEE MEETING

Monday, December 12, 2016

Audrey P. Beck Building
Conference Room B
**** 5:00pm ****

A G E N D A

CALL TO ORDER

APPROVAL OF THE MINUTES

OPPORTUNITY FOR PUBLIC COMMENT

STAFF REPORTS

OLD BUSINESS

1. Policies and Procedures Update
2. Fraud Risk Assessment Implementation Update
3. Purchasing Ordinance Review
4. Financial Management Goals/Policies – Debt Performance
5. Mansfield Discovery Depot Update
6. Regular Meeting Schedule for 2017
7. Budget Process for FY 2017/18

NEW BUSINESS

COMMUNICATIONS/OTHER BUSINESS/FUTURE AGENDA ITEMS

ADJOURNMENT

TOWN OF MANSFIELD
FINANCE COMMITTEE MEETING
MINUTES OF NOVEMBER 28, 2016

Members Present: Ryan (Chair), Raymond, Marcellino

Other Council Members Present: Shapiro

Staff Present: Trahan, Meriwether

Guests: None

1. Meeting called to order at 5:00pm
2. Approval of minutes for October 13, 2016

Marcellino moved and Raymond seconded to approve the minutes of the October 13, 2016 meeting as presented. Motion so passed.

3. Opportunity for Public Comment – None
4. Comments from the Finance Committee Chair - Chairman Ryan apologized for allowing a citizen to engage with the Committee during the meeting. In the future, Ryan will request that the rules of procedure be suspended before allowing such action.
5. Staff Reports – Finance Director Trahan reported that we are nearing the end of the annual financial audit. No issues have been reported at this time. We are on schedule to have completed audit reports by December 31, 2016 as required. The December Finance Committee meeting will include proposed salary budget transfers and if complete, proposed adjustments to the budget to reflect the budget re-structure of the shared Finance department budget.

Raymond moved and Marcellino seconded to move Items 2, 3, 4 of New Business before Old Business since these items are on the Council Agenda for this evening. Motion so passed.

6. Quarterly Financial Statements – Finance Director Trahan reviewed the Overview and answered questions regarding the Financial Statements from the Committee. As discussed at the last meeting, Councilor Raymond requested additional information on the Solid Waste Fund, specifically what is an appropriate level of fund balance, and can we provide an equipment replacement schedule. Trahan will report back at a future Committee meeting.

Raymond moved and Marcellino seconded to accept the Quarterly Financial Statements dated September 30, 2016. Motion so passed.

7. Transfer to Suspense Book – Trahan reviewed the proposed transfer to suspense and answered questions from the Committee.

Marcellino moved and Raymond seconded to approve the Transfer to the Suspense Book of uncollected taxes in the amount of \$94,986.45. Motion so passed.

8. Refund Balance Write-off Request – The Committee discussed the proposed write-off request.

Raymond moved and Marcellino seconded to approve the write-off of \$1,792.18 in un-refunded property taxes. Motion so passed.

9. Policies and Procedures Update – The Committee completed their review of the revised Policies and Procedures (P&P). A number of items were discussed and the agreed upon changes will be made. Accounting Manager Meriwether will provide a red-lined version for the Committee's final review at the December meeting.
10. Fraud Risk Assessment Update – Meriwether provided a condensed list of all items warranting further review from the Fraud Risk Assessment recommendations. Meriwether reviewed each of the items with the Committee explaining where recommendations were not going to be implemented as recommended. In some cases alternate control procedures were agreed upon and in others, recommendations were deemed not cost effective. Meriwether will prepare a final report on the status of recommendations for the Committee's final review at the December meeting.
11. Purchasing Ordinance Review – Tabled until the December meeting.
12. Debt Performance Goals – Tabled until the December meeting.
13. Mansfield Discovery Depot – Tabled until the December meeting.
14. Regular Meeting Schedule for 2017 – Tabled until the December meeting.
15. Budget Process for FY2017/2018 – Tabled until the December meeting.
16. Communications/Other Business/Future Agenda Items – None
17. Adjournment. The meeting adjourned at 6:50pm.
Marcellino moved and Raymond seconded to adjourn. Motion so passed.

Respectfully Submitted,

Cherie Trahan, Director of Finance

Proposed Revisions – Version 3 – 10/13/16

Chapter 76. Purchasing

[HISTORY: Adopted by the Town Council of the Town of Mansfield 6-22-2009, effective 7-22-2009.[1] Amendments noted where applicable.]

GENERAL REFERENCES

Administrative departments — See Ch. 2.

Code of Ethics — See Ch. 25.

Disposal of property — See Ch. 73.

Reserve Fund — See Ch. 85.

[1] Editor's Note: This ordinance also superseded former Ch. 76, Purchasing, adopted 5-29-1990.

§ 76-1. Title.

This chapter shall be known and may be cited as "The Ordinance for Obtaining Goods and Services."

§ 76-2. Legislative authority.

This chapter is enacted pursuant to the provisions of Town Charter § C506B(1)(c).

§ 76-3. Purpose; applicability; environmental considerations.

- A. The purpose of this chapter is to provide a set of procedures designed to obtain the best possible value for the necessary goods and services purchased by the Town of Mansfield, in accordance with Article V, § C506, of the Town Charter. It shall be the general policy and presumption of the Town Council that contracts for the procurement of supplies, materials, equipment, property or services shall be entered into pursuant to a competitive process. The Town Council has also determined that competitive bidding in some instances may be against the best interest of the Town. The Council, therefore, invokes its powers under Article V, § C506B(1)(c), of the Town Charter to establish this chapter designed to better ensure receipt by the Town of the best possible value for necessary goods and services by taking advantage of all prudent purchasing methods and opportunities available in the marketplace, including the open competitive bidding

process, and delegates authority to implement these procedures to the Purchasing Agent. These procedures are further designed to provide for the fair and equitable treatment of all persons involved in public purchasing by the Town of Mansfield.

- B. This chapter shall apply to the purchase of all supplies, materials, equipment and other commodities and contractual services and construction (hereafter referred to as "products and services") required by any department, agency, board or commission of the Town, irrespective of the source of funds, except the purchase of specialized goods and contractual services for the purpose of instruction by the Board of Education. The Mansfield Board of Education and the Region 19 Board of Education shall be encouraged to adopt purchasing regulations similar to the provisions of this chapter. Nothing herein contained shall be construed to prevent the Director of Finance from serving, to the extent requested, as the Purchasing Agent for all requirements of the Board(s) of Education.

- C. In order to increase the development and awareness of environmentally sound products and services, the Town of Mansfield will ensure that all possible and feasible specifications are reviewed for consideration of environmental impacts. Consideration will be given to those products that, from a life cycle perspective, adversely affect the environment in the least possible way. This means that the Town of Mansfield will make a reasonable and responsible effort to choose product and services that:
 - 1) Are produced in an environmentally responsible manner.
 - 2) Are distributed in an environmentally responsible manner.
 - 3) Cause the least possible damage to the environment.
 - 4) Can be removed in an environmentally responsible manner.

§ 76-4. Solicitation and award procedures.

- A. As provided in the Town Charter, the Director of Finance shall serve as the Purchasing Agent for the Town, and shall be responsible for the procurement of all products and services for the Town. Subject to the limitations set forth in the Charter and in § 76-3B of this chapter, the Purchasing Agent shall have the authority to approve all contract specifications, prescribe the method of source selection to be utilized in the procurement of all products or services, award all contracts for products and services based on a determination of the bidder who offers the best value to the Town, and shall have the authority necessary to enforce the purchasing provisions of the Charter and these rules. In addition, the Purchasing Agent shall have the following specific duties:
 - 1) To inspect all supplies, material and equipment ordered by and delivered to the Town to ensure compliance with specifications and conditions affecting the purchase

thereof, or delegate the inspection thereof to such Town employees as are authorized to purchase said supplies, materials or equipment in accordance with Subsection B of this section.

- ~~4)2)~~ To procure and award contracts for, or supervise the procurement of, all products and services needed by the Town, and to maintain custody and care of all contracts for goods and contractual services to which the Town is a party.
- ~~2)3)~~ To transfer between offices or sell, trade, or otherwise dispose of surplus supplies, materials, or equipment belonging to the Town.
- ~~3)4)~~ To prepare, issue, revise, and maintain all bid specifications and to establish and maintain programs for specification development, and the inspection, testing, and acceptance of products and services.
- ~~4)5)~~ To prepare and adopt operational procedures governing the procurement functions of the Town.
- ~~5)6)~~ To have the discretion and authority for cause to disqualify vendors and to declare them to be irresponsible bidders and to remove them from receiving any business from the Town.
- ~~6)7)~~ To cancel, in whole or in part, an invitation to bid, a request for proposals, or any other solicitation, or to reject, in whole or in part, any and all bids or proposals when to do so is in the best interests of the Town.
- ~~7)8)~~ To require, when necessary, bid deposits, performance bonds, insurance certificates, and labor and material bonds or other similar instruments or security which protect the interests of the Town.
- ~~8)9)~~ To procure for the Town all federal and state tax exemptions to which it is entitled.
- ~~9)10)~~ To ensure that the Town is exempt from state fair trade laws as provided by the Connecticut General Statutes.
- ~~40)11)~~ To join with other units of government and with private sector organizations in cooperative purchasing plans when the best interests of the Town would be served.

B. Delegation to other Town officials. With the written approval of the Town Manager, the Purchasing Agent may delegate any portion of the authority to purchase certain products and services to other Town employees, if such delegation is deemed necessary and appropriate for the effective and efficient operation of Town government and for the procurement of those items. The Purchasing Agent, with the written approval of the Town Manager, may revoke such delegation at any time. The person to whom such authority is delegated shall be responsible for complying with the requirements of the

Charter, this chapter and any rules or regulations which may exist relating to the execution of the procurement process.

C. Methods of source selection. In accordance with Article V of the Town Charter, unless otherwise prescribed by law, the Purchasing Agent shall take advantage of all prudent purchasing methods and opportunities available in the marketplace. This includes, but is not limited to, such methods as competitive sealed bids, competitive sealed proposals, competitive negotiation, sole-source procurement, small purchase procedures, credit card procedures, bulk ordering, emergency purchases, multi-step bidding, Internet purchasing, use of cooperative purchasing plans and public auctions. In deciding which method to utilize, the Purchasing Agent may take into consideration the following factors:

- 1) How to obtain the best value for the commodity.
- 2) Whether or not to utilize a fixed-price or fixed-service contract under the circumstances.
- 3) Whether quality, availability, or capability is overriding in relation to price.
- 4) Whether the initial installation needs to be evaluated together with subsequent maintenance and service capabilities and what priority should be given to these requirements.
- 5) What benefits are derived from product or service compatibility and standardization and what priority should be given to these requirements.
- 6) Whether the marketplace will respond better to a solicitation permitting not only a range of alternative proposals, but evaluation, discussion, and negotiation of them before making the award.
- 7) What is practicable and advantageous to the Town.
- 8) The availability of vendors.
- 9) The efficiency of the process.
- 10) The fair and equitable treatment of potential participants.
- 11) The degree to which specifications can be made clear and complete.
- 12) The timeliness of the process to the needs of the Town.

D. Award of contract. Contracts shall be awarded, by the Purchasing Agent to the vendor who offers the best value to the Town. The Finance Committee shall be advised in the next quarterly financial report, or sooner when appropriate, when the Purchasing Agent

awards a contract for goods or services for \$10,000 or more (but not professional services as defined in Subsection I) other than by competitive sealed bid in accordance with Article V, § C506B(1)(c), of the Town Charter. Best value shall be determined by consideration of some or all of the following factors as deemed appropriate by the Purchasing Agent.

On behalf of the Town, the Purchasing Agent shall have the authority and responsibility to execute contracts for the purchase of all products and services for the Town.

The Finance Committee shall be advised on a quarterly basis of all vendors whose cumulative contracts with the Town or Board reach \$50,000.

- 1) The quality, availability, adaptability, and efficiency of use of the products and service to the particular use required.
- 2) The degree to which the provided products and services meet the specified needs of the Town, including consideration, when appropriate, of the compatibility with and ease of integration with existing products, services or systems.
- 3) The number, scope, and significance of conditions or exceptions attached or contained in the bid and the terms of warranties, guarantees, return policies, and insurance provisions.
- 4) Whether the vendor can supply the product or service promptly, or within the specified time, without delay or additional conditions.
- 5) The competitiveness and reasonableness of the total cost or price, including consideration of the total life-cycle cost and any operational costs that are incurred if accepted.
- 6) A cost analysis or a price analysis including the specific elements of costs, the appropriate verification of cost or pricing data, the necessity of certain costs, the reasonableness of amounts estimated for the necessary costs, the reasonableness of allowances for contingencies, the basis used for allocation of indirect costs, and the appropriateness of allocations of particular indirect costs to the proposed contract.
- 7) A price analysis involving an evaluation of prices for the same or similar products or services. Price analysis criteria include, but are not limited to: price submissions of prospective vendors in the current procurement, prior price quotations and contract prices charged by the vendor, prices published in catalogs or price lists, prices available on the open market, and in-house estimates of cost.
- 8) Whether or not the vendor can supply the product or perform the service at the price offered.

- 9) The ability, capacity, experience, skill, and judgment of the vendor to perform the contract.
- 10) The reputation, character and integrity of the vendor.
- 11) The quality of performance on previous contracts or services to the Town or others.
- 12) The previous and existing compliance by the vendor with laws and ordinances or previous performance relating to the contract or service, or on other contracts with the Town or other entities.
- 13) The sufficiency, stability, and future solvency of the financial resources of the vendor.
- 14) The ability of the vendor to provide future maintenance and service for the use of the products or services subject to the contract.

E. Common specifications and standards.

- 1) In accordance with this chapter, all of the Town's departments, agencies, boards and commissions shall work together with the Purchasing Agent to identify common needs and establish standard specifications for the purchase of goods and contractual services which are commonly used by more than one department, agency, board, or commission.
- 2) The Purchasing Agent shall be responsible for identifying goods and contractual services common to the needs of the Town, School Department and their boards and commissions and for preparing and utilizing standard written specifications submitted for such goods and contractual services. After adoption, each standard specification shall, until revised or rescinded, apply in terms and effect to every purchase and contract for said goods or contractual service. The Town Manager may exempt any using agency of the Town from the use of the goods or contractual services in such standard specification if, in his/her judgment, it is in the best interest of the Town to so do.

F. Sole-source procurement and brand name specification.

- 1) It is the policy of the Town to encourage fair and practicable competition consistent with obtaining the best possible value for the necessary products and services required by the Town. Since the use of sole-source procurement or a brand name specification is restrictive, it may be used only when the Purchasing Agent makes a written determination that there is only one practical source for the required product

or service or that only the identified brand name item or items will satisfy the Town's needs and the Town Manager concurs with such finding. A requirement for a particular brand name does not justify sole-source procurement if there is more than one potential vendor for that product or service.

- 2) Any request by a using agency that procurement be restricted to one potential contractor or be limited to a specific brand name shall be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need.
 - 3) A record of all sole-source procurements and brand name specifications shall be maintained. Sole-source records shall list each contractor's name; the amount and type of each contract; a listing of the products or services procured under each contract; and the effective dates of the contract. Brand name records shall list the brand name specification used, the number of suppliers solicited, the identity of these suppliers, the supplier awarded the contract, and the contract price. The Town Council Finance Committee shall be advised, in the next quarterly financial report, or sooner when appropriate, when the Purchasing Agent and the Town Manager have made a determination of brand name or sole-source selection.
- G. All purchases made and contracts executed by the Purchasing Agent shall be pursuant to a written or electronic purchase order from the head of the office, department or agency whose appropriation will be charged, and no contract or order shall be issued to any vendor unless and until the Director of Finance certifies that there is to the credit of such office, department or agency a sufficient unencumbered appropriation balance to pay for the supplies, materials, equipment or contractual services for which the contract or order is to be issued. This requirement may be deferred in the event that an emergency situation requires prompt action by the Purchasing Agent. This subsection will not prevent the use of open purchase orders or the use of a purchasing card program designed to consolidate many small transactions onto a single monthly invoice.
- H. The responsible head of each department, office, institution, board, commission, agency or instrumentality of the Town shall certify, in writing, to the Purchasing Agent the names of such officers or employees who shall be exclusively authorized to sign purchase orders for such respective department, office, institution, board, commission, agency or instrumentality, and all requests for purchases shall be void unless executed by such certified officers or employees and approved by the Purchasing Agent.
- I. **Professional services.** As the procurement of professional services is generally exempt from the requirements of competitive sealed bidding, all contracts for professional services, including legal services, shall be obtained in accordance with the following guidelines, with the exception of the Town Attorney who shall be chosen in accordance with Article III, § C305, of the Town Charter. The Town Manager shall execute an agreement for professional services with the appointed Town Attorney.
- 1) A request for proposal (RFP) or request for qualifications (RFQ) shall be written for all requests for professional services [except as described in Subsection I(3) below] ~~in excess of \$10,000~~ \$25,000 or more. The RFP or RFQ shall be written in such a manner as to describe the requirement to be met, without having the effect of

exclusively requiring a proprietary product or service, or procurement from a sole source, unless approved in accordance with the requirements of this section. This requirement may be met by using State contracted pricing or pre-qualified pricing through other governmental or cooperative agency arrangement including but not limited to the Connecticut Conference of Municipalities (CCM) and Capital Region Council of Governments (CRCOG).

- 2) When the scope of work is less precise as determined by the Town Manager, the preferred method of obtaining professional services shall be through the use of competitive negotiation. The process used for the solicitation of proposals shall assure that a reasonable and representative number of vendors are given an opportunity to compete. The Town Manager may limit the number of qualified vendors considered and may approve solicitation by invitation or public notice.
- 3) In accordance with Article III, § C305C, of the Town Charter, the Town Manager, with the approval of the Town Council, may obtain special legal services other than the Town Attorney. In obtaining those services, the Town Manager may consider, in addition to hourly rate, the reputation, character and integrity of the firm, the quality of performance on previous contracts and services to the Town, the ability of the firm to provide these services over an extended period, and the ability, capacity, experience, skill and judgment of the attorneys performing the service.
- 4) The award of a professional services contract shall be done in a manner designed to obtain the best possible value to the Town and with consideration of the factors listed in Subsection D of this section, titled "Award of contract."
- 5) Professional services defined.

a. Professional services are defined as:

- i. Work requiring knowledge of an advanced type in a field of study and which frequently requires special credentialing, certification or licensure. Such areas include but are not limited to engineers, architects, appraisers, medical service providers, consultants, actuaries, banking services, and legal; or
- ii. Work that is original and creative in character in a recognized field or artistic endeavor or requires special abilities and depends primarily on a person's invention, imagination, or creative talent. Such fields or artistic endeavors include but are not limited to the following: health and fitness, cultural arts, crafts, ice skating, and specialty area instructors; and
- iii. Work that requires consistent exercise of independent discretion and judgment to perform according to a provider's own methods and without being subject to the control of the Town except as to the result of the work.

b. Professional service providers shall not be dependent on the Town as their sole client, and must be clearly considered an independent contractor as opposed to an employee as defined by state and federal laws, regulations, and court decisions.

6) On behalf of the Town, the Purchasing Agent shall have the authority and responsibility to execute professional service contracts under \$25,000. ~~†The Town Manager shall have the authority and responsibility to execute professional service contracts in excess of \$10,000~~\$25,000 or more.

J. Invoice schedule. All contracts for goods, contractual services and professional services to which the Town is a party shall include a provision requiring the vendor or contractor to invoice the Town in a timely manner, pursuant to a schedule established by the Purchasing Agent.

K. Custody of contracts. All contracts for goods, contractual services and professional services to which the Town is a party shall be kept in the office of the Purchasing Agent and shall be under the care and custody of the Purchasing Agent unless the Purchasing Agent has delegated the authority to take custody of such a contract to another Town official in accordance with Subsection B of this section. All other contracts to which the Town is a party or to which any officer or board, bureau or commission of the Town, acting in behalf of the Town, is a party shall be kept on file in the Town Clerk's office and shall be under the care and custody of the Town Clerk. When any officer, board, bureau or commission of said Town shall require any original contract in which the Town is interested, as aforesaid, the contract shall not be taken from the Town Clerk's or Purchasing Agent's office until such officer, board, bureau or commission has given a receipt therefor, and a copy of such contract shall be filed with the Town Clerk or Purchasing Agent as soon as the same can be made. The above provisions shall not apply when any such contract is needed for temporary use in the Town building and is returned on the same day that it is taken.



Town of Mansfield Department of Finance

To: Mansfield Finance Committee
From: Cherie Trahan, Director
CC: Matt Hart, Town Manager, Amy Meriwether, Accounting Manager/Treasurer
Date: October 13, 2016
Re: Debt Affordability Measures

Attached you will find the following schedules to assist with determining the debt affordability measures to be included in the revised Debt Management Policy:

1. Debt Limitations
2. Local Comparisons
3. Debt Limit Options
4. Sample Calculations
5. CT Aa2 Median Statistics (Moody's Investors)

I will review each of these in depth at your Finance Committee meeting on October 13th.

It is important to remember that these measures are meant to be guidelines, not hard and fast rules. Many factors may go into the decision of whether to propose debt issuance for a project. Just because a project may or may not fit one or all of these measures does not mean the project is automatically proposed or not proposed for borrowing. Other considerations include the ability and willingness of the community to support a particular project.

As I mentioned at your September meeting, I have discussed both the draft Debt Management Policy and proposed debt affordability measures with our Financial Advisor, Bill Lindsay. He offered the following perspective:

1. I would have no concerns with Scenario #2. FYI, the most important ratio from a credit perspective is the debt burden (debt as % of FV) as that is one of the ratios used by Moody's under their current methodology (5% of the overall score). The least important is debt per capita as Moody's no longer uses that ratio in their methodology. I think that ratio is more useful to you, especially if you use the OPM Fiscal Indicators for comparisons.
2. I think you could even go with a hybrid of Scenario #2 and 3 and feel comfortable. For example, you could use a debt burden of 3.5%; debt per capita of \$3,000 and debt service

as % of expenditures of 10%. That would provide you with a little more flexibility for the annual debt service.

Based on input from Bill, I added and recommend Scenario 2(a) of the Debt Affordability Measures Scenario. Once the Committee identifies preferred measures, I will include them in the draft Debt Management Policy and forward to Bill Lindsay for his review.

Town of Mansfield
Debt Management Policy - Affordability Measures
Debt Limitations

State Statute Debt Limitation:

Total Collections 06/30/2015	\$	28,784,595
2.25 times Total Tax Collections - General Purpose	\$	64,765,339
4.5 times Total Tax Collections - Schools		129,530,678
Sub-total	\$	194,296,016
3.75 times Total Tax Collections - Sewers		107,942,231
3.25 times Total Tax Collections - Urban Renewal		93,549,934
3.0 times Total Tax Collections - Pension Deficit		8,635,379
 Total Indebtedness limit - 7 times Tax Collections		 \$ 201,492,165

Direct and Overlapping Indebtedness as of 6/30/16:

Town of Mansfield Outstanding Debt	\$	2,180,000
RSD #19 Outstanding Debt Applicable to Mansfield		1,259,111
Total Current Direct and Overlapping Indebtedness	\$	3,439,111

Authorized but Unissued Debt:

Open Space	\$	1,040,000
Four Corners Sewer Project (\$9mil/\$6mil) *		9,000,000
Total Authorized but Unissued	\$	10,040,000

November Referendum:

MMS Gymnasium/Locker Rooms	\$	873,000
 Potential Indebtedness		 \$ 14,352,111

* Note - Reflects the full authorization amount of \$9mil, however we anticipate issuing no more than \$6mil.

Town of Mansfield
Debt Management Policy - Affordability Measures
Local Comparisons

Source: 'Municipal Fiscal Indicators - January, 2016 - FY 13/14 Data	Mansfield ⁽¹⁾⁽²⁾	Tolland	Coventry	Plainville	Conn. Average
Population	13,605	14,872	12,419	17,801	10,000 - 30,000
Long Term Debt	\$ 7,231,169	\$ 45,664,352	\$ 20,612,645	\$ 52,418,042	\$ 37,925,549
Per Capita	\$ 532	\$ 3,070	\$ 1,660	\$ 2,945	\$ 2,010
Annual Debt Service	\$ 635,650	\$ 4,955,883	\$ 2,622,402	\$ 6,026,533	\$ 4,810,339
Per Capita	\$ 47	\$ 333	\$ 211	\$ 339	\$ 255

	Mansfield Current Policy	Tolland	Coventry	Plainville
% of Full Assessment Value	3.00%	4.00%	3.00%	3.65%
Debt per Capita	\$ 500	\$ 3,800	At or below State average (\$2,010)	\$ 2,800
Annual Debt Service % of Expenditures	n/a	10%	10%	10%

(1) Includes overlapping debt from Region 19

(2) Excludes population of students living in dormitories

Town of Mansfield
Debt Management Policy - Affordability Measures
Debt Limit Options

October 1, 2015 Full Assessed Value \$ 1,531,684,541
Population excluding students in dormitories ⁽¹⁾ 13,605
Total Expenditures - 2016/17 Budget \$ 51,623,910

	Current Policy	Scenario 1	Scenario 2	Scenario 2(a)	Scenario 3
% of Full Assessment Value	3.00%	3.50%	3.50%	3.50%	4.00%
Debt Limit	\$ 45,950,536	\$ 53,608,959	\$ 53,608,959	\$ 53,608,959	\$ 61,267,382
Debt per Capita	\$ 500	\$ 1,500	\$ 2,500	\$ 3,000	\$ 3,000
Debt Limit	\$ 6,802,500	\$ 20,407,500	\$ 34,012,500	\$ 40,815,000	\$ 40,815,000
Annual Debt Service % of Expenditures	n/a	6%	8%	10%	10%
Annual Debt Service Limit	n/a	\$ 3,097,434.60	\$ 4,129,912.80	\$ 5,162,391.00	\$ 5,162,391.00
2016/17 Debt Service	\$ 285,000				
2016/17 Debt Service per Capita	\$ 21	\$ 228	\$ 304	\$ 379	\$ 379

Considerations:

Clearly define Population

When measuring debt against debt limit, define what is included - existing indebtedness, authorized, and overlapping.

⁽¹⁾ Total Population = 26,328 (CERC); On-campus population = 12,723 (Fall, 2015)

Town of Mansfield
Debt Management Policy - Affordability Measures
Sample Calculations

Total Long Term Debt Scenarios	\$ 14,352,111	\$ 20,000,000	\$ 30,000,000	\$ 40,000,000	\$ 50,000,000	\$ 60,000,000
Population	13,605	13,605	13,605	13,605	13,605	13,605
Long Term Debt	\$ 14,352,111	\$ 20,000,000	\$ 30,000,000	\$ 40,000,000	\$ 50,000,000	\$ 60,000,000
Per Capita	\$ 1,055	\$ 1,470	\$ 2,205	\$ 2,940	\$ 3,675	\$ 4,410
Annual Debt Service (maximum) *	\$ 535,826	\$ 705,263	\$ 1,005,263	\$ 1,305,263	\$ 1,603,263	\$ 1,603,263
Per Capita	\$ 39	\$ 52	\$ 74	\$ 96	\$ 118	\$ 118
Annual Debt Service % of Expenditures **	1.0%	1.3%	1.9%	2.4%	3.0%	3.0%

* Annual Debt Service estimated on 20 year bond @ 3%

** Annual Debt Services - % of Expenditures estimated on Annual Budget of \$54,000,000

CT Aa2 Medians (2015 Data)

Analyst Adjusted
Data Group: Financial Data

23 March 2016 12:07:20 PM Eastern Standard Time

	Median	Mansfield Town, CT	North Branford Town, CT	Old Saybrook Town, CT	Oxford Town, CT	Tolland Town, CT
	2015	2015	2015	2015	2015	2015
General Entity Information						
Current Senior Most Rating*	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
Tax Backed Rating Description	N/A	LT SR GO	LT SR GO	LT SR GO	LT SR GO	LT SR GO
State	N/A	CT	CT	CT	CT	CT
Financial Data: Debt Statistics & Ratios						
Direct Net Debt Outstanding (\$000)	28,955	2,400	35,507	38,212	28,955	47,315
Overall Net Debt Outstanding (\$000)	28,955	4,066	35,507	38,212	28,955	47,315
Direct Net Debt as % of Full Value	1.4	0.2	2.0	1.2	1.4	2.6
Direct Net Debt Per Capita (\$)	1,762	92	2,479	3,731	2,274	3,159
Debt Burden (Overall Net Debt as % Full Value)	1.1	0.3	3.1	0.7	1.1	2.1
Overall Net Debt Per Capita (\$)	1,967	157	4,058	1,882	1,662	2,333
Debt Service as % of Operating Expenditures	4.8	1.3	10.7	8.0	6.4	7.9
Payout, 10 Years, General Obligation Debt (%), Current Value	85.3	100.0	85.4	75.1	81.1	89.5
Financial Data: Demographic Statistics						
Population 2010 Census	15,051	26,543	14,407	10,242	12,683	15,052
Per Capita Income (2010 Census)	38,945	21,579	36,297	43,400	41,909	41,883
Per Capita Income as % of State (2010 Census)	105.9	58.7	98.7	118.0	114.0	113.9
Per Capita Income as % of U.S. (2010 Census)	142.5	78.9	132.8	158.8	153.3	153.2
Median Family Income (2010 Census)	97,500	84,128	92,083	99,595	113,077	108,564
Median Family Income as % of State (2010 Census)	115.8	100.0	109.4	118.3	134.3	129.0
Median Family Income as % of U.S. (2010 Census)	154.8	133.6	146.2	158.1	179.5	172.4
Median Home Value (2010 Census)	321,500	254,200	321,500	415,500	400,400	295,700
Financial Data: Financial Statistics & Ratios						
Total General Fund Revenues (\$000)	52,838	50,401	52,838	47,311	46,460	57,757
Total General Fund Balance (\$000)	6,607	3,941	7,254	3,687	6,097	8,466
General Fund Balance as % of Revenues	13.2	7.8	13.7	7.8	13.1	14.7
Available General Fund Balance (\$000)	6,411	3,941	7,253	3,544	5,986	8,466
Available GF Fund Balance as % of Revenue	13.2	7.8	13.7	7.5	12.9	14.7
Financial Data: Governmental Activities Statistics and Ratios						
Cash & Investments (\$000)	18,129	10,972	13,922	18,155	9,809	19,484
General Net Cash as % of General Revenues	17.6	13.8	15.5	20.2	18.3	19.8
Financial Data: Tax Base Statistics and Ratios						
Total Full Value (\$000)	2,078,413	1,536,227	1,791,227	3,114,803	2,078,413	1,824,223
Full Value Per Capita (\$)	143,641	59,138	125,068	304,121	163,192	121,802
Average Annual Increase in Full Value (%)	-1.2	1.1	-0.8	-3.1	0.2	-1.0
Top Ten TaxPayers as % of Total	7.6	8.0	14.2	4.3	6.2	4.5

DEBT MANAGEMENT POLICY

The Debt Management Policy provides the conceptual framework for the issuance and management of debt.

Policy Purpose

The purpose of this document is to provide a comprehensive and viable debt management policy which recognizes the infrastructure needs of the Town as well as the taxpayer's ability to pay while taking into account existing legal, economic, financial and debt market considerations.

Objective

Town debt will be issued for the purpose of funding capital projects as authorized and in compliance with State statutes and the Town Charter. The Town plans long and short-term issuance to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The Town will strive to increase each year the percentage of capital improvements financed by current revenues and thereby follow a "pay as you go" plan. The Debt Management Plan is structured to layer in debt issues for the ensuing five years based on approved projects and anticipated needs. ***=Formal Debt Management Plan to be prepared and included in the annual budget=***

This Policy establishes the standards regarding the timing and purpose for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated in the Town's Debt Management Plan. The standards constitute realistic goals that the Town can expect to meet, and will guide, but not bind, debt management decisions. Advantages of a debt policy are as follows:

1. Enhance the quality of decisions by imposing order and discipline and promoting consistency and continuity in decision making
2. Rationalize the decision-making process
3. Identify objectives for staff to implement
4. Demonstrate a commitment to long-term financial planning objectives

General Policy

1. *Borrowing authority* -- the Town shall have the power to incur indebtedness in according with the Town Charter, Section C407. The Council, after approval of consecutive actions of the Council and a Town meeting, may authorize, in any one fiscal year, the issuance of bonds and borrowing in anticipation of bonds in an aggregate amount not to exceed 1% of the annual budget. The authorization, in any one fiscal year, of the issuance of bonds and borrowing in anticipation of bonds in an amount exceeding 1% of the annual budget may be approved by consecutive favorable action of the Council and a referendum of the voters of the Town if the favorable vote is at least 15% of the voters on the registry list.

2. *Types of permissible debt* -- whenever possible, the Town will first attempt to fund capital projects with state and federal grants or other revenues. When such funds are insufficient, the Town may use dedicated revenues from Special Revenue Funds, development fees, and capital and non-recurring expenditure or general fund revenues to fund projects. If these are not appropriated, the Town will use bond financing. General obligation bonds will be issued to finance traditional public improvements. Revenue or limited obligation bonds may be used within statutory parameters to finance those special projects or programs which directly support the Town's long-term economic development or housing interests or which service a limited constituency and are clearly self-supporting.

The Town may use short-term financing in the form of Bond Anticipation Notes ("BANS"). BANS may be used to provide interim cash flow, facilitate the timing of bond sales, finance less significant borrowing needs, avoid locking in high long-term interest rates during periods of market turmoil or to finance projects whose final cost is uncertain or is expected to be mitigated by grants and/or investment earnings. BANS are not to be used to defer the operating budget impact of bonded debt service or to speculate on market rates. BANS will be retired either through cash reserves or through the issuance of long-term bonds in accordance with the Town's debt management strategy and as market conditions permit.

A growing part of the public finance market is the use of interest rate swaps and other primary market derivatives by municipal bond issuers. Swaps in particular are often an integral part of a municipal bond issuer's risk management program. Such strategies should be undertaken with the goal of reducing risk and/or for the purpose of diversification. Any alternative method of financing, such as the use of swaptions, forwards, interest rate or debt derivative transactions, etc., if deemed appropriate, should be fully disclosed, reviewed and approved by the Town Council. Such financings should be based on formally approved management policies and procedures that simultaneously minimize the risks and maximize the rewards for such transaction. ***=Review with Financial Advisor to make sure this is up-to-date=***

Long-term capital leases or lease-purchase obligations may be used for copiers, computers, major equipment or rolling stock and other capital items when it is cost justifiable to do so.

3. *Purpose of debt* -- the town will confine long-term borrowing to capital improvements or projects that cannot be financed with current revenues. The Town will not fund current operations from the proceeds of borrowed funds. Whenever appropriate the beneficiaries of a project or service will pay for it. For example, if a project is a general function of government that benefits the entire community, such as a school or library, the project will be paid for with general tax revenues or financed with general obligation bonds. Projects benefiting specific users, such as water and sewer facilities, will be issued as general obligation bonds by the Town, using its full faith and credit pledge. The revenues will be derived from user fees or charges and targeted taxes and assessments will be used to offset the general obligation debt service.
4. *Refunding debt* -- the Town will continually monitor its outstanding debt in relation to existing conditions in the debt market and will refund any outstanding debt when

sufficient cost savings can be realized. The target threshold for net present value savings should be a minimum of 2%.

5. *Interest rates* -- the Town will attempt to issue debt that carries a fixed interest rate. However, it is recognized that certain circumstances may warrant the issuance of variable rate debt. In those instances, the Town should attempt to stabilize debt service payments through the use of an appropriate stabilization arrangement. Town Council approval is needed to issue variable rate debt. The Town will plan and schedule bond sales to obtain a true interest cost at or below the bond yield averages for levels for comparable debt.
6. *Planning and structuring each bond sale* -- balanced consideration should be given to each of the following objectives: a) provide cash in advance to meet project expenses; b) retire debt in the shortest period of time which is fiscally prudent; c) finance projects for a period commensurate with the useful life of the asset; d) schedule new debt to coincide with the retirement of past debt to lessen the impact upon the mill rate; and e) minimize the impact of debt service payments on annual cash flow. Moreover, whenever possible, projects with an estimated cost of less than \$100,000 shall not be financed with long-term debt.
7. *Federal regulations* -- the Town will a) adhere to the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission when issuing bonds and will provide to any nationally recognized municipal securities repository, or "NRMSR" the Municipal Security Rule Making Board's Electronic Municipal Market Access website "EMMA", annual financial information and operating data and timely notices of material events with respect to the bonds; b) comply with and keep current with all Federal regulations for tax-exempt bonds, and c) comply with arbitrage regulations of the Internal Revenue Code of 1986, Section 148.

The Town will comply with Federal reimbursement regulations for tax-exempt bond proceeds used to reimburse capital expenditures by: a) declaring reasonable intent in authorizing ordinances; b) issuing bonds within one year after the expenditure was paid or project was put into service, and c) qualifying expenditures as capital expenditures under general income tax principles.

8. *Bond structure:*

Bond term -- all capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event to exceed 20 years (30 years for sewer projects) in accordance with Connecticut General Statutes.

Bank qualification -- whenever possible, the Town will issue \$10 million or less in tax-exempt securities per calendar year to receive the "Bank Qualified" status on the issue to minimize interest rates paid for bonded projects. (Bank Qualification allows commercial banks to deduct 80% of their interest cost of carrying tax-exempt bonds.)

Small Issuer exemption -- whenever feasible, to qualify under the IRS arbitrage rebate exemption provision as a "Small Issuer", the Town will not issue more than \$15 million

in debt in any calendar year of which not more than \$5 million of the issue may be for non-school construction expenditures.

Call provision -- the Town seeks to minimize the cost from optional redemption call provisions, consistent with its desire to obtain the lowest possible interest rates on its bonds. The Town Manager and Finance Director will evaluate optional redemption provisions for each issue to assure that the Town does not pay unacceptable higher interest rates to obtain such advantageous calls.

Credit or liquidity enhancement -- the Town may seek to use credit or liquidity enhancements when such enhancement proves to be cost-effective or to improve or establish a credit rating on BANS or bond issues. Selection of enhancement providers is subject to a competitive bid process or at the option of the underwriter in a competitive sale. =discuss with financial advisor=

Debt service for bonds and notes paid each year shall not exceed %TBD of the General Fund budget of the Town, excluding: a) tax anticipation notes and other indebtedness with a maturity of one year or less; b) bonds or other indebtedness of the Town payable from revenues for special tax districts; and c) self-supporting bonds or other debt.

9. *Method of sale* -- debt obligations are generally issued through competitive sale. Upon recommendation of the Town Manager and Finance Director, the Town Council will authorize the method of sale that is the most appropriate in light of financial, market, transaction-specific and issuer-related conditions. =to be discussed=

When certain conditions favorable for a competitive sale do not exist and when a negotiated sale will provide significant benefits to the Town that would not be achieved through a competitive sale, the Town may elect to sell its debt obligations through a private or negotiated sale, upon approval by the Town Council. The underwriting team for bonds and notes is selected through a competitive process, but the ultimate decision will be based upon the strength of the team's proposal, including qualifications and pricing. For long-term capital leases or lease-purchase obligations the Town will also seek to solicit competitive pricing whenever practicable.

Provisions - Debt Affordability Measures

The Town Manager and Finance Director will analyze the Town's debt position and the various indicators of municipal credit relative to credit industry standards and the Town's own financial ability. They will examine the following statistical measures to determine debt capacity and compare these ratios to other towns, rating agency standards and the Town's historical ratios to determine debt affordability. In order to determine the Town's relative debt position, the Town uses the following measures:

- 1) Debt measured against the population on a per-capita basis to be capped at \$TBD
- 2) General Fund bonded debt as a percent of full market value to be capped at %TBD
- 3) General Fund debt service as a percent of total General Fund expenditures to be capped at %TBD

4) Other measures the Town deems appropriate

An executive summary of the results will be submitted annually to the Town Council as part of the Debt Management Plan.

The Town's overall debt structure, including overlapping debt, should fall well within statutory limits and should decrease as rapidly as is financially feasible. Whenever feasible, the Town will maintain debt at levels equal to or below the median debt ratios used by investors (underwriters) and credit analysts when reviewing the Town's creditworthiness. The municipal medians will be updated annually when published by the State of Connecticut Office of Policy and Management or other recognized published medians.

DRAFT

TOWN OF MANSFIELD

FINANCE COMMITTEE

Regular Meeting Schedule - 2017

- Monday - January 9, 2017
- Tuesday - February 14, 2017
- Monday - March 13, 2017
- Wednesday - April 12, 2017
- Monday - May 8, 2017
- Monday - June 12, 2017
- Monday - July 10, 2017
- Monday - August 14, 2017
- Monday - September 11, 2017
- Tuesday - October 10, 2017
- Monday - November 13, 2017
- Monday - December 11, 2017

Unless otherwise indicated the Finance Committee will meet the second Monday of each month. All Regular Meetings will begin at 5:30 p.m.

FY 2017/18 Budget Review Schedule – Page by Page Review

March 27 Monday 5:30pm – 7:00pm	Budget Presentation Budget Message Budget in Brief Guide to the Budget Revenue Summaries Expenditure Summaries	Council Chambers Beck Building
March 29 Wednesday 6:30pm – 9:30pm	Budget Review General Government Public Safety	Council Chambers Beck Building
April 04 Tuesday 6:30pm – 9:30pm	Budget Review Community Services Community Development Public Works	Council Chambers Beck Building
April 06 Thursday 6:30pm – 9:30pm	Budget Review Board of Education Town Wide Operating Transfers Capital Improvement Program	Council Chambers Beck Building
April 10, 2016 – April 14, 2016	School Vacation & Passover Begins	
April 18 Tuesday 7:00pm – 8:30pm	Public Information Session Manager's Proposed Budget Review	Council Chambers Beck Building

April 19 Wednesday 6:30pm – 9:30pm	Budget Review Town Aid Road Fund Parks & Recreation Program Fund Mansfield Discovery Depot Other Operating Fund Debt Service Fund Enterprise Funds	Council Chambers Beck Building
April 20 Thursday 6:30pm – 9:30pm	Budget Review Internal Service Funds Cemetery Fund/Long Term Investments Eastern Highlands Health District Fund Mansfield Downtown Partnership Fund Supplementary Data	Council Chambers Beck Building
April 24 Monday 7:00pm	Public Hearing on Budget at Regular Council Meeting	Council Chambers Beck Building
April 25 Tuesday 6:30pm – 9:30pm	Budget Discussion Flagged Items Additions and Reductions	Council Chambers Beck Building
April 26 Wednesday 6:30pm – 9:30pm	Adoption of Budget If necessary add April 27 th Thursday	Council Chambers Beck Building
May 01 Monday 7:00pm	Region 19 Annual Meeting on Budget	EO Smith Media Center
May 02 Tuesday	Region 19 Budget Referendum	Ashford, Mansfield, Wilmington
May 03 Wednesday 7:00pm – 8:30pm	Public Information Session Town Council Adopted Budget	Council Chambers Beck Building
May 09 Tuesday 7:00pm	Annual Town Meeting	Mansfield Middle School Auditorium

FY 2017/18 Budget Review Schedule – Functional Review
Operating and Capital

March 27 Monday 5:30pm – 7:00pm	Budget Presentation Budget Message Budget in Brief Guide to the Budget Revenue Summaries Expenditure Summaries	Council Chambers Beck Building
March 29 Wednesday 6:30pm – 9:30pm	Budget Review <u>General Government</u> – Legislative, MM/HR, Town Atty, Probate, Town Clerk, Registrars/Elections, Finance <u>Public Safety</u> – Police, Animal Control, Fire Prevention, Fire & Emerg. Services, Emergency Mgmt.	Council Chambers Beck Building
April 04 Tuesday 6:30pm – 9:30pm	Budget Review Public Works (all depts. combined) Town Aid Road Fund Willimantic/UConn Sewer Funds Solid Waste Fund Transit Service Fund	Council Chambers Beck Building
April 06 Thursday 6:30pm – 9:30pm	Budget Review Board of Education Facilities Management (Town & Board) Town Wide Operating Transfers	Council Chambers Beck Building
April 10, 2016 – April 14, 2016	School Vacation & Passover Begins	
April 18 Tuesday 7:00pm – 8:30pm	Public Information Session Manager's Proposed Budget Review	Council Chambers Beck Building

April 19 Wednesday 6:30pm – 9:30pm	Budget Review <u>Community Services</u> - Health, Human Services, Library, Grants to Area Agencies <u>Community Development</u> - Building & Housing, Planning & Development, Boards/Commissions Parks & Recreation Program Fund Mansfield Discovery Depot Other Operating Fund Debt Service Fund	Council Chambers Beck Building
April 20 Thursday 6:30pm – 9:30pm	Budget Review Health Insurance Fund Workers Compensation Fund Management Services Fund (with IT CIP) Cemetery Fund/Long Term Investments Eastern Highlands Health District Fund Mansfield Downtown Partnership Fund Supplementary Data	Council Chambers Beck Building
April 24 Monday 7:00pm	Public Hearing on Budget at Regular Council Meeting	Council Chambers Beck Building
April 25 Tuesday 6:30pm – 9:30pm	Budget Discussion Flagged Items Additions and Reductions	Council Chambers Beck Building
April 26 Wednesday 6:30pm – 9:30pm	Adoption of Budget If necessary add April 27 th Thursday	Council Chambers Beck Building
May 01 Monday 7:00pm	Region 19 Annual Meeting on Budget	EO Smith Media Center
May 02 Tuesday	Region 19 Budget Referendum	Ashford, Mansfield, Willington
May 03 Wednesday 7:00pm – 8:30pm	Public Information Session Town Council Adopted Budget	Council Chambers Beck Building

May 09 Tuesday
7:00pm

Annual Town Meeting

Mansfield Middle School
Auditorium

DRAFT

Item #1



ACCOUNTING AND FINANCE OPERATIONS DOCUMENT

Finance Department Policies and Procedures Manual

Town of Mansfield

October 2016

Version 4.0

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. This includes but not limited to the following entities: Town of Mansfield, Mansfield School District, Region 19, Eastern Highlands Health District, Downtown Partnership and Discovery Depot.

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/Superintendent/EHHD Director.

The Town of Mansfield's Finance Department is responsible for maintaining the accuracy and consistency of these procedures. If changes are requested for any of the stated policies/procedures, they need to be reviewed and approved by the Town of Mansfield's Finance Department.

A.1. Definitions

Outlined below are definitions of key terms used within this document.

- Terminations –A person that is fired from an entity
- Separations - A person that is laid-off, resigns or retires from an entity
- Severance Payment - refers only to when a person is laid-off. When someone is terminated or separated from service Mansfield does not refer to their final payment as severance

A.2. Distribution List for Finance Department Policies and Procedures

• Town Manager's Office	• Superintendent's Office
• Town Council	• Board of Education
• Finance Committee	• Eastern Highland Health District
• Downtown Partnership	• Discovery Depot

A.3. Financial Management System (FMS)

The Town of Mansfield implemented ADMINS Unified Community (AUC) during the year 1997. This software is an integrated Financial Management System (FMS) 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 Accountants are the only individuals with responsibility and capability to enter and post journal entries in the General Ledger. The Accountants' 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 server.

B.3. Bank Transfers

The Finance Director (Backup), Accounting Manager (Primary), Accountant (Secondary) and Budget Analyst (Secondary) 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 (hereinafter referred to as FMS). 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 Finance Director, Accounting Manager, Budget Analyst 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. Department Head Notifies The Accounting Manager

The respective Department Head 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, , position title, , 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- the Department Head.

3. Archive New User Requests

The Accounting Manager is responsible for archiving all email notifications from the Department Head in the FMS. Emails are stored in folders labeled according to the name 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, , 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 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 Separated or 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 prior to the termination to ensure all access rights to the FMS are revoked. 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 must be copied. In the case a School District employee is terminated, the Superintendent must be copied.

In the event an employee is to be separated from service, Human Resources must notify the Accounting Manager via email prior to the employees’ separation to ensure all access rights to the FMS are revoked. The Finance Director, respective HR personnel, and appropriate Department Head must be copied on the email.

2. The Accounting Manager Disables The User Account

Upon receipt of a termination email notification from Human Resources, the Accounting Manager must immediately disable all access rights to the FMS. Upon a separation, the Accounting Manager will disable the users account on the day of separation.

3. Archive Termination Requests

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

4. Accounting Manager Reviews FMS User Accounts

On an annual basis, the Accounting Manager is responsible for vetting separated/terminated employees against users in the FMS. The Accounting Manager will run a listing of terminated employees from the FMS and compare this report to a FMS user list. The Accounting Manager will review the FMS user list to ensure no separated/terminated employees on the -FMS termination list have an active account. The Accounting Manager will send the reconciliation to the Finance Director via email for review. The Finance Director will review, sign off and file the review if successful. . 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 could be 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.

Store Backup Media Off-Site

Most databases, including the FMS, are backed up first by their own vendor-provided scripts on drive storage at the Town Hall. These script driven backups are then in turn copied to offsite file storage every night. This process ensures that each night's backups are always immediately stored both on and off-site for redundancy. Specifically, the off-site storage is the Town's password protected QNAP backup device in a highly secure and climate controlled room at E.O. Smith High School. In addition, the virtual machine that runs the FMS is also backed up off-site, as are lesser, file-level components of the FMS information such as Finance Department scans of invoices and purchase orders. This approach creates a level of data insurance that provides recovery from multiple sources in the unlikely case that one element of the backup were to be unsuccessful.

Perform Full System Backups

In addition to nightly full system backups, at least one full weekly backup will 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, the IT Department will perform an additional full system backup and take off-site for storage.

Apply a Retention Strategy

The backup retention will have 3 months of point-in-time backups, ensuring data can be recovered as it existed on any given date during the past 3 months' time. Additionally, there will be quarterly backups for the past 12 months, ensuring data can be recovered as it existed for any given quarter during the past 12 months' time. Additionally, there will be annual backups for the past 7 years, ensuring data can be recovered as it existed for any given year during the past 7 years' time.

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.
- ~~Shall~~ use passwords that meet complexity requirements.
- ~~Shall~~ 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. The IT Director is responsible for maintaining and securely storing the Disaster Recovery Plan.

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 Finance Director 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, Accounting Manager and Budget Analyst have ability in the FMS to create new accounts. Monthly, the Accounting Manager and Budget Analyst run a report from the FMS that details new accounts added to the chart of accounts during the month and the user that created the account. A description of why the account was created is added to the report and emailed to the Finance Director for approval. All approval emails must be archived in the FMS folders.

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

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 and Entity

These -numbers are used for classification purposes

5. BUDGETING

E.1. Budget Calendar

E.1.a. Town of Mansfield

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

E.1.b. Mansfield Board of Education

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

E.1.c. Region 19 School District

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

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

E.1.d. Eastern Highlands Health District

Late November	Finance Committee Budget Meeting-1
Early December	Finance Committee Budget Meeting-2
Mid December	Budget Presentation to Board
January 1st	Deadline for final budget estimates per By Laws
Mid January	Fiscal Year Budget Public Hearing
Early February	Budget Public Hearing Deadline per By Laws
Mid February	Adoption of Budget

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 the 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. The Board engages in further review and is ultimately responsible for preparing a final itemized estimate of the budget 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 School Business Manager and Superintendent's Office are responsible for administering and monitoring the budget through the course of the year. On a quarterly basis, the Finance Director updates the Superintendent 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 approval. 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 School Business Manager and Superintendent's Office are responsible for administering and monitoring the budget through the course of the year. On a quarterly basis, the Finance Director updates the Superintendent 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 approval. 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 (\$50 for the Mansfield Board of Education). Cash will not be disbursed without the review 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 itemized 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 mastercard credit card submitted for reimbursement can have an online receipt and need a -copy of the credit card statement. For all other card types (Visa, Discover, AMEX), only an online receipt is needed as long as it notates the type of card used. No copy of the credit statement is required.

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 date, description of purchase, proper General Ledger code, and amount paid. Documented invoices and cash slips must be kept with the voucher record.

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/quarterly 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- purchase order for replenishment to the Accounts Payable department.

2. Accounts Payable Processes Request
Accounts Payable will process the request for reimbursement

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 (12-) accounts that get reconciled on a monthly basis.

1. Town Checking Account
This is a pooled-cash, operating account for the Town, Eastern Highland's 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 Credit Card Checking 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- credit card fees/chargebacks ~~other needs~~. The Accountant reconciles the account and the Accounting Manager 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 Accountant reconciles the account and the Accounting Manager reviews and signs off.
5. Board of Education Student Activities Account (Goodwin, Vinton, Southeast Elem and Middle School)
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 Accountant reconciles the account and the Accounting Manager reviews and signs off.

6. Board of Education Middle School Athletics Account
This account is for funding student activities. The bank statements are sent to the Finance Department and the checkbook pages are photocopies and set up for reconciliation. The Accountant 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 Accountant 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 Accountant 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 Accountant receives the bank statements and reconciles the account and the Accounting Manager reviews and signs off.

All investment accounts are reconciled on a quarterly basis.

10. RBC Wealth Management Investments
This account holds all certificates of deposit held by the Town of Mansfield.
11. Investment Pool
This pool is used for funds donated in perpetuity to the School Non-Expendable Trust Fund and Cemetery Fund. The investments consist of bonds that are held with Wells Fargo Advantage, T. Rowe Price and Vanguard Investments.

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, posted into the FMS by one of the Revenue Specialists and then scanned to the Accounting Manager for control review.

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 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 the FMS. 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 quarterly 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

The Director of Finance shall serve as the Purchasing Agent for the Town, Region and Mansfield Board of Education. He/she shall be responsible for the procurement of all products and services as defined in the most recently revised Town Ordinance. He/she shall also be responsible for any contracts awarded to a vendor who offers the best value to the entity, including any professional technical services purchased with a value of less than \$25,000. Any professional and technical services purchased over \$25,000 shall be awarded by the Town Manager/Superintendent/EHHD Director.

The Finance Committee shall be provided with the following deliverables on a quarterly basis:

1. Contract awards via best value source selection over \$10,000
2. All vendors whose cumulative contracts reach over \$50,000
3. All sole source vendor selections

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

All purchases \$10,000 or more must go out to bid unless the Town or School District can take advantage of a State Contract, pre-qualified pricing through other governmental or cooperative agency arrangement including but not limited to the Connecticut Conference of Municipalities (CCM) and Capital Region Council of Governments (CROG) or another best value source selection method as approved by the purchasing agent (See H.3.c for Best Value Source Selection). Bids for Professional Services in excess of \$25,000 must be awarded by the Town Manager/Superintendent/EHHD Director.

All purchases in excess of \$10,000, which do not go out to bid or are not reoccurring service charges, must have a completed Best Value Method Source Selection form accompanying the purchase order. The form must be reviewed and signed by the Finance Director prior to purchase.

H.3.a. Competitive Quotation Process

Departments with purchases that are at least \$5,000 but less than \$10,000 must solicit offers from at least three (3) vendors.

H.3.b Competitive Proposal Process

A request for Proposal (RFP) or Request for Qualification (RFQ) shall be written for all requests for professional services in excess of \$25,000 unless one of the following can be taken advantage of: State Contract, pre-qualified pricing through other governmental or cooperative agency arrangement including but not limited to the Connecticut Conference of Municipalities (CCM) and Capital Region Council of Governments (CROG). The process used for solicitation of proposals shall assure that a reasonable and representative number of vendors are given an opportunity to compete. The Town Manager/Superintendent/EHHD Director has the authority and responsibility to execute professional service contracts in excess of \$25,000.

H.3.c. Best Value Source Selection

To request a best value source selection method be utilized, a requesting administrator must make a written request to the Finance Director via Best Value form. The best value source selection method may be used 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 bidding process would not be in the best interest of the Town/School District/Health 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 bidding process would result in substantially higher costs to the Town/School District/Health District, or inefficient use of personnel, or cause substantial disruption of Town/School District/Health 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 Accounting Manager. The Finance Director must approve all purchases in excess of \$7,500.

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~~ will result in disciplinary action of the responsible employee.

4. Purchase Order Thresholds

The Finance Department will review vendors on file on an quarterly ongoing basis and ~~implement a process to~~ as well as review purchase order thresholds. This process will help to identify users that may attempt to circumvent the PO process.

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-. Any relevant documentation (packing slips, delivery confirmation, etc.) received in connection with goods or services covered by a purchase order must be attached to the purchase order and sent to the Finance Department.- The entity 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 an entity decides to cancel a purchase order, they should promptly email the Finance 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 entity 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) and Store Charge Cards

The Town of Mansfield and the respective entities that they provide services to do not possess or maintain entity based credit cards (eg. Visa, MasterCard, American Express). Instead the Town and respective entities use either Purchase Cards (P-cards) or Store Charge cards.

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

P-Card Policy Agreement:

All employees granted a P-card 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 a \$1,000 monthly limit. Those needing an increase over the \$1,000 limit must be ~~are~~ approved by the Finance Director and Superintendent/Department Head via email. On an annual basis, the Finance Department will review cardholder spending limits and adjust the limits ~~at their~~ at its sole 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 15th of each month or the Finance Department will freeze the individual P-card. Cardholders print their monthly expense report, attach supporting documentation and itemized 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.

Store Charge Card Policy Agreement:

Cardholders are responsible for submitting original itemized receipts via the purchase order procedures. Store card statements are received directly by the Finance Department and reconciled to ensure all transactions are properly accounted for.

Spending Limits:

Cardholders are held to spending limits based on the type of card in their possession. Card limits range from \$100 to \$1,600. The Finance Department will reconcile each card on a monthly basis. On an annual basis, the Accounting Manager will review cardholder spending limits and adjust the limits at their-her sole discretion.

H.6.b Store Charge 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 15th of each month or the Finance Department will freeze the individual Store Charge 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 Store Charge 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/School District/Health 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 \$10,000

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).

\$10,000 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/Superintendent/EHHD Director (and Board of Education, Town Council or EHHD Board of Directors when \$20,000 or more). 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

Entities receive items that have been approved through the purchasing policy. Goods or services are delivered directly to the requesting entity. Confirmation and verification of the receipt of goods or services is the responsibility of each ~~respective location~~ receiving department.

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 purchasing entity, the invoice is forwarded to the Finance Department as soon as possible; original invoices only for processing. If an invoice is received via email, the email should be printed and sent along with the invoice to the Finance Department.

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 via email to the recipient entity to be verified. If the goods or services have been received and the invoice information is correct, the Finance Clerk must create a purchase voucher using the information provided on the invoice. The purchase voucher must then be processed according to standard procedures.

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 for final review and approval. 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 on how to look for fraudulent spending.

I.3. Adding a Vendor to File

The Finance Director, Accounting Manager, and Accountant 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 Finance Department

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 Accountant, CCing the Accounting Manager. 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 Accountant 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 vendors utilized on an an annual basis. Finance is responsible for running a report in AUC that identifies new vendors for the year;. 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.

J.1.b. Employee Changes

Any change to an employee's information is documented in a Personnel Action Form.

For new hires and employee changes, Human Resources submits support tickets to the Information Technology (IT) department to provide access to all computer related technology needs (financial system, computer network, email system, remote access, other software programs). IT then coordinates with the Accounting Manager re: the FMS. In the case of terminations for cause HR notifies IT ASAP, or as far in advance as possible as to when the computer access must be shut down.

J.1.c. Employee Terminations

In the case of a termination, the Town Manager, Superintendent, Department Head or EHHD Director 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

Employee personnel files are maintained by Human Resources. All human resources information, such as but not limited to applications for employment or promotion, benefits related forms, performance evaluations, new hire forms, separation information (resignations, retirements, terminations), and payroll information such as compensation changes and direct deposit forms I9, health insurance, life insurance, contract, and payroll information, such as W-2s, pension, union membership cards dues, and direct

deposit, are filed in the employee's appropriate file. Three separate files are maintained for employees: personnel, payroll, and medical.

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, Health District, 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 computes payroll totals and manually enters 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 Payroll Administrator is 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.

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~~shall 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 either a completed Personnel Action Form (PAF) or appropriate back up for the particular payroll change (i.e. Form W-4 for tax withholding adjustment,

Community Center Membership Payroll Deduction Agreement for Community Center Membership etc.)

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~~ the reports 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 staff 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. Final Payroll Payments and Accruals

The Payroll Administrator is responsible for calculating and recording final payments to employees. Once completed, the calculations are reviewed and signed by the Assistant Town Manager/Superintendent and included in the employee's final paycheck.

The Payroll Administrator is responsible for accrual processing. Town, EHHD and Downtown Partnership accruals are done automatically through the payroll module on a monthly or annual basis depending on the type of accrual. At the beginning of the fiscal year, the HR Staff is responsible to run a report for vacation time to ensure employees are being allotted their correct accrual amount at that point in time. Once completed, the HR Staff signs, dates and files the report.

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 by the Finance Clerks and reviewed by the Accounting Manager 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 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 previous fiscal year, they are provided 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~~ shall 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 retain the authority 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 it is determined the benefits outweigh the cost ~~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 it is determined the benefits outweigh the cost, 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 Entities:

- 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 entities for verifications and certification purposes by September 30th of the current fiscal year

- Conduct a periodic physical inventory of property by the Accountant (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

<u>Item</u>	Town/Board General funds	EHHD	Region 19
Computer Equip. - Capitalization	>\$5,000	>\$1,000	>\$5,000
Non Computer Equip. – Capitalization	>\$5,000	>\$1,000	>\$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

All non-capital assets over \$2,500 but less than \$5,000 will be tracked by the respective Department Heads. They will be responsible for provided Finance an inventory of their assets on a yearly basis. The Accountant will review the inventory report and ensure all new purchases have been captured and all disposals have been disposed of properly. The Accountant will perform a sample audit of each Departments inventory on an annual basis.

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/Superintendent/EHHD Director 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/Superintendent/EHHD Director 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

All Schools have student activity fund accounts. The High School (Regional School District 19) and Mansfield Middle School are the only schools with Athletic Activity Fund Accounts. The account is a single signature checking account for the High School and dual signature checking accounts for all the other schools 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 assigned 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 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 Tax Collector's office is responsible for entering the receipt into the General Ledger after receiving an Activity Collection Form. On a monthly basis, the 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 Accountant completes the reconciliation and it is then reviewed and signed off by the Accounting Manager. . 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 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 or written to "Cash".

2. Reimbursement Requests

The High School funds are set up as petty cash funds. An Activity Reimbursement Request form must be completed by the 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 Superintendent signs the form. Once completed, the assigned employee creates a purchase order which is sent to the Finance Department with all supporting documentation.

The Middle School and Elementary school accounts act as regular checking accounts. Monthly, when the bank reconciliation is performed, the assigned employees send all disbursement documentation (disbursements forms, copies of checks, ledger) to the Finance Department for review. The activity is then recorded in the FMS via journal entry by the Accountant. The Accounting Manager reviews and approves the journal entry in accordance with regular procedure

3. Recordkeeping

It is the responsibility of the assigned employees for each school to keep detailed records of Student Activity Fund Account activity. The account activity must be updated after every reimbursement. The Accountant is responsible for entering the expense into the General Ledger after reviewing the month-end voucher. This is reviewed by the Accounting Manager.

0.3. Reporting and Reconciliation

Each school's record of their fund's activity must be kept in a detailed spreadsheet. The Principal/Superintendent must review, initial and date the spreadsheet before sending it to the Finance Department for reconciliation. The monthly reconciliation performed by the Accountant must be approved and reviewed by Accounting Manager. 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, Health District, 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 itemized 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, Health District, 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 for overnight travel 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. In addition, all employees must adhere to the Town's Professional Travel Policy as revised on August 1, 2014 and ~~as~~ as may be amended from time to time.

P.3. Mileage Reimbursements

All employees must adhere to the Town's Mileage Reimbursement Policy and Vehicle Use Policy as revised on February 8, 2016, ~~respectively, and as~~ as may be amended from time to time. 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

Location From/To	Location From/To	Approved Distance
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	Legislative Office Bldg	26

4 South Eagleville Rd Mansfield CT	300 Capitol Ave Hartford CT	
Town Hall	ACES	55
4 South Eagleville Rd Mansfield CT	205 Skiff St Hamden CT	
Town Hall	Conn Assn of Public School Supt 26	28
4 South Eagleville Rd Mansfield CT	Caya Ave, W. Hartford, CT	
Town Hall	Institute of Tech & Bus Dev	36
4 South Eagleville Rd Mansfield CT	185 Main St New Britain CT	
Town Hall	Conn Assn School	50
4 South Eagleville Rd Mansfield CT	30 Realty Dr Cheshire CT	
Town Hall	Holiday Inn	24
4 South Eagleville Rd Mansfield CT	100 E. River Dr East Hartford CT	
Town Hall	Crowne Plaza	36
4 South Eagleville Rd Mansfield CT	100 Berlin Rd Cromwell CT	
Town Hall	Quinnipiac	52
4 South Eagleville Rd Mansfield CT	275 Mt. Carmel Ave Hamden CT	
Town Hall	Capitol Region Education Council	25
4 South Eagleville Rd Mansfield CT	111 Charter Oak Ave Hartford CT	
Town Hall	Univ. of Hartford	27
4 South Eagleville Rd Mansfield CT	200 Bloomfield Ave W. Hartford CT	
Town Hall	Four Points Sheraton	43
4 South Eagleville Rd Mansfield CT	275 Research Pkwy Meriden CT	
Town Hall	CT Convention Center	25
4 South Eagleville Rd Mansfield CT	100 Columbus Blvd Hartford CT	
Town Hall	Central CT State University	34
4 South Eagleville Rd Mansfield CT	1615 Stanley St New Britain CT	
Town Hall	Sheraton Hartford South Hotel	32
4 South Eagleville Rd Mansfield CT	100 Capital Blvd Rocky Hill CT	
Town Hall	Marco Polo Restaurant	22
4 South Eagleville Rd Mansfield CT	1250 Burnside Ave East Hartford CT	
Town Hall	Farmington Marriott	34
4 South Eagleville Rd Mansfield CT	15 Farm Springs Rd Farmington CT	
Town Hall	Shipman and Goodwin	24
4 South Eagleville Rd Mansfield CT	1 Constitution Plaza Hartford CT	
Town Hall	Aqua Turf Club	48
4 South Eagleville Rd Mansfield CT	556 Mulberry St Plantsville CT	
Town Hall	Community Child Guidance Clinic	20
4 South Eagleville Rd Mansfield CT	317 N Main St Manchester CT	
Town Hall	Manchester Memorial Hospital	17
4 South Eagleville Rd Mansfield CT	71 Haynes St Manchester CT	
Town Hall	CT Children's Medical Center School	26
4 South Eagleville Rd Mansfield CT	282 Washington St Hartford CT	
Town Hall	EASTCONN (Columbia Autism	9
4 South Eagleville Rd Mansfield CT	Prog) 10 Commerce Drive Columbia CT	
Town Hall	Gengras Center	28
4 South Eagleville Rd Mansfield CT	1678 Asylum Ave West Hartford CT	
Town Hall	EASTCONN (Putnam)	22
4 South Eagleville Rd Mansfield CT	508 Pomfret St Putnam CT	

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 4 South Eagleville Rd Mansfield CT	STEM Magnet School 141 Tuckie Rd North Windham CT	9

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 itemized 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/EHHD-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 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

All employees must adhere to the Town's Cell Phone Policy as revised on April 1, 2015 ~~and~~ as may be amended from time to time. 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, Connecticut
Table of Recommendations by Type and Priority

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 Priority levels identification is 1 for highest priority to 3 for lower priority recommendations

Recommendation Number	Recommendation Type	Priority	Condition	Recommendation Summary Description	Implement	Resolve
General						
GEN-1	Operational	3		Use of a standard transmittal report for cash receipts	No - Some departments have their own revenue software that produce deposit reports. These reports are attached to their cash/checks which then go to the Revenue Collector's office. This allows us to see what is being recorded in their system and provides greater accuracy as they are not manually recopying the data into the standard transmittal report. Where there is no revenue software in place, a standard transmittal report is utilized.	No change in practice
GEN-2	Operational	3		Supporting documentation be attached to cash receipts transmittal form	Yes	As recommended
GEN-3	Fraud Risk/Internal Control	3		Develop formal policies and procedures for Town fundraising activities. Note: Low dollar value	Yes	As recommended

Item #2

Town of Mansfield, Connecticut
Table of Recommendations by Type and Priority

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Recommendation Number	Recommendation Type	Priority	Condition	Recommendation Summary Description	Implement	Resolve
GEN-4	Fraud Risk/Internal Control	1		When receipt books are used to document cash receipt collections, the cash receipts should be reconciled to the receipt book (receipt XXXX to XXXX)	Yes	Receipt books will be ordered and stored with the Finance Department. Upon issuance of a book, Finance will note the receipt numbers that are being assigned to the specific department. Departments will be notified that for all cash/checks deposited there should be a receipt. Once a receipt book has been used in its entirety it will be returned to Finance and reconciled to the GL. For any departments that do few receipts, there will be a periodic audit by the Finance department to make sure there are receipts for all collections.
GEN-5	Fraud Risk/Internal Control	2		Develop and implement formal policies and procedures to require all department heads, advisor, etc. to review budget and actual or activity reports formally communicate comments or no comments	Yes	As recommended
GEN-6	Fraud Risk/Internal Control	1		All checks received should be immediately stamped "for deposit only".	Yes	As recommended
GEN-7	Fraud Risk/Internal Control	1		Formally document the current policies being used by the Town to conduct business and communicate the policies to the public	Yes - As deemed necessary	See specific sections below for a listing of recommended policies per department below.
GEN-8	Fraud Risk/Internal Control	2		Consolidation of all Town billings and collection of billings to the Finance Department or Revenue Collector's office.	Yes	As recommended
GEN-9	Fraud Risk/Internal Control	2		Development and use of min/max or reasonability tests to ensure that all revenues are being properly transmitted to the Revenue Collector and being properly recorded in the general ledger	Yes	As recommended

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Table of Recommendations by Type and Priority

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Recommendation Number	Recommendation Type	Priority	Condition	Recommendation Summary Description	Implement	Resolve
GEN-10	Fraud Risk/Internal Control	1		For each of the software programs being used by various Town Department, a review of permission should be performed to limit the permission to the employees direct responsibilities	Yes	Will be implemented within the capabilities of the software. See specific sections below related to recommended software changes and permission restrictions, if any
Town Clerk						
TC-1	Fraud Risk/Internal Control	1	No separate logins for each employee.	Each employee should be assigned a unique log in ID. Employees should log off during breaks or at the end of the day	No - There are instances where employees are entering a land record for example, which can take up to 20 minutes on one of the counter computers; a customer walks in and they need to utilize another computer to complete the customer transaction then go back to finish recording the land record. The software wil not allow the same log in to be used simultaneously.	Although it would be ideal to have a software record of who completed each transaction there are only 3 employees within the department. All issued permits and licenses are generated through the software and automatically reported to the State/outside agency. Permits are reported and reconciled on a monthly basis with revenue received. Any licenses/permits issued without funds being received would be recognized within the same month. The only charges that could be unaccounted for are copy fees. With the majority of payments received by checks, the risk related to this is very low.

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Recommendation Number	Recommendation Type	Priority	Condition	Recommendation Summary Description	Implement	Resolve
TC-2	Internal Control	2	Dog license transactions are initially recorded in the internally developed software program and then are subsequently recorded in the Town Clerk's register software system. Also the internally developed software does not allow the user to note the type of payment	All transactions should be entered into the Town Clerk's register software system. The internally developed dog license software should be used to manage operations and not for recording transactions	Yes	As recommended
TC-3	Internal Control	1	No reconciliation performed between the transactions recorded in the internally generated dog license software program, the amount recorded in the Town Clerk's register software system and the general ledger.	Internally developed software activity should be reconciled to the amount processed in the Town Clerk's register software system and the general ledger	Yes	As recommended
TC-4	Fraud Risk/Internal Control	1	All users can void transactions	The ability to void transactions should be limited to certain designated employees or the void transaction report be printed and approved by the Town Clerk on a monthly basis	Yes	It is not feasible to limit the ability to void transactions due to staffing arrangements. Therefore, the Town Clerk will start reviewing and signing off a void report on a monthly basis.
TC-5	Operational	3	Current policy is that no change is provided to customers for checks that are made out for the wrong amount. Normally the amount is not significant and is often used to pay for copies	Policy be reviewed by the Town to determine if it is in accordance with Town objectives. Once the policy has been reviewed and finalized, the policy should be formally documented and communicated to the public	Yes	As recommended
Police Department						

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Table of Recommendations by Type and Priority

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PD-1	Fraud Risk/Internal Control	1	Receipts are not issued to the customer for payments received.	A receipt book should be implemented to document amounts collected and allow the balancing of activity	Yes	The Police department will no longer allow payments to be made within their department. All individuals will be redirected to the Revenue Collector's office for payment processing. In the rare case there is an irrate individual that refuses to go to the Revenue Collector's office, a receipt book will be kept on hand to record payment.
PD-2	Fraud Risk/Internal Control	2	Spreadsheet is used to track receipts for ordinance violation tickets issued. Information is sent from the Police Department to the Revenue Collector and from the Revenue Collector to the Police Department to update the spreadsheet	1. Formal System be developed to properly account for and monitor the activity of ordinance violation tickets issued and collected. The sequence of ticket numbers should be accounted on a periodic basis to ensure completeness. 2. Police department cease collecting the monies for the tickets that are issued. 3. If the spreadsheet continues to be the accounting system for ordinance violation tickets, reconcile the spreadsheet to the GL on a periodic basis.	1. No Yes 3. Yes	2. 1. Police Union would have be involved in any changes. If they feel punishment for non-compliance to the Officer is too harsh they could have Officers cease writing Town tickets. This would be a lose of \$20K/year. Per discussion with Council on 11/28/16 they feel the Officers are essentially doing us a "favor" by issuing the tickets and no change to current practice is recommended 2. As recommended 3. As recommended
PD-3	Fraud Risk/Internal Control	2	Hearing officer reviews and accepts or declines parking ticket appeals. Approved appeals are entered into the ticket software which voids the ticket. Also, system has multiple logins, but they are not formally assigned to an individual.	1. Exception reports are generated by user and the reports are reviewed and approved by a supervisor. 2. Each user be assigned a unique user account and password.	1. Yes 2. Yes	1. The Sargeant will be notified in writing when a ticket is void so he is aware. Police department secretary can print exception report periodically for the Sargeants review. 2. As recommended

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PD-4	Fraud Risk/Internal Control	3	Parking tickets must be paid by the 10th day or they are doubled. System does not have the ability to adjust the 10 day period when the 10th falls on a holiday or weekend. Penalty needs to be removed when determined appropriate.	1. Town set up formal policies and procedures for reporting and monitoring adjustments. 2. Expection reports are generated by user and reviewed and approved by a supervisor. Note: Low dollar value	Yes	As recommended
PD-5	Fraud Risk/Internal Control	3	Police vehicles are parked at the garage. No formal policies and procedures to manage equipment and other inventory.	Town develop and implement formal policies and procedures regarding the use of equipment.	Yes	As recommended
Human Services Department						
HS-1	Fraud Risk/Internal Control	2	Not all policies are formally documented	All policies be formally documented and that the policies include the development of forms to document activity and the required approvals.	Yes	As recommended
HS-2	Fraud Risk/Internal Control	3	Department does not use a formal intake form to document a resident request for assistance	All requests for assistance be documented on an intake form or application form. The form can also be used to formally approve assistance provided.	Yes	As recommended
HS-3	Fraud Risk/Internal Control	3	Department currently accounts for donations on a spreadsheet and also provides recognition letters to donors.	Spreadsheet be reconciled to the recognition letters to ensure completeness. Reconciliation should be reviewed and approved by Finance on a periodic basis. Note: Low dollar value	Yes	As recommended
HS-4	Fraud Risk/Internal Control	1	No receipts are issued for gift cards received. The spreadsheet is used to prepare the transmittal report, but the collections are not reconciled to the receipt book.	Transmittal/Deposit forms should be reconciled to the receipt book. The transmittal should identify the applicable receipt numbers. A receipt should be provided to the donor of the gift cards and a separate receipt book should be used for that purpose and reconciled to the gift card inventory.	Yes	As recommended
Planning and Zoning/Wetlands						

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PZW-1	Fraud Risk/Internal Control	1	The collection of cash receipts is documented by noting the receipt on the application. The notation also includes the payment type. Only customers who pay in cash are provided a receipt, unless it is requested	The department should use a prenumbered receipt book for all transactions and the receipt book should be reconciled to the transmittal reports and the related deposit. The new software installed by the Building Department should be reviewed and considered if it is capable to manage the permits and applications by the department.	Yes	With regards to the new software, they do not currently have this software but will evaluate once installed.
PZW-2	Fraud Risk/Internal Control	1	The applications and permits issued are not prenumbered	All permits should be prenumbered and the accountability for all issued permits should be performed on a period basis	No - Permits are available in the office and online, it is not feasible to prenumber them.	The department has started using a log to track all issued permits. They are awaiting the implementation of the new software which will allow them to produce reports directly from the software. Once these reports are available they can be audited/reconciled to the GL by the Finance Department. For now, Finance will monitor collections with the newly created log.
PZW-3	Fraud Risk/Internal Control	2	Transmittal reports are not being prepared and cash transmitted is not being forwarded to the Revenue Collector on a standard basis	Transmittals and deposits should be completed on a daily basis, but no less than weekly.	Yes	As recommended
PZW-4	Fraud Risk/Internal Control	2	There is no reconciliation performed when preparing the transmittal reports to the applications received for the same period	When transmittal reports are prepared, a reconciliation should be performed to balance the activity being reported. Note: Low dollar value	Yes	As recommended
PZW-5	Fraud Risk/Internal Control	2	There is no log of permits by type maintained	A log of permits and applications should be developed and implemented to monitor department activity. Note: Low dollar value	Yes	As recommended
PZW-6	Fraud Risk/Internal Control	3	There is a quarterly report prepared and sent to the Town Manager that includes the number of permits issued. This report does not contain any financial information (amounts collected for the permits).	The report be modified to include amount of monies collected. This report should also be provided to the Finance Department for review and monitoring	No - This report is no longer produced.	Newly created permit log will note permit receipt number which can be traced back to the receipt book and tracked by Finance on a periodic basis.

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PZW-7	Fraud Risk/Internal Control	1	Permits are not prenumbered. Permit number is assigned after the permit is issued. In addition, there is no accounting for the sequence of the permits issued.	Permits should be prenumbered and the sequence of permit numbers should be accounted for.	No - Permits are available in the office and online, it is not feasible to prenumber them.	The department has started using a log to track all issued permits. They are awaiting the implementation of the new software which will allow them to produce reports directly from the software. Once these reports are available they can be audited/reconciled to the GL by the Finance Department. For now, Finance will monitor collections with the newly created log
Parks and Recreation						
PR-1	Fraud Risk/Internal Control	1	Only managers can void/adjust transactions. There is no adjustment report generated as part of the balancing process. Therefore, the adjustments are not reviewed and approved by the Recreation Director.	An adjustment report should be generated as part of the daily balancing process and be reviewed and approved by the Recreation Director	Yes	As recommended
PR-2	Fraud Risk/Internal Control	3	Prices for merchandise for sale are programmed into the register system by the managers. The prices are not reviewed and approved by the Director	After the prices are programmed into the register, they be reviewed and approved by the Director	Yes	As recommended
PR-3	Fraud Risk/Internal Control	2	The manager's back office will accept customer payments. The transaction is logged under the manager's user ID, but the manager then balances their own deposit.	Develop and implement a formal policy regarding the processing of transactions by the managers from the back office. The policy should address whether this is an acceptable practice and if so, the other manager perform the recount and verification of the deposit	Yes	As recommended

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PR-4	Fraud Risk/Internal Control	3	<p>Department uses two different rental forms. One form is for the rental of a room for a party or event and another for rental of the facility. The Department also rents the pavilion. In addition, rentals can be done through the website. Currently, none of the rental forms are prenumbered. Rentals require payment in full at the time of registration.</p>	<p>1. All applications are prenumbered and that, at least annually, the sequence of applications approved be reconciled with the amounts recorded as revenue in the GL. 2. Amounts deposited and recorded in the GL be reconciled to the calendar/binder that is used to manage the rentals.</p>	<p>1. No - Prenumbering is not feasible as reservations be made in person or online. 2. Yes</p>	<p>1. Employees managing rentals set up the registration with the customer but all payments are taken via the receptionist. The receptionist will receive a completed registration from the manager and customer will pay the receptionist directly. 2. As recommended</p>
			<p>Certain transactions such as rental reservations and prepayments are entered in to the Parks and Recreation software as household credits on customer accounts. Household credits cannot be transferred between customer accounts, but can be processed as a refund and then a payment to the new account. Only managers can apply</p>			

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PR-5	Fraud Risk/Internal Control	1	household credits. When the payment is entered, the software allocates it to the "unknown" category. When the transaction is processed, a note is added to the description to identify what type of revenue the payment should be classified as when applied. The system has the ability to generate reports of the balances of household credits. Currently, these reports are not being reviewed and approved by the Recreation Director nor are they being provided to the Finance Department to ensure proper recording of these balances during the year or at year end.	The software should be reviewed to identify a more efficient process for applying household payments and to eliminate the need to add notes and reenter the transactions to the proper category. The activity report for household credits should be reviewed and approved by the Recreation Director and provided by the Finance Department on a periodic basis.	Yes	The software company has already been contacted to address this exact issue. This is a software limitation where there is no resolution. However, an activity report for household credits can be produced and reviewed by the Director. In addition, the Finance Department does reconcile the "Unknown" revenue to the GL on a monthly basis.
PR-6	Fraud Risk/Internal Control	1	There are non-active customer accounts with credit balances. Some of the balances have been inactive for years.	The Town should develop and implement a policy for credit balances. The activity report for credit balances should be provided by the Finance Director on a periodic basis.	Yes	As recommended
PR-7	Fraud Risk/Internal Control	2	Rosters for programs are provided to the Department program managers. If any adjustments are necessary they are initiated by the program manager. The Department managers will process the credit in the software system based upon the roster provided by the program manager. The roster is then noted with the credit processed and returned the program manager.	1. Any credits that are required to be processed be formally requested and approved. A credit request form should be developed and implemented to document approve of the credit and processing in the software. 2. Report of the credits processed be generated and reviewed by Director	1. Yes - This is currently in practice. Customers complete credit request forms which are then reviewed and approved via sign off by the manager. The form is forwarded to the Administrative Assistance for processing. 2. Yes	1. N/A - Current practice 2. As recommended

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PR-8	Fraud Risk/Internal Control	3	Certain independent contractors are paid based upon enrollment and other contractors are paid based upon the class.	The Town review the contractors that are being paid by class to determine if they can be paid by enrollment. If a contractor is paid by enrollment, there is an incentive to verify that all customers in the program have enrolled.	No	Although some contractors are paid by the class and not the enrollment, the number of attendees is reviewed as a certain number of people need to sign up for a class for it to happen. If the minimum number of attendees is not met, the class is canceled and the contractor is not paid. The instructors are responsible for making sure that all drop ins have swiped their cards and the manager of the fitness program also monitors attendance. Enrollment reports are sent to Finance with the purchase order for payment to the instructor which has been reviewed and signed off by the fitness program manager. Recommendation priority is rated as a 3, therefore based on above procedures, no changes deemed necessary
PR-9	Fraud Risk/Internal Control	2	The Department conducts an annual physical inventory during the summer. The documentation of the physical inventory is not retained.	Documentation of Physical inventory should be maintained	Yes	As recommended
PR-10	Fraud Risk/Internal Control	2	The Department uses certain inventory items for promotional items	Inventory used for promotional items should be recorded through the register software.	Yes	As recommended
PR-11	Fraud Risk/Internal Control	2	Department does not have any formal policies or procedures to update the inventory balance when performing test counts or after the physical inventory is taken.	Develop and implement formal policies and procedures and forms to document all adjustments of inventory balances.	Yes	As recommended

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PR-12	Fraud Risk/Internal Control	2	The Department sells gift certificates for use at the Community Center. The gift certificates are prenumbered and the numbers are entered into the software program when sold. The software program has the ability to generate reports on the balances of gift certificates that have not been redeemed.	A report of unredeemed gift certificate balances should be provided by the Finance Department on a periodic basis	Yes	As recommended
PR-13	Fraud Risk/Internal Control	2	Parks and Rec software has accounts receivable balances dating back to 2008	Develop formal policies and procedures regarding delinquent accounts receivables and when they are sent to collections. The policy should also include the process, documentation required and the authority to write off receivable balances. The balance authorized to be written off should be processed through the register software and reconciled to the authorization. The policy should also include/consider guidelines and required approvals to write off balances under a certain threshold.	Yes - This was in process prior to the fraud risk assessment being conducted	As recommended
Senior Center						
SC-1	Fraud Risk/Internal Control	2	Collection of cash receipts for the Meals on Wheels program is counted by 2 individuals before it is deposited, but is not documented.	1. Counting and verification for the amount received be documented by employees on the transmittal form. 2. Develop a policy regarding the Town collecting monies for outside vendor programs.	No - This is a third party program. They have a drop box where individuals can leave a "suggested donation" for the meals that they receive. All the workers are volunteers or from the third party company. Not a Town issue.	N/A

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SC-2	Fraud Risk/Internal Control	1	A receipt is issued at the time of collection for all receipts collected noting the payment type. The payments are then entered into the Senior Center software program. Currently, there is no reconciliation performed between the receipt book, the deposits and the software.	The activity of the receipt book should be balanced and reconciled to the amount entered into the Senior Center Software program and the transmittal/deposit.	Yes	As recommended
SC-3	Fraud Risk/Internal Control	1	One employee is responsible for the collection of receipts, entering the receipts into the Senior Center software and preparing the deposit.	The functions of collecting, recording and preparing the deposit should be segregated.	Yes	As recommended
SC-4	Fraud Risk/Internal Control	3	A separate organization is providing programs and services at the Senior Center to the membership. There is no current policies and procedures or agreement related to this activity.	Develop a policy regarding separate organizations providing programs and services at the Senior Center.	Yes	As recommended
Tax Collector						
TXC-1	Fraud Risk/Internal Control	1	Access to the tax register software is not controlled by a user ID or password, therefore, transactions are not identified by user. There are certain functions that are controlled by passwords	Each employee should be assigned a unique log in ID. Employees should log off during breaks or at the end of the day.	Yes	As recommended

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TXC-2	Fraud Risk/Internal Control	1	All users can void transactions	The ability to void transactions should be limited to certain employees	Yes	All users need to have access to void transactions due to the staffing of the department. However, exception reports will be prepared and reviewed by both the Tax Collector and Finance Department on a periodic basis as stated in recommendation number TXC-3 below.
TXC-3	Fraud Risk/Internal Control	2	The tax collection software can also produce other exception reports such as an override code report. The report is not currently being produced and reviewed.	Void and other exception reports should be reviewed and approved by the Tax Collector.	Yes	As recommended
TXC-4	Fraud Risk/Internal Control	2	The town processes all mailed tax payments manually through the tax software in the office.	The should consider implementing a lockbox service for tax payments	No - Per review of GFOA recommendations on lock boxes, we do not have enough volume to benefit. In addition, we would need a low error (on the customers side) of less than 10% which the Tax Collector doesn't feel we have. Due to these two reasons alone, there is no benefit financially (paying the additional fees) or related to accuracy. Using a lock box with the amount of customer error we currently have would actually increase our workload	N/A
TXC-5	Fraud Risk/Internal Control	1	There is a lack of segregation of duties with respect to the processing of tax payments, balancing, preparing and going to the bank.	The Tax Collector's office should implement procedures to segregate duties regarding the cash receipts function.	Yes	As recommended
<u>Revenue Collector</u>						

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RC-1	Fraud Risk/Internal Control	1	There is no counting of cash or receipts provided at the time the departments transmit cash receipts to the Revenue Collector's department. A signed copy of the transmittal report is returned to the Department once the cash is counted.	As transmittals are submitted, the cash should be counted and a receipt should be issued or the transmittal should be signed by the Revenue Collector's Department and the employee.	Yes	As recommended
RC-2	Fraud Risk/Internal Control	2	Department performs the billing and collection for retiree medical insurance contributions. The data is obtained for the various departments and the Collector generates the invoices. The department is not provided a billing register to verify the billings. The Collector's office also processes the cash receipts.	1. Billing and collection process be properly segregated between two different employees. 2. Billing register be reviewed and approved by the responsible department prior to the billing being processed.	Yes	As recommended
RC-3	Fraud Risk/Internal Control	3	No formal policy, procedure or form to process corrections to the sewer billings	Develop and implement formal policies and procedures, including a correction form and the required authorizations.	No	Billing changes are very rare and there is always a paper trail of any changes which includes making the Finance Director aware of the change. No formal form considered necessary

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RC-4	Fraud Risk/Internal Control	2	For ticket fine payments made to the Revenue Collector, a receipt is provided to the customer from a pre-numbered receipt book. The information from the receipt book is then posted to the parking ticket software system. In certain instances, the activity of the receipt book was not posted to the ticket software on a timely basis. Also, no reconciliation between the ticket fine receipt book and the amount collected and posted into the ticket software	1. Develop and implement a formal policy and procedure to ensure that all ticket fines paid are posted on a timely basis. 2. Activity from the prenumbered receipt book be reconciled to the amount collected and the amount posted to the ticket software system. Reconciliation should be documented.	No - This is no longer happening. All payments are being recorded in the Complus system, not the receipt book.	N/A
RC-5	Fraud Risk/Internal Control	2	There are no software controls regarding the increasing or decreasing of fines and no exception reports available from the system to allow monitoring of these types of transactions	Review software capabilities related to the controls over the adjustment of fee amounts to determine if reports can be generated. If not, the Town should develop formal policies and procedures over adjustments to ticket amounts.	Yes	Revenue Collector's access has been changed to "read only" when it comes to changing the fees. She can now only apply payments
RC-6	Fraud Risk/Internal Control	2	Not all departments are providing supporting documentation for the deposit along with the transmittal	All departments should be required to provide supporting documentation for the amount being deposited along with the transmittal report	Yes	As recommended
RC-7	Fraud Risk/Internal Control	1	Various other departments are currently responsible for billings generated by their department. In many cases the billings are not provided to the Finance Department or the Revenue Collector. In certain instances, this also has created a lack of segregation of duties over the billing and collection function.	The Town should consider centralizing the billing and collection of other Town departments to the Revenue Collector's office. The Town should also consider separating the billing and collection functions within the Revenue Collector's office.	Yes	As recommended

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RC-8	Best Practices	3	Assistant Tax Collector's salary is charged 50% to the Public Works department. The current estimate of the actual time necessary to process this activity is greater than 50%.	Review the desired roles and responsibilities of the department. This would include where salaries should be budgeted. Should also include a time study as to where the department is actually spending its time and where the Town desires the level of effort for each area of responsibility of the department.	TBD	This will be reviewed during the next budget season
Library						
LB-1	Fraud Risk/Internal Control	1	The library software is not being utilized to manage, balance and reconcile financial activity. Due to the nature of operations, weather, hardships and other reasons, certain fees and charges are waived or adjusted. Also, the Library software system has the capability to identify the payment type received, but payment are not being entered by type. The system currently defaults to cash as a payment type and, therefore, all transactions are noted as such.	<ol style="list-style-type: none"> The Library should develop and implement formal policies and procedures for any fee or fine waivers. The Library should account for the collection of all fines and other cash receipts using the Library software. The register report should be attached to the transmittal report. The Library should implement a policy to correctly identify each transaction by the appropriate payment type 	<ol style="list-style-type: none"> No - The waiver of any fines is a judgement call that is made by the person at the desk. It is just a way to encourage patrons to return items on time but is not mean to penalize. Yes Yes Yes 	<ol style="list-style-type: none"> N/A As recommended As recommended As recommended
LB-2	Fraud Risk/Internal Control	3	No reconciliation of the number of pages to the charges for printing. In some cases, fees are waived and that is some instances Library staff also print to the public printer.	<ol style="list-style-type: none"> Procedures be implemented to document the number of pages printed, the fees charged and the fee waivers. Formal policy be developed on the waiver of fees including whos has the authority to do so. 	<ol style="list-style-type: none"> No - There is a low volume related to this activity. Collections only total about \$1,000 year. No - Anyone with access to the Circulation software has the ability to waive fees at their discretion. Again this is low volume. Director can run reports to review the amount of fines being waived on a periodic basis 	N/A

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LB-3	Fraud Risk/Internal Control	2	The library software program tracks the activity of each user's library card. This includes any fines, lost book charges and adjustments.	Library software should be reviewed for capability to produce exception reports. These reports should be reviewed and approved on a periodic basis.	Yes	As recommended
LB-4	Fraud Risk/Internal Control	2	During our review, we noted that refunds to customers for lost books that were subsequently found are refunded through the Library's petty cash fund	The library should develop and implement a formal refund form. All refunds should be processed through the finance Department.	No - Dollar value is low and only happens 1-2 per year. As long as documentation per the refund is properly included with the petty cash support, Finance is fine with keeping the current practice	N/A
LB-5	Fraud Risk/Internal Control	3	Library policies and not written and formally communicated	Formally document the current policies in place and communicate them to the employees and public	Yes	With the exception of the specific policies noted above, the Library will reivev their other policies and make communications to the public on ones deemed necessary
LB-6	Fraud Risk/Internal Control	3	Sales of misc items are accounted for on a manual tally sheet. The transactions are not processed through the Library software. Sales of these items are approx \$200 annually. No formal inventory records are maintained for these items.	Sales for misc items be recorded through the register system and inventory control sheet be maintained and updated for purchases and sales.	Yes	All misc item transactions will be processed through the Library software under an "Other" transaction. (In working with the software vendor this is their only option at this point. The individual items for sale cannot be individually added) They will record the sales in the Library software as well as continue to use the manual tally sheet. Reports from the software will be run on a periodic basis to compare to the tally sheet and actual inventory.

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LB-7	Fraud Risk/Internal Control	1	Access to the Library Software is not controlled by user ID or password.	Each employee should be assigned a unique log in ID. Employees should log off during breaks or at the end of the day.	No	Per discussion with the Library Director, the Library software takes time to load and would inhibit good customer service with each employee logging in and out. Although this is a level one recommendation, the amount of money being collected at the circulation desk on a daily basis is very low. In looking at 2016 results, the amount of money taken in via the circulation desk was \$11,437.71 for the year. This is about \$953/month, about \$240/week, about \$40/day and about \$4-5/hour. The Library will develop a sign in/out sheet that includes time in and out at a specific computer for each employee to utilize. The employee signed in at the computer at that time will take responsibility for the transactions entered during that point in time. The turn over at the circulation desk can be a different employee every hour in some instances. Therefore, tracking who is at the desk at what time is important but given the low threshold of the dollar value it seems appropriate not to sacrifice the customer service for the lack of fraud risk.
LB-8	Fraud Risk/Internal Control	1	The library bookkeeper/manager counts the monies and prepares the deposit as well as the related transmittal form. The transmittal does not list the amounts of cash and checks being transmitted.	The Library should implement procedures to segregate duties with respect to the cash receipts function. Cash and check amounts should be detailed on the transmittal form for verification.	Yes	As recommended
<u>Building Department</u>						

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BD-1	Fraud Risk/Internal Control	2	The calculation for new construction projects is performed by the Building inspector. The department does not require a standard form to document the calculation, nor is the calculation reviewed and approved by the building official	The Town should develop and implement a standard form to calculate building permit fees.	No - The standard permit fee application is completed by the applicant, the fees are determined by the secretary and then reviewed, approved and signed off by the Building Official or Assistant Building Official.	N/A
BD-2	Fraud Risk/Internal Control	2	The value used to calculate the permit fee for renovations/alterations is based upon the estimate provided by the homeowner or contractor. It is reviewed by the Building Department, but the review is not formally documented or approved by the Building Official. The Building Department does not require the contractor/homeowner to provide any supporting documentation to support the estimated value.	1. Town require supporting documentation for the estimated value of the project. The documentation should be a written estimate or contract and should be retained in the permit file. 2. Town implement a formal policy/form to document the review and approval of building permit fees. The form should be approved by the Building Official and retained in the permit file.	1. No - Under the ordinance the Building Department has the right to request supporting documentation for any estimates that don't seem reasonable. This is requested as deemed necessary. In addition, when Inspectors go out onto a site they will be able to determine if the estimate provided on the application is reasonable. 2. The fee schedule is set up per the ordinance which is already documented	N/A
BD-3	Fraud Risk/Internal Control	3	The Fire Marshall fee is added to the fees charged to the customer by the Building department when determined to be due.	Fire Marshall be required to review and approve the applications to verify/approve that fees are being charged appropriately.	Yes	The Fire Marshall signs off on all applications and the fee charged is part of the application review.
BD-4	Fraud Risk/Internal Control	2	The Town has two developer agreements in place that set the building fees for the projects permitted by these developers	The permit charges for the two developers with formal agreements with the town should be formally approved by the Building Official	No - These agreements were put in place by the Town Manager and approved by the Town Council.	N/A

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BD-5	Fraud Risk/Internal Control	1	The building permits issued are not prenumbered. The building permit number is assigned after the permit is issued. Also, there is no accounting for the sequence of the permits issued.	Building permits should be prenumbered and the sequence of permits should be accounted for	Yes - Building permits are given a permit number when they are approved, not when the application is submitted because it is possible for an application to be rejected. However, as soon as a permit application is entered into to the MagNet software it is assigned a case number. Additionally, as soon as permits are approved they automatically receive a permit number from MagNet. Also, the sequence of permit numbers is accounted for by Theresa using an internally created spreadsheet which tracks each permit that is approved in sequential order.	N/A
BD-6	Fraud Risk/Internal Control	2	Building permits issued are accounted for on an excel spreadsheet. The spreadsheet then is designed to generate the transmittal. One employee maintains the spreadsheet. The spreadsheet is not reviewed by the Building Official or other supervisory employee.	Town review the reporting capability of the new software and use the reports generated from the software to balance collection activity.	Yes	As recommended
BD-7	Fraud Risk/Internal Control	1	Building permits are now being entered into the newly implemented Building Department software system. The software system generates the building permit, tracks inspections and also logs each entry. Permits can be deleted, but the permit number will not be deleted.	Only the Building Official and Assistant Building Official should have the administrative rights to be able to void/delete/rollback permits. An exception report should be produced on a monthly basis and should be reviewed and approved by the Building Official.	Yes	Removing the privilege to void/delete/rollback permits would be a hinderance to everyday operations. However, the Magnet software is capabale of running an exception report that will be reviewed and approved by the Building Official on periodic basis

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BD-8	Fraud Risk/Internal Control	1	When entering payments for building permits, the system allows the type of payment to be entered. The daily register report currently being produced does not show separate amounts for cash and checks collected.	The software should be reviewed to determine if a report can be produced that will present the total collected by payment type	Yes	As recommended
BD-9	Fraud Risk/Internal Control	2	The cash receipts are being balanced and reconciled to the excel spreadsheet and not to the new building department software. Since the excel worksheet is created from the permits issued, it does not ensure completeness	The cash receipt activity should be reconciled to reports generated from the software program	Yes	As recommended
BD-10	Best Practices	3	Currently, if a check is received for an incorrect amount, it is returned to the customer with a request to ask for a new check with the correct amount.	Town review this policy and develop a formal policy regarding this type of transaction.	Yes	As recommended
BD-11	Best Practices	1	The department is still currently using a receipt book to record certain, but not all, collections.	All collections should be reconciled to the software system reports.	Yes	As recommended
BD-12	Internal Control/Fraud Risk	1	One employee in the Building Department prepares the billing for the housing fee, accepts the payments and maintains the accounts receivable records.	The functions of billing, collecting and accounting should be properly segregated. All billings should be provided to the revenue collector.	Yes	As recommended
BD-13	Best Practices	3	The certificates of occupancy are collected in a folder which is picked up by the Assessor's Department on a periodic basis. We also noted that the newly implemented software has the ability to generate certificate of occupancy reports.	The certificate of occupancy reports from the software system be provided to the Assessor's Department on a periodic basis, but at least monthly.	Yes	N/A - Current Practice

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Public Works						
PW-1	Fraud Risk/Internal Control	3	Department accepts performance bonds and driveway bonds. All cash bonds are sent to the Finance Department. The department does not maintain and update a listing of bonds (cash and surety).	Develop a list of both performance bonds and driveway bonds and update the listing for new bonds and to document releases in accordance with the Town policy.	Yes	As recommended
PW-2	Fraud Risk/Internal Control	1	The department documents cash collections by the use of a receipt book. The transmittal reports that are prepared are not reconciled to the receipt book	The Transmittal/deposit should be reconciled to the receipt book.	Yes	As recommended
PW-3	Fraud Risk/Internal Control	1	Permits issued are not prenumbered. The permit number is assigned after the permit is issued by the employee accepting payment for the permit. In addition, there is no accounting for the sequence of the permits issued.	Permits should be prenumbered and the sequence of permit numbers should be accounted for	No - Permits are available in the office and online, it is not feasible to prenumber them.	All permits are tracked within their software system
PW-4	Fraud Risk/Internal Control	1	The permits issued are accounted for on an excel spreadsheet.	The spreadsheet of permits issued should be reconciled to the receipt book.	Yes	As recommended
PW-5	Fraud Risk/Internal Control	2	The department also collects fees for trash service if a customer comes to the Public Works department to pay. Customers are only given a receipt if they pay in cash. Payments are also accepted by the Revenue Collector.	The public works department should stop accepting payments from customers for trash service and should instead direct them to the Revenue Collector.	Yes	As recommended
PW-6	Fraud Risk/Internal Control	3	The Department uses an excel spreadsheet to manage customer service changes and requests.	We recommend that the changes to service be required to be documented in writing from the customer and formally reconciled to the actual billing system	Yes	As recommended

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PW-7	Fraud Risk/Internal Control	3	The Department purchases and sells recycling bins and composting kits. Most of the items are purchased based upon preorders.	Purchases and sales of these items be formally accounted for. Items purchased should be inventoried and the sales accounted for the total value of the purchase. This accounting should be formally documented and the inventory balance should be verified on a periodic basis.	No - The dollar value related to this is very small and the inventory coming in goes out within the same week.	N/A
PW-8	Fraud Risk/Internal Control	3	The Department receives the monies (checks) for the sale of recyclables. In some instances, employees from the Transfer Station deliver the scrap metal to the dealer who then gives the check to the employee. The amounts received are tracked and reviewed analytically.	1. The checks received for recyclables be sent directly to the Finance Department and not to the Public Works Department nor provided to the employee dropping off the materials. 2. The Town implement procedures to control the materials being sold and to estimate the expected volume to be able to compare the actual receipts.	Yes	As recommended

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PW-9	Fraud Risk/Internal Control	2	The department equipment is located at the Public Works garage. The keys to the equipment are also kept unlocked in the garage. The equipment is not formally inspected or compared to logged usage.	Keys to vehicles should be controlled via a lock key cabinet. Also equipment usage logs should be compared to actual usage on a periodic basis	No	Public Works Vehicles - Many of the Public Works vehicles have GPS units in them. The Garage Secretary runs vehicle GPS reports every Monday for review. She also receives email notification immediately if a vehicles is performing and "illegal" act (ie vehicle is out on the weekend, speeding etc) The Garage Secretary notifies the garage Superintendent of any unusual activity and contacts the garage Superintendent when she receives an email about a vehicle out on the weekend to confirm the employee is supposed to be working. For vehicles that do not have GPS (and even those with GPS) a form is completed each morning by the employee taking the vehicle which shows the mileage of the vehicle etc. The next morning this form is turned into the mechanic and will then verify the mileage on the vehicle. Facilities Vehicles - GPS units will be installed on vehicles for simiar monitoring.
PW-10	Fraud Risk/Internal Control	2	The fuel pumps user/login is the Town assigned employee number. The fuel pump also requires that the user enter the estimate mileage of the vehicle. The key for the fuel pump is also programmed to a specific vehicle.	User logins should be changed to something other than the employee's employee number	Yes	The employee number is not used as the login for employees. The Director mispoke as this was a practice as a previous Town.

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PW-11	Fraud Risk/Internal Control	2	The fuel pumps are able to produce a usage report. The report is used by the Finance Department for billing purposes, but it is not reviewed by the Public Works Director.	The Public Works Director or Assistant Public Works Director should review and approve both the fuel system report and the manual diesel fuel log on a weekly basis.	Yes	As recommended
PW-12	Fraud Risk/Internal Control	3	There are no cameras located at the either the gas or diesel fuel pumps.	We recommend that the Town consider installing cameras at the fuel pump locations.	Yes	As recommended
PW-13	Fraud Risk/Internal Control	3	The Public Works garage does not have a fence to protect the equipment at the location or to prevent access to the garage after business hours.	1. The Town consider installing a fence to increase the physical security and access to the Town's public works equipment. 2. The Town consider installing a keyless entry at the garage with each employee having a unique access code to further strengthen the security of the Town's assets at the garage.	Yes	As recommended
Transfer Station						
TS-1	Fraud Risk/Internal Control	2		Recommend that the Town consider eliminating collection of receipts at the Transfer Station and implement the use of tickets or vouchers that would be sold at Town Hall and then used to dispose of items at the Transfer Station.	TBD - This is something that Town has been working towards over the course of the last year or so. Still in implementation phase to determine feasibility	TBD
TS-2	Internal Control	3	Town does not have a scale at the transfer station and therefore the standard analysis regarding the weight of trash accepted vs the weight of the trash that is hauled out cannot be performed.	1. The Town consider implementing a scale at the Transfer Station. 2. The Town consider performing a formal analysis of the amount recorded as revenue based upon the weight hauled out.	No	This is only an additional control on top of other controls currently in place
Mansfield Superintendent's Office						

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Recommendation Number	Recommendation Type	Priority	Condition	Recommendation Summary Description	Implement	Resolve
CAF-2	Fraud Risk/Internal Control	1	Although a register system is being used to process the lunch sale transactions, the cafeteria lunch sales are being recorded in the general ledger on a cash basis (the amount deposited).	<ol style="list-style-type: none"> 1. The sales be recorded based upon the register reports and that the difference between the register report and the actual amount of cash be recorded as cash short/over. This amount should be documented on the register report and transmittal as noted qbove. 2. A cash short and over account be established for each school in order to monitor the amount of differences and allow for adequate monitoring and review when necessary. 3. Each Cafeteria operation be reviewed for any undeposited monies and if any exist, they be deposited immediately. 	Yes to All	As recommended
CAF-3	Efficiency/Internal Control	2	The Revenue Collector is picking up the cash receipts from the Middle School. The Revenue Collector then reviews the register reports, prepares the transmittal report and makes the deposit.	<ol style="list-style-type: none"> 1. The Middle School cafeteria cash receipts be transmitted to the Revenue Collector after proper balancing and preparation of the transmittal report. 2. Each school have locked bank bags and a safe to ensure undeposited monies are secured before they are deposited and during the transfer to the Revenue Collector. 	Yes to All	As recommended
CAF-4	Internal Control	1	Currently, the cashiers have the ability to make corrections in the register system.	Only the Cafeteria Manager has the ability to make corrections. The corrections should be logged by user and a correction report should be produced on a monthly basis and reviewed by the Cafeteria Director or bookkeeper.	Yes	As recommended

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CAF-5	Internal Control	2	The managers at the elementary and middle schools do not recount the cash receipts before they are picked up to be deposited. Elementary schools only collect checks to be applied to the card and cash for .25 or .50 cents for ice cream.	<ol style="list-style-type: none"> The process for balancing the registers with each cashier include the recounting of the cash by the Cafeteria Manager and a sign off by the cashier agreeing to the amount of cash collected. For elementary schools only, consideration should be given to require all payments to be applied to the students card be sent directly to the Cafeteria office to be processed. 	<ol style="list-style-type: none"> Yes No 	<ol style="list-style-type: none"> As recommended When checks are brought in they are taken down to the Café Manager and input in the register. Another Café employee verifies the money and it is locked up
CAF-6	Internal Control	3	The Town does not record a la carte sales separately from lunch sales.	All cafeteria revenues be recorded by type in order to allow for proper monitoring and reconciliation. This would include student lunch sales, adult lunch sales, al a cart sales, catering and state and federal grants.	Yes	As recommended
CAF-7	Internal Control	2	<p>The Cafeteria bookkeeper does the billing for catering. Most catering is done for internal organizations and payment is processed through a journal entry done by the Finance Department.</p> <p>There is a catering request form, but the form is not prenumbered.</p>	<ol style="list-style-type: none"> For billings related to outside organizations, we recommend that the invoice be provided to the Finance Department at the time the invoice is produced for proper recording and monitoring. The catering request form be prenumbered or that the requests be approved by the Cafeteria Director and then forwarded to the Finance Department. 	Yes	As recommended

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CAF-8	Internal Control	2	The Cafeteria software accounts for the balance of each student's lunch card. The program has formal policies for when the balance falls below \$0, as well as the capability to notify parents before the balance goes negative. In certain cases, balances are transferred between siblings both during the year, if one balance is negative and when a student graduates. The student balance reports are not provided to the Finance Department at year end.	1. The Cafeteria program provide the Finance Department a student school lunch balance report on a quarterly basis in order that the balances can be monitored and properly recorded at year end. 2. The Cafeteria program develop and implement a balance transfer policy and form. All balance transfers should be approved by the Cafeteria Director. If available, a balance transfer report should be produced and reviewed on a monthly basis.	Yes	As recommended
CAF-9	Fraud Risk/Internal Control	2	Currently, the policy is to do a physical inventory every quarter.	We recommend that the inventory be documented and the Cafeteria program develop written policies and procedures that address the frequency of inventory counts, the required documentation and approvals for disposal of inventory and employee responsibilities related to food inventory and supplies.	Yes	As recommended
CAF-10	Fraud Risk/Internal Control	3	Currently, the policy is that cashiers are not permitted to pay any vendors or other amounts from the cash receipts in the register.	We recommend that a policy prohibiting pay out from the register be formally documented and communicated.	Yes	As recommended
Mansfield Downtown Partnership						

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DD-1	Fraud Risk/Internal Control	2	The memberships and sponsorships are being accounted for and managed using an excel worksheet. The membership forms are not prenumbered and memberships can be purchased on-line. There is no reconciliation of the excel worksheet to the amount recorded for memberships and sponsorships to the general ledger	1. The date of the deposit be noted on the membership form to allow for reconciliation to the transmittal report. 2. A reconciliation be performed on a periodic basis of the membership revenues and the sponsorship revenues to the amount recorded in the general ledger.	Yes	As recommended
Region 19 Superintendent's Office						
RSO-1	Fraud Risk/Internal Control	3	The District is collecting monies for a separate legal entity. No receipts are provided to the individual transmitting the cash receipts to the District.	1. A receipt book be used to provide the individual a receipt for the amount of cash and checks transmitted. The amount of receipts should be counted in the presence of the individual transmitting the receipts. 2. The Town consider developing a formal agreement with the separate legal entity to define rights, responsibilities and liability. 3. The District require documentation to be submitted with the deposit for the amount of monies transmitted and the sources of the monies. The documentation could include information such as the number of tickets sold or other units of measure to evaluate completeness and accountability.	1. Yes 2. TBD - Will discuss with Foundation President 3. Yes	As recommended
RSO-2	Fraud Risk/Internal Control	2	Currently, the District is billing out of District students for tuition. The billings are not provided to the Finance Department	The Finance Department be provided a copy of all billings or that the Town manage the billing and collection process.	Yes	As recommended
Agricultural Education Program						

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AGED-1	Fraud Risk/Internal Control	1	The sales are being accounted for by either a receipt book or a paper receipt that was implemented in fiscal year 2015 for the tree sales. If the customer is provided a paper receipt, they are not provided a receipt from the receipt book. The paper receipts are not prenumbered to allow proper accountability. They also do not document whether the payment was made by cash or check. In addition, the program does have a cash register, but it is not functioning and has not been replaced. Based upon the current procedures, there is no accountability for sales and, therefore, no ability to reconcile cash collected to sales.	1. The cash register be repaired or a new one purchased to properly record the sales of all types of items noted above. In lieu of the cash register, a receipt book should be used to account for all sales. The receipt book should document the type of payment (cash or check). 2. Where possible for all items sold, particularly for the Christmas trees, there should be a system of inventory control. The total amount of trees for sale should be documented and reconciled with sales. Trees that are unsalable should be documented by the teacher advisor when disposed.	Yes to All	As recommended. Receipt book will be used in place of a cash register
AGED-2	Fraud Risk/Internal Control	2	The cash is counted by the student and teacher advisor and documented on the envelope. The cash receipts are brought to the AG program office, locked in the safe and then counted by the AG program bookkeeper the next school day.	1. The amount of cash collected be independently documented by the teacher advisor. 2. The amount left in the safe be e-mailed to the Student Activity bookkeeper	Yes to All	As recommended
AGED-3	Fraud Risk/Internal Control	2	The cash receipts collected by the AG program are counted by the AG program bookkeeper and then is transmitted to the Revenue Collector directly vs being provided to the Student Activity bookkeeper.	We recommend that the cash collected by the AG program be forwarded to the student activity bookkeeper for deposit like all other student activity funds. This will provide additional control, monitoring and accountability for these monies.	Yes	As recommended
Student Activities						

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SA-1	Fraud Risk/Internal Control	1	<p>Student activity advisors and others bring monies to be deposited to the student activity bookkeeper in the Superintendent's office. The advisor completes a deposit form noting the amount of the deposit and the activity the receipts are for. The advisor then signs the form and logs the date and amount of the deposit on the deposit log. The monies then are transmitted to the District. The monies are not counted by the student activity bookkeeper at that time. When they are counted, if there is any discrepancy, the advisor is contacted to review. The monies for that activity are not deposited until the difference is resolved.</p>	<p>1. The monies be counted in the presence of the advisor and that the advisor be given a receipt for the amount transmitted (cash and checks). 2. The receipt book then should be used to balance the amount deposited and the amounts recorded in the general ledger.</p>	Yes	<p>Office hours will be set at the end of the school day. Special appointments can be made upon request</p>
SA-2	Fraud Risk/Internal Control	1	<p>Not all activities provide the bookkeeper supporting documentation with the monies being deposited.</p>	<p>1. Recommend that detailed supporting documentation be provided to the bookkeeper to support the amount being deposited. The documentation should include receipt book numbers, counts for number of sales of merchandise or tickets, register reports or other documentation that documents completeness. 2. The supporting documentation should include details on the payment type (cash vs check).</p>	Yes	<p>TBD - This will take some time. We are still working through how we will comply with this recommendation. In certain circumstances this is a simple implementation, however, there are other times (ie concession revenue) where we will have to have discussions with the advisors to determine an appropriate way to meet this recommendation.</p>

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SA-3	Fraud Risk/Internal Control	3	Certain types of activities are able to be verified using a min/max or reasonability test. Examples of these type of activities would be any event with ticket sales, dues, sales (yearbook), etc. where there is a known quantity available.	<p>1. The District require the use and formal documentation of a min/max or reasonability test for activities where the data is available.</p> <p>2. The accountability for the total potential value should be compared to the revenues recorded and the balance remaining of the merchandise or number of tickets.</p> <p>3. Any comp tickets or merchandise be formally approved, documented and accounted for to allow for this type analysis.</p>	Yes	Finance Department will perform this type of analysis on a periodic basis as a type of random audit.
SA-4	Fraud Risk/Internal Control	2	During our review we noted that certain activities are being accounted for through the school bank. Transactions recorded through the school bank creates detailed records of the payments received by student. The school bank software creates a detailed report for the payment made by each student for a particular time period that supports the deposit.	The District require all activities to use the school bank for student specific payments to increase accountability and provide adequate supporting documentation for deposits. Use of the school bank also provides the details needed to verify payments made by each student if a refund becomes necessary.	No	Individuals are encouraged to use the school bank when possible but not required as the school bank hours are so few. The Accounting Manager reviewed the banking hours schedule and noted it is only open for an hour 4 days a week in the middle of the day around lunch time. It is not feasible to use the school bank at all times. We would rather have the funds go through to the appropriate individual off bank hours then have the funds held until the individual can make it to the posted bank hours.
SA-5	Fraud Risk/Internal Control	2	The District does not use a formal software program to account for the activity for each student activity fund. The bookkeeper accounts for the activity for each fund using excel. The activity is tracked by the Town's general ledger software system by fund, but is not capable of accounting for the balance of each fund.	We recommend that the District consider the purchase and use of a student activity software program to increase the efficiency of accounting for each fund. The software can be used to produce monthly reports for the Town to record the student activity funds' transaction.	No - The Admins system will be used going forward to account for the Student Activity balances for each fund	N/A

Town of Mansfield, Connecticut
Table of Recommendations by Type and Priority

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SA-6	Fraud Risk/Internal Control	2	The monies collected for the agricultural education program are processed by the student activity bookkeeper, but are deposited directly by the agricultural education bookkeeper.	All monies be processed/deposited by the student activity bookkeeper. This will increase efficiency and monitoring over the activity of this program.	Yes	As recommended	
SA-7	Fraud Risk/Internal Control	2	The student activity advisors are not formally provided activity reports on a specific periodic basis for the funds they are responsible for.	We recommend that on a monthly basis, each advisor be provided a report that details the activity of the fund they are managing and that the advisor be required to sign and return the report as evidence of review.	Yes	All advisor reports are available upon request. However, the student activity bookkeeper will start to send them quarterly reports for their review.	
SA-8	Fraud Risk/Internal Control	2	<p>During our review of the listing of student activity funds, we noted the following:</p> <ul style="list-style-type: none"> • The District has custody of class funds going back to 1994 • Old scholarship funds are recorded in the student activity fund ledger • There are many inactive activity funds that have not had activity in several years • There are accounts with negative balances • There are funds that do not appear to be student related 	<p>1. The District immediately disburse all monies related to the graduating classes to the class officer or obtain an authorization from the class that the monies be donated to the District or the Foundation</p> <p>2. All scholarship monies be removed from the student activity fund and bank account and be properly reported as private purpose trust funds or transferred to the Foundation.</p> <p>3. The District review all current accounts to determine the following:</p> <ul style="list-style-type: none"> • Accounts that are not active and should be closed. • The plan to address the funds with negative balances. A formal policy and procedures should be developed and implemented to prevent accounts from being overspent. • Accounts that are not "student activities". These amounts should be segregated from actual student monies and recorded properly and reported under the proper fund type. 	<p>1. No</p> <p>3a. No</p>	<p>2. No</p> <p>3b. Yes</p> <p>3c. No</p>	<p>1. There is no contact information for classes dating back to 1994. All class funds where a contact is obtained will be resolved. A policy was created effective 7/1/16 which makes the class aware of how long they have to use their money and what happens past this period.</p> <p>2. There is only one scholarship left for \$100 which will be paid out this year.</p> <p>3a. This will require some research on what we are allowed to do with the funds.</p> <p>3b. As recommended.</p> <p>3c. This is N/A as there are no funds within the Student Activity accounts that are not student activity related.</p>

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SA-9	Fraud Risk/Internal Control	1	During our review of the listing of student activity funds, we noted that there are accounts labeled principal's account and interest.	We recommend that the District develop and implement a formal policy for the principal account and the interest account. The policy for the principal account should include a detailed policy on what the funds in that account can used for and any required approvals.	Yes	As recommended
Eastern Highlands Health District						
EHHD-1	Fraud Risk/Internal Control	2	The deposit is prepared by the clerk. The deposit and transmittal are not reviewed by the Department head before sending it to the Revenue Collector.	The transmittal form and related deposit should be reviewed by the Department Head	No - No other departments have a review of the deposit by the Department prior to sending to the Revenue Collector.	The Director does perform a review of revenue on a quarterly basis
EHHD-2	Fraud Risk/Internal Control	2	Certain towns send the actual cash and checks collected to the District to be deposited vs sending a check for the amount collected.	We recommend that the District require the member towns to provide the District a check for the amount collected. Supporting documentation for the deposit should also be forwarded with the check to review for completeness and proper recording.	TBD - This needs to be further discussed with the Director and member towns	TBD - This will be discussed after his budget season
EHHD-3	Fraud Risk/Internal Control	2	There is no min/max or reasonability calculation performed on permit revenue as a method to ensure completeness.	We recommend that a min/max or reasonability calculation be performed on a periodic basis, but no less than annually, to ensure all permit revenues have been properly recorded.	Yes	As recommended
EHHD-4	Fraud Risk/Internal Control	1	Applications for permits are not prenumbered	All permits should be prenumbered and all permits issued should be accounted for on a periodic basis	No - Permits are available in the office and online, it is not feasible to prenumber them.	N/A

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EHHD-5	Fraud Risk/Internal Control	1	A prenumbered receipt book is used for all payments processed in the District office, including the applications accepted in Ashford where the District has office hours. A receipt is also issued for the total receipts transmitted by other towns when they are brought to the District Office.	The activity of the receipt book should be balanced and reconciled to amounts entered into the permit tracking database and the transmittal/deposit.	Yes	As recommended
EHHD-6	Fraud Risk/Internal Control	2	Permits are entered into a database that is used to track permits and prepare the transmittal to the Revenue Collector. There is no reconciliation of the permit database to the amount recorded in the general ledger	The permit database should be reconciled to the general ledger on a quarterly basis.	Yes	As recommended
EHHD-7	Fraud Risk/Internal Control	3	The District has vehicles that are used by District employees. Per policy, only the Director takes a vehicle home. The other vehicles are not located at Town Hall, therefore, actual monitoring of the policy is not possible. There is a vehicle log, but it is not reviewed during the year, only at year end.	We recommend that the vehicle use log be compared to the actual mileage on a periodic basis, but not less than quarterly.	No	This is only an additional control on top of current controls in place
Discovery Depot						

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DDDC-1	Fraud Risk/Internal Control	1	A customer is issued a receipt from the receipt book only when a payment is made for the enrollment fee or when a cash payment is received. Other payments are processed through the day care software and the receipt is left in the parent's mailbox.	All transactions should be processed directly through the register software or the activity recorded using the manual receipt book be reconciled to the register report.	Yes	As recommended
DDDC-2	Fraud Risk/Internal Control	1	We recommend that the procedures be revised to correct the lack of segregation of duties over the cash receipts process. We recommend that an employee be assigned to process the transactions in the software system, balance the activity and prepare the deposit. The balanced reports and the deposit should then be reviewed and approved by the Director or Assistant Director.	The cash receipts control procedures should be revised to correct the lack of segregation of duties. An employee should be assigned to process the transactions, balance the activity, and prepare the deposit. The balanced reports and the deposit should then be reviewed and approved by the Director or Assistant Director.	Yes	This will begin as soon as the Asst Director position is filled
DDDC-3	Fraud Risk/Internal Control	2	Fees are charged to customers based upon income and State determined guidelines. The fees calculated are not reviewed, recalculated or formally approved.	We recommend that an excel based form be developed and implemented to calculate the fee to be charged to each customer and that the calculation be formally reviewed and approved by the Director or Assistant Director.	Yes	As recommended

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DDDC-4	Fraud Risk/Internal Control	2	The Day Care requires customers to sign a one year contract when their child is registered. The contract also requires a deposit at the time of registration. The deposit varies based upon the amount of the fees to be charged. The information is entered into the software system and a report can be generated detailing the deposits that have been paid. This report is not produced and reconciled on a periodic basis and is not being provided to the Finance Department.	The customer deposit report should be reviewed and reconciled.	Yes	As recommended
DDDC-5	Fraud Risk/Internal Control	2	Customers are invoiced fees on a weekly basis. Reminders are sent to customers for delinquent fees. Based upon discussion, any accounts receivable write offs would need to be approved by the Board, but there is no formal written policy. The software has the ability to produce an accounts receivable report. This report is not currently being provided to the Finance Department.	1. The accounts receivable report be produced on a monthly basis and sent to the Finance Department to ensure proper recoring, reporting and monitoring. 2. Formal procedures be developed and implemented for accounts receivable write offs (bad debts). The Depot Board should initially approve the amounts to be written off and then forwarded to the Town for final approval.	Yes	As recommended
DDDC-6	Fraud Risk/Internal Control	2	The Day care receives certain state grants that require periodic reporting. The reports contain both financial and nonfinancial data. The reports are not currently being prepared or reviewed by the Finance Department before being submitted to the State.	Grant reports should be reviewed and approved by the Finance Department	Yes	As recommended

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DDDC-7	Fraud Risk/Internal Control	1	The Day Care program has a function to process customer refunds when necessary for overpayments and to return customer deposits. The day care does not currently have a formal refund policy or refund form to document the request and approval of the refund.	A formal refund policy should be developed and implemented.	Yes	As recommended
DDDC-8	Fraud Risk/Internal Control	1	The Day Care charges additional fees for extended day or late pick up. The fee is assessed to the customer using a form when late pick up occurs. These forms are not prenumbered.	All additional billing forms should be prenumbered and all additional fees issued should be performed on a periodic basis.	Yes	As recommended