TOWN OF

FRANKLIN, MA

Financial Risk Assessment

TABLE OF CONTENTS

OVERVIEW

This financial risk assessment for the Town of Franklin, Massachusetts (the "Town") was performed in August 2018 under the direction of the Town Comptroller. The purpose of this financial risk assessment is to assist in the evaluation of the adequacy of the Town's internal controls over financial reporting.

The key accounting cycles identified by the Town at the onset of this project included cash receipts, cash expenditures, payroll and personnel, treasury operations and capital asset management. The effects of technology on these key accounting cycles must be evaluated in any risk assessment process. These key accounting cycles are consistent throughout the Commonwealth for municipalities the size of the Town.
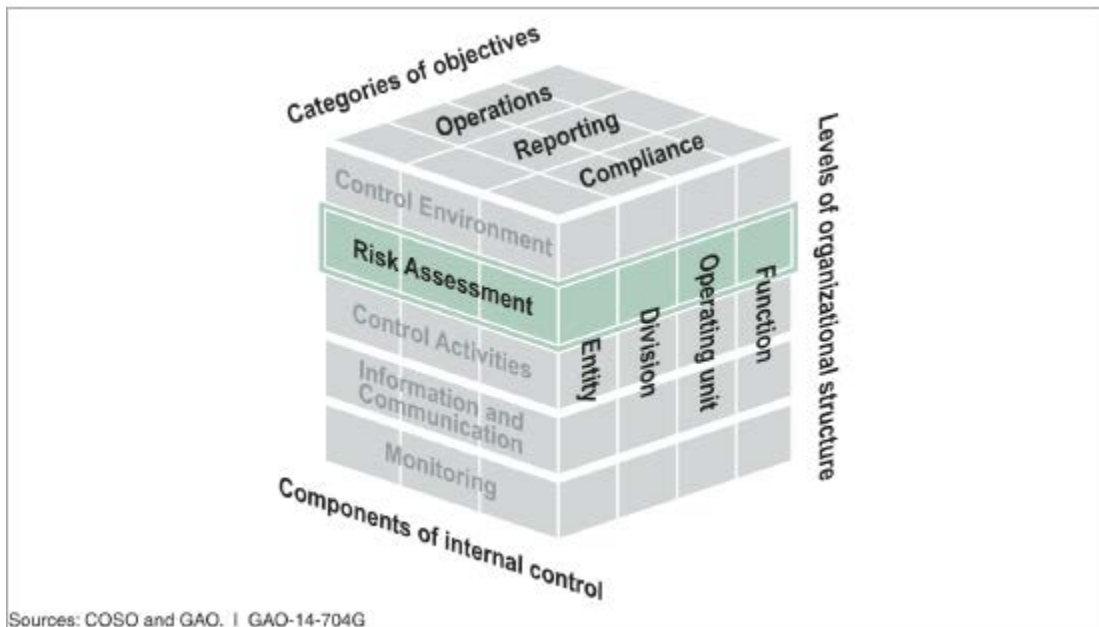
Green Book/COSO Internal Control Frameworks

The Comptroller General of the United States issues *Standards for Internal Control in the Federal Government,* which provides the overall framework for establishing an maintaining an effective internal control system. This publication is commonly known as the "Green Book."

The Green Book sets forth an internal control framework based on seventeen control principles. The seventeen control principles are organized into five components of internal control:

1. The Control Environment
2. **Risk Assessment**
3. Control Activities
4. Information and Communication
5. Monitoring

The second component of internal control is Risk Assessment, which is the process in which the Town's management assesses the risks it faces as it seeks to achieve its goals and objectives. The Town's management must assess risk it faces from both internal and external sources.

Sources: COSO and GAO. | GAO-14-704G

The Green Book is substantially similar to the internal control framework most commonly used in private industry – COSO. In fact, the Green Book was rewritten in 2014 to more closely resemble the COSO internal control framework with a number of modifications that are intended to make the COSO internal control framework more suitable to federal, state and local governments.

Risk assessment is the process by which:

1. Management identifies risk and defines risk tolerances based on clearly defined business objectives;
2. Management identifies, analyzes and responds to risks related to achieving its business objectives;
3. Management considers the risk of fraud when performing item 2 above; and
4. Management identifies, analyzes and responds to changes in its operations that may affect its previous risk assessments.

In terms of this financial risk assessment, the Town has a clearly defined business objective – the delivery of municipal services to its residents in a timely, ethical and effective manner while complying with all applicable state and federal laws and regulations. Deviations from these objectives are areas of increased risk.

Financial risks are assessed using a "bottoms up" approach. While individual departments operate under the supervision and direction of the Town Administrator and Town Council and/or other elected committee, each department has its own unique manner of business operation. Accordingly, this financial risk assessment is performed at the department level.

Inherently, fraud risks in municipalities generally surround the following areas:

- Cash theft
- Unrecorded revenue receipts
- Check tampering
- Payroll fraud:
  - Falsification of hours
  - Ghost employees
- Fraudulent disbursements:
  - Billing schemes
  - Fictitious vendors
- Bid rigging
- Bribery, corruption and abuse of power

Finally, financial risk assessment is an ongoing process that is greatly affected by changes in the Town's operations. The following changes are examples of what would prompt the reevaluation of financial risks:

- New accounting system
- New point of sale system
- Frequent changes in leadership (particularly in Town Administration, Treasury and Comptroller's offices)
- Effect of new legislation or regulation

Quantitative and Qualitative Risk Assessment

The first step in any financial risk assessment process is to identify the most significant account balances and/or transaction types within an organization. In the case of the Town, a quantitative risk assessment was performed using revenues reported in the Town's MUNIS accounting system for fiscal years 2018 (preliminary), 2017, 2016 and 2015. The purpose of the quantitative risk assessment was to identify significant revenue transactions by department as well as observe multi-year trends in the reported revenues. The following departments were compiled as a result of the quantitative risk assessment:

Department	Significant Sources of Revenue	Significance of Revenues	Significance of Payments for Payroll	Vendors	Is the Dept. Significant?
Collector	Property and excise taxes	High	Low	Low	**Yes**
Administrator	Cell tower rentals Alcoholic beverage licenses Comcast/Verizon PEG	High	Low	Moderate	**Yes**
Comptroller	None	Low	Low	Low	**No**
Assessor	Property and excise taxes Fees	High	Low	Low	**Yes**
Treasurer	Fees Intergovernmental receipts Investment income	Moderate	Low	Low	**Yes**
Clerk	Licenses Fees	Moderate	Low	Low	**No**
Conservation	Fees	Low	Low	Low	**No**
Planning	Fees	Low	Low	Low	**No**
Zoning Board	Fees	Low	Low	Low	**No**
Human Resources	None	Low	Low	Low	**No**
Technology	None	Low	Moderate	Moderate	**Yes**
Facilities	None	Low	High	High	**Yes**
Police	Details Fees Grants	Moderate	High	High	**Yes**
Fire	Ambulance charges Permits Fees	High	High	High	**Yes**
Buildings and Inspections	Permits Fees	High	Low	Low	**Yes**
Animal Control	Fees	Low	Low	Low	**No**
Public Works	Permits Fees Recycling center Chapter 90 grants	High	High	High	**Yes**
Board of Health	Permits Fees	Low	Low	Low	**No**
Library	Rentals Fees Fines Grants	Low	Moderate	Moderate	**No**

(continued)

Department	Significant Sources of Revenue	Significance of Revenues	Significance of Payments for Payroll	Vendors	Is the Dept. Significant?
Recreation	Fees Rentals	Moderate	Moderate	Moderate	**Yes**
Council on Aging	Fees State grants	Moderate	Low	Low	**No**
Veterans' Services	Donations Grants	Low	Low	Low	**No**
Historical Commission	None	Low	Low	Low	**No**
Schools	School lunch After school program fees Athletic fees Bus transportation fees Federal and state grants	High	High	High	**Yes**
Water Enterprise	User fees	High	High	High	**Yes**
Sewer Enterprise	User fees	High	High	High	**Yes**
Solid Waste Enterprise	User fees	High	High	High	**Yes**

(concluded)

It is important to note that the classification of a department's significance in the table above is solely based on financial transactions and processes. Departments such as the Town Clerk or Council on Aging are significant to the Town's overall mission to provide municipal services to its residents; however, the financial operations of these departments are not significant to the Town as a whole and there were no qualitative risks identified that would change this assessment.

The results of this initial quantitative risk assessment confirmed the Town's initial assessment of its key accounting cycles with the exception of the capital asset management process. The Town outsources its capital asset management to an independent third party, who is provided detailed accounting records each year to identify capital asset additions ($15,000 capitalization threshold). Additionally, this firm works with individual departments to identify asset disposals made each year. As specialists in this field who have serviced the Town for many years, the use of these specialists reduces the risk associated with capital asset management to an acceptable level.

Secondly, a qualitative risk assessment was then performed to identify unusual characteristics of a department's financial operations that would expose itself to a greater degree of risk. For some departments, there are inherent risks associated with their operations, particularly those that have cash transactions and are not located in the Town Municipal Building. Other departments will have specific risks such as presence of prior audit findings. The following qualitative risk factors were considered for all Town departments:

- High degree of complexity in federal grant compliance
- Significant related-party transactions not in the ordinary course of business
- Complexity of procurement processes
- Reliance on outside contractors/consultants
- Unrealistic budgetary goals
- A history of fraud, abuse of power, corruption and/or misappropriation of assets
- Domination of management by a single individual or small group without compensating controls such as an effective oversight body
- Lack of suitable skills to manage day-to-day department operations, including its finances
- High turnover in management level employees
- Management's reputation within the community

- History of significant audit findings, violations of law and regulations
- Affect department has on other key processes

As a result of the qualitative risk assessment, the Comptroller, Procurement and Human Resources were deemed to be significant based on the affect these departments have on accounting and payroll processes. None of these departments generate revenues and their annual expenditures are not very significant. However, these departments are involved in many aspects of the Town's shared financial operations.

Interviews and Observations

Interviews and observations were performed for the significant Town departments as well as a number of other departments during the period commencing July 31, 2018 and concluding on August 16, 2018. In total, forty-four (44) Town employees were interviewed and where necessary key operating procedures and internal controls observed in practice. Interviews focused the key accounting processes applicable for the significant Town departments. Processes were detailed and served as the basis upon which the financial risk assessment was performed.

In addition to interviews and observations at all significant departments, interviews and observations were also performed for the following departments:

- Town Clerk
- Library
- Council on Aging
- Veterans' Services
- Board of Health
- Affordable Housing Trust

Financial Risk Assessment Threshold Definitions

In connection with this financial risk assessment, the degree to which financial risks are present need to be assessed using the following thresholds:

HIGH   The threat of error, noncompliance, abuse of power, fraud or other deficiency in operation and/or internal control may have a material affect on the Town's underlying accounting records. Remediations for these risks should be prioritized.

MODERATE   The threat of error, noncompliance, abuse of power, fraud or other deficiency in operation and/or internal control could be significant and may arise to the level of material. Remediations for these risks should be addressed but are not critical at this time.

LOW   The threat of error, noncompliance, abuse of power, fraud or other deficiency in operation and/or internal control is not material to the Town's underlying accounting records.

A number of factors are considered in applying a financial risk assessment threshold on a given process including the nature of the vulnerability, internal and external threat sources and the existence and effectiveness of existing internal controls. Additionally, qualitative assessments such as the effect a financial risk will have on the public's confidence in the Town and its leadership, the possibility of an

interruption of public service and the unauthorized disclosure of sensitive data factor into these applications.

Summary of Gaps in Internal Control Observed in the Financial Risk Assessment

Refer to the next section of this report.

Post Assessment

Financial risk assessment is a continual process. The recommendations identified in the table above and described more fully elsewhere in this report should be evaluated by the Town's executive management and implemented after making a number of considerations. The Town intends to perform periodic updates to this financial risk assessment when circumstances arise and require update such as a change in accounting systems.

SUMMARY OF FINANCIAL RISKS IDENTIFIED

The goal of this and any financial risk assessment is to reduce the level of financial risk to an acceptable level. Recommended control enhancements must be evaluated by the Town's executive leadership giving consideration to, among other things, cost versus benefit, sensitivity of the data involved, Massachusetts General Laws and voter preferences.

The following summarizes gaps in internal control and areas that Town may consider in improving internal controls to address these gaps and either mitigate or eliminate the identified financial risks. Fuller details are provided in the body of the report.

HIGH Risk Areas

Identifier	Risk Area	Risk Reduced to Acceptable Level	Remediation to Consider
IT2	In the event of a disaster, the Town is unable to restore information systems in a timely manner.	Partially	Formalizing a disaster recovery plan.

Town Action(s): A disaster recovery program is being compiled and is expected to be completed on or before March 1, 2019.

Identifier	Risk Area	Risk Reduced to Acceptable Level	Remediation to Consider
SCD4	Disbursements are not compliant with Massachusetts procurement laws and regulations.	Partially	Formalizing a Town-wide procurement manual together with standardized forms to evidence compliance with Massachusetts procurement laws.

Town Action(s): A revised procurement policy with standardized forms to document compliance with Massachusetts procurement laws is in draft and is expected to be completed on or before March 1, 2019.

MODERATE Risk Areas

Identifier	Risk Area	Risk Reduced to Acceptable Level	Remediation to Consider
IT3	In the event of a disaster, the Town is unable to restore power to operate key computer systems.	Partially	Installing a backup power generator at the Town Municipal Building.

Town Action(s): A backup power generator for the Town Municipal Building will be included in the next capital plan. Procurement and installation of this device is expected on of before June 30, 2019.

IT5	Town employees fall victim to phishing/ransom attack.	Partially	Formalizing a computer use policy; providing additional end user training; and conducting phishing simulations through a third-party security firm.

Town Action(s): A Town-wide computer security training program will begin in calendar year 2019. Internal phishing simulations have been performed to assist in tailoring these trainings. Additionally, the Town is codifying its policies and procedures on Internet, email and social media use.

IT8	Terminated employees continue to have access to Town data.	Partially	Enabling technology that removes emails from terminated employees' smartphones.

Town Action(s): The Town is implementing a "exit checklist" for all terminations that includes actions by payroll, human resources and technology.

SCR9	Absence of written turnover policies and procedures.	Partially	Formalizing and communicating a Town-wide turnover policy.

Town Action(s): The Town is updating an old turnover policy and expects to have this completed on or before December 1, 2018. The Town's turnover policy will be distributed to all departments.

SCD5	Contracts with outside parties are not properly reviewed and/or authorized.	Partially	Transmitting contracts to vendors in restricted pdf format versus in Word files, which are easily modified.

Town Action(s): The Chief Procurement Officer has begun transmitting contracts as protected pdf's.

SPR2	Changes to employee pay rates in MUNIS are made without authorization.	Partially	Running audit reports in MUNIS that identify changes in pay rates with each pay run, which are reviewed by Human Resources for validity.

Town Action(s): The Town is evaluating the existing audit reports within MUNIS and may consider developing a custom report to facilitate this internal audit function.

SPR8 ED8	Payroll warrant is not properly reviewed and approved.	Partially	Requiring the review and approval of school payroll warrants by the School Business Administrator.

Town Action(s): The School Business Administrator is now approving school payroll warrants.

SPR11	Town employees are unaware of Town personnel policies.	Partially	Updating its employee handbook, which has become outdated, and adopting a Town-wide code of conduct.

Town Action(s): Human Resources is compiling a revised, comprehensive personnel policies manual that includes the Town's most recent harassment policy and code of conduct and expects to complete this before March 1, 2019.

FI1	Not all ambulance services are billed.	Partially	Formalizing the policies and procedures for the entire ambulance billing cycle.

Town Action(s): The Fire Department is compiling its ambulance policies and procedures and expects to have this complete on or before March 1, 2019.

FI4	Ambulance receivables are not reviewed for collectability.	No	Formalizing an ambulance receivables review process, which includes a policy on the write-off of ambulance receivables.

Town Action(s): The Fire Department is compiling its ambulance policies and procedures and expects to have this complete on or before March 1, 2019.

ED3	School disbursements are made for unauthorized vendor transactions.	Partially	Requiring the Superintendent to review and signoff vendor warrants.

Town Action(s): The Superintendent is now approving all vendor warrants.

RE4	Sensitive personal data of recreational services may become compromised.	Partially	Evaluating the PCI compliance features of the online registration and payment system; destroying all sensitive financial data provided by registrants seeking "scholarship."

Town Action(s): Scholarship applications and relative financial information is now stored in a secure location and the Department has added these measures to its policies and procedures.

LOW Risk Areas

Identifier	Risk Area	Risk Reduced to Acceptable Level	Remediation to Consider
IT6	Unauthorized parties gain access to computer data rooms.	Partially	Removing all signage that identifies computer rooms.

Town Action(s): Identification of these rooms is necessary for public safety (primarily fire) and maintenance purposes. The Town will continue to evaluate this low risk item.

SPR6	Deductions for payroll withholdings are correct.	Partially	Confirming withholding rates with the Norfolk County Retirement System for all new hires transferring creditable service from another qualifying Massachusetts pension system to ensure withholding rates are correct.

Town Action(s): The Town will follow-up with the NCRS on retirement withholding rates for employees with a greater risk of having an incorrect pension withholding rate.

FA1	Town-purchased supplies are used for unauthorized purposes.	Partially	Evaluating mechanical parts inventory for obsolescence and developing an inventory tracking system for mechanical parts and supplies inventory.

Town Action(s): A complete inventory of mechanical parts and supplies will take place before the close of fiscal year 2019. Excess and obsolete parts will be disposed of in accordance with applicable general and environmental laws and regulations.

PO1	Not all outside details are billed accurately to outside contractors.	Yes	Implementing an off-the-shelf accounting system like QuickBooks to manage outside police details billings and collections.

Town Action(s): The Town will evaluate the use of an accounting package. Additionally, another employee is being trained for backup purposes.

PO3	Cash collections at Police Department are not adequately safeguarded.	Partially	Making more frequent turnover of collections to the Town Treasurer. See also SCR10.

Town Action(s): The Police Department has begun making more timely turnovers to the Town Treasurer. The Town's turnover policy will be distributed to all departments.

|			
TC1	The Town Clerk is an elected position.	No	Appointing its Town Clerk.

THE CONTROL ENVIROMENT

The process of risk assessment should be performed after having evaluated an organization's control environment. The control environment is best described as the "tone from the top." Well run and governed organizations share many common traits, not the least of which is a commitment to excellence and ethical business practices, which is delivered in a "top down" manner.

For the Town, this means that the Town Council, School Committee, Office of the Superintendent of Schools and Office of the Town Administrator demonstrate a commitment to integrity and ethical values in their day-to-day operations. It is expected that this commitment becomes contagious within the organization. To evidence this commitment, the Town's personnel policies manual includes a fraud policy, which has been approved by the Town Council.

The Town Council takes an active role in internal controls. Most notably is the months-long capital and operating budget process, for which the Council has established a budget committee and the entire Council is responsible for the approval of the operating and capital budget.

The Town conducts its day-to-day operations using a clearly defined organizational chart.

Town of Franklin
Organization Chart
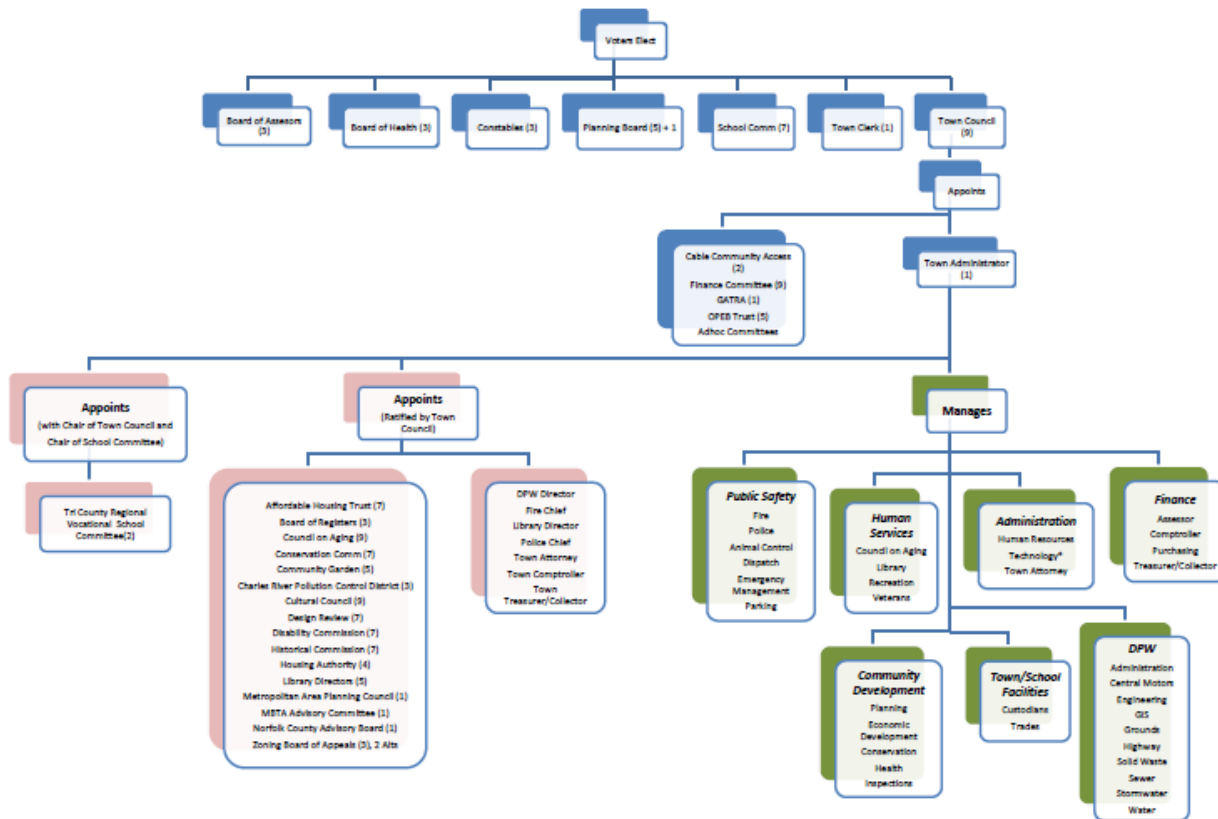
Clear communication between the Town Administrator and the individual department heads serves as a key element in the Town's control environment. Seasonally, the Town Administrator's office meets with department heads, their deputies and division leaders to enhance communication and staff collaboration. These meetings are held in the training room at the Town Municipal Building.

Clearly defined job responsibilities assist in holding Town personnel accountable to achieve the Town's objectives. Upon hire or promotion, department heads (who by definition direct their departments) are given job responsibilities. These job responsibilities are developed by the outgoing department head and vetted by the Town's Human Resources department.

Clear roles and responsibilities and regular evaluation of Town personnel also serve as key components on the Town's control environment. Each department head has a set of annual goals – two goals are established by the Town Administrator's office; three goals are established internally by the department heads. Departmental goals are generally focused on improving customer service. The Department heads are required to detail the steps they intend to implement to meet these goals. Furthermore, these goals are reviewed mid-year and at the end of the review year.

To further enhance the communication and interaction between "town" and "school" functions, the Town Municipal Building is organized in such a way that both organizations are housed in the same facility and similar functions are adjacent to each other. For instance, the Town Administrator's office is located adjacent to the School Superintendent's office and the Comptroller's office is adjacent to the School Business Administrator's office. By organizing itself in this manner, more open lines of communications are fostered between the two groups, which for many Massachusetts communities operate as if there were a concrete wall separating each other.

TECHNOLOGY

Technology plays a critical role in the Town's day-to-day operations. In terms of the Town's financial systems, the following represent the Town's critical technology systems/applications:

- MUNIS – the Town's integrated accounting system
- Zobrio – the Town's cash book application
- Patriot – the Town's assessing application
- GSuite Email – the Town's hosted email platform
- File Servers – the Town's file servers maintain critical files (i.e., Word, Excel, PowerPoint pdf's) generated and maintained to facilitate financial reporting

The Town's technology department serves both the Town and the Schools. The technology department is staffed by a team of approximately fourteen full-time equivalents and serves approximately 800 regular users and 5,000 students. The technology department's leadership has sufficient skills, knowledge and experience necessary to meet the Town's technology needs.

The Town's twenty-two schools and buildings are connected by a private fiber network, which is served by three internet service providers, or ISPs.

The Town takes technology security very seriously. There are strong access controls (i.e., unique logins and strong passwords that must contain letters, numbers and special characters) to individual PCs; passwords must be changed by the end users twice a year. The Town uses up-to-date antivirus, malware and ransomware from a recognized leader in business-class technology security. Additionally, the Town has business-class firewalls and content filtering software to further enhance its technology security.

Physical security of data rooms is maintained at both the "town" and "school." Additionally, there is a network of video surveillance cameras to assist in securing the Town's technology resources.

Data backup is performed at various intervals depending on the application; some applications are backed up as often as every six hours and others daily. Data from "town" offices is stored in a network attached storage device and mirrored at the "school" and vice versa. Additionally, the Town has unlimited online data storage via Google drive.

A complete network assessment checklist was prepared but not included as an exhibit to this report for security purposes. Sensitive network security information is contained in this checklist and as this financial risk assessment is a matter of public record its inclusion was deemed inappropriate.

The following financial risk assessment matrices are applicable to the Town's technology department (IT):

Risk Area – IT1	Regular backups of critical Town financial data are not performed.
Impact to the Town's Financial Statements	Irregular (or even the absence of) data backup of critical financial data exposes the Town to the loss of data in the event of a disaster.
Significance of Risk	High
Controls in Place to Address the Risk	The Town utilizes several data backup mechanisms to better ensure that its critical business data is backed up. Data backups occur at varying intervals depending on the application(s) in use; all data is backed up daily at a minimum. The most notable include: • Municipal Office data is backup up to a NAS device at the Town Municipal Building and mirrored at High School • Education data is backed up to a NAS devise at the High School and mirrored at the Town Municipal Building • Email is stored on cloud through g-suite • Town and Education data stored on cloud through g-suite
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – IT2	In the event of a disaster, the Town is unable to restore information systems and data in a timely manner.
Impact to the Town's Financial Statements	The inability to restore data and key software applications will result in lapses in services to resident and the possible loss of historical data.
Significance of Risk	High
Controls in Place to Address the Risk	Data backups occur at varying intervals depending on the application(s) in use; all data is backed up daily at a minimum. On premises backups are stored for up to one month. The Town does not have a formal written disaster recovery program ("DRP") in place although many of the components of a DRP are in operation.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	While the Technology Department has virtually all of the necessary components of a DRP in place, the department recognizes that it does not have a written disaster recovery plan. Department resources have been allocated to the development of a DRP and other technology-related policies and procedures; however, at the time of this report, no such formal plans or policies exist.
Town Action(s): The Town technology department has been compiling a DRP and expects to have a completed DRP on or before March 1, 2019.	

Risk Area – IT3	In the event of a disaster, the Town is unable to restore power to operate key computer systems.
Impact to the Town's Financial Statements	Without power for an extended period of time, battery backup systems will become exhausted and critical computer systems will not operate.
Significance of Risk	Moderate
Controls in Place to Address the Risk	There is one megawatt gas-powered generator at the High School, which is sufficient to power the educational computer systems. The Town Municipal Building does not have a backup generator. In the event of an extended power loss, battery backups may become exhausted at the Town Municipal Building. There hasn't been an extended power interruption at the Town Municipal Building for many years.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	As the frequency of this type of risk is low, if determined to be cost beneficial, a backup power generator should be installed at the Town Municipal Building to mitigate the risks associated with the loss of power for an extended period of time.

Town Action(s): The Town will incorporate a backup generator for the Town Municipal Building in its next capital plan. Procurement and installation of this system is expected on or before June 30, 2019.

Risk Area – IT4	The Town's network is vulnerable to attack from outside through viruses, malware, ransomware and related malicious software.
Impact to the Town's Financial Statements	Sensitive Town data as well as data of the Town's residents can be stolen through unauthorized access to the Town's network.
Significance of Risk	High
Controls in Place to Address the Risk	The Town has multiple layers of security in terms of technology including: • Restrictions on access to the Town's network, which is managed by the Technology Department • Use of strong passwords, which are required to be changed every 180 days, to access the network • Use of up-to-date firewall, malware, ransomware and other security applications – pushed to all PC's by the Technology Department • Restrictions on physical access to computer data rooms to authorized Technology Department personnel • End users are unable to download unauthorized software; Technology Department must do this • End users are not administrators on their PC's • Remote access to the Town's network is very limited
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – IT5	Town employees become victims of phishing/ransom attacks.
Impact to the Town's Financial Statements	Town employees unwittingly permit malicious software to access the Town's network. Such software is used to extract pertinent data related to the Town, its banking data as well as sensitive data of its residents.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Up-to-date antivirus/ransomware/malware software is deployed on all Town computers. Access to social media on Town network is very limited. Security issues are communicated to employees via email from the Technology Department.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	The Town does not currently conduct employee training on computer security. It is estimated that one in five end users are susceptible to network penetration through phishing schemes. The Town should consider engaging an outside security firm to test end users' technology security understanding by performing a phishing simulation. Results of these simulations should be analyzed and specific training designed for the Town's end users. As previously noted, there is also an absence of policies/procedures on Internet, social media and email use. Technology Department resources have been allocated to this area.
Town Action(s): The Town will begin Town-wide employee training on computer security in calendar year 2019. Internal phishing simulations have been performed to assist the Town in tailoring these trainings. Additionally, the Town is codifying its policies and procedures on Internet, email and social media use.	

Risk Area – IT6	Unauthorized parties gain access to computer data rooms.
Impact to the Town's Financial Statements	Unauthorized parties gaining access to the Town's computer rooms greatly increases the exposure to unauthorized access to the Town's network and data.
Significance of Risk	Low
Controls in Place to Address the Risk	All computer data rooms are secured. There are several video cameras deployed throughout the Town offices and facilities.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	Remove signage to any server room or network closet to more effectively mask these areas from would-be intruders.
Town Action(s): Identification of these areas is necessary for public safety, particularly fire, and maintenance purposes. The Town will continue to evaluate this low risk item	

Risk Area – IT7	Data is accessed from computer systems taken out of service.
Impact to the Town's Financial Statements	Hard drives and other storage media from old computers not wiped clean or destroyed can be accessed by an unauthorized party.
Significance of Risk	Moderate
Controls in Place to Address the Risk	All old computers taken out of service are sent to third party recycler for destruction. The third party, which is a national waste management company, shreds hard drives.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – IT8	Terminated employees have continued access to Town data.
Impact to the Town's Financial Statements	Terminated employees retaining access to the Town's network and/or data exposes the Town's to unauthorized access.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Human Resources notifies the Technology Department of terminations. Access to Town data is terminated upon an employee's termination.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	Terminated employees may still have access to historical email data from the Gsuite on personal smartphone or home computer. The Technology Department should evaluate settings within the google mail application that block access to Town emails upon termination. Google offers a variety of data removal options that the Town can leverage. The following is a link to a Google tutorial on this subject: https://support.google.com/a/answer/173390?hl=en

Town Action(s): The Town is implementing a multi-departmental process for employee exits in which the technology, payroll and human resources will collaborate and share information with each other to better ensure that terminated employees no longer have access to the Town's networks and data. The Town's schools have been using "exit forms" to address these risks for some time now; the Town is adopting these processes for general use.

These departments have already begun coordinating their databases to identify and remove/deactivate terminated employees.

Risk Area – IT9	Town computers are not turned off or placed in "lock" mode when not in use.
Impact to the Town's Financial Statements	Unattended Town computers can be accessed by an unauthorized party to gain access to the Town's network and data.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Town's standard account management settings will place an unattended computer in locked mode after ten minutes of inactivity.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – IT10	Unauthorized parties gain access to pc's or workstations.
Impact to the Town's Financial Statements	Unauthorized parties can access the Town's network and systems if appropriate access controls are not in place.
Significance of Risk	High
Controls in Place to Address the Risk	The Technology Department assigns permissions to systems and file servers based on an employee's role in the Town. To access a workstation or pc, unique logins are established by the Technology Department. Users are required to establish a "strong" password, which contains letters (upper and lowercase), symbols and numbers. Passwords must be rotated every 180 days. Access to many systems will be facilitated through active directory. However, there are many systems in which users will have to separately log onto those systems using a unique login and password
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – IT11	The Town is in violation of software licensing.
Impact to the Town's Financial Statements	Unauthorized use of software by the Town exposes the Town to litigation from software providers.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Technology Department maintains an inventory database of all physical computers (which are tagged) along with software licenses to better ensure that each Town PC is properly licensed.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

SHARED FINANCIAL SERVICES

There are a number of Town departments that administer services to internal customers (i.e., other departments). Some of these departments serve the general public as well. The most significant departments providing shared financial services are as follows:

1. Comptroller
2. Treasurer
3. Procurement
4. Human Resources

These departments are responsible for the execution and handling of specific operations tasks such as the back-office departmental cash receipts (property and excise taxes covered elsewhere), vendor payment processing, payroll processing, banking and general ledger maintenance. Technology is also a shared service but is covered in the preceding section of this financial risk assessment report.

The property and excise tax billing and collection process is material to the Town's overall financial statements and the financial risks and associated controls are detailed elsewhere in this financial risk assessment report.

The Treasurer/Collector office generates revenues in the form of fees. However, the average annual revenues collected in the Treasurer/Collector office over the past four fiscal years was less than $60,000.

SHARED CASH RECEIPTS (SCR)

The following financial risk assessment matrices are applicable to the Town's shared financial services for departmental cash receipts (SCR):

Risk Area – SCR1	Employees handling departmental cash receipts in Treasurer's office are insufficiently trained and supervised.
Impact to the Town's Financial Statements	Untrained and unsupervised personnel are more prone to processing and other errors.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Treasurer's office is staffed by 6.5 FTE's, each of which has significant experience with the Town. The Town Treasurer has a mix of public and private sector (in financial services) experience and previously served the Town on its Finance Committee. The Treasurer's office maintains a weekly job checklist that is tailored for each employee. This checklist better ensures that the day-to-day processing of transactions is being performed in accordance with the department's standards of care.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCR2	Not all departmental receipts are recorded in underlying accounting records.
Impact to the Town's Financial Statements	Unrecorded departmental receipts within the Treasurer's and Comptroller's offices would result in cash and revenue variances.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Departments turnover funds to the Treasurer using preprinted and sequentially numbered receipt documents. A copy is given to customer, the departments maintain a copy and a copy goes to Treasurer. The Treasurer's office tracks the sequence of these preprinted forms.

Departmental receipts are recounted by the Treasurer's office. The Treasurer's office stamps an acknowledgment of receipt for the department.

Monthly reconciliations of departmental turnovers using Form 10's are performed for all significant departments. Departments independently prepare the month-end summary Form 10's, which are reconciled with the cash receipt information maintained by the Treasurer. A copy of the Form 10 is also forwarded to the Comptroller's office. Differences between a department's month-end summary Form 10 and the Treasurer's records are returned to the department for additional analysis and reconciliation. Successfully reconciled monthly reports are approved by the Treasurer's office. The Treasurer records a batch entry in MUNIS to allocate the monthly receipts from the department to the correct revenue accounts.

Changes to the Form 10 are communicated to the Comptroller's office by the Treasurer's office.

Departments with limited turnovers are not required to complete this monthly reconciliation process. They turnover funds using the Form 10 and receive a receipt from the Treasurer's office after recount of funds is completed and verified.

Departments have access to their cash posting in MUNIS.

The Comptroller and Town Administrator review departmental revenues monthly. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SCR3	Departmental receipts are not reconciled between Treasurer and Comptroller offices.
Impact to the Town's Financial Statements	Departmental receipts may be posted to the incorrect accounts or in incorrect amounts.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Comptroller's office is provided a copy of the month-end summary Form 10 by the department. The Assistant Comptroller will post Treasurer's against batches for departmental receipts (refer to SCR2) after making comparison of the MUNIS details the Comptroller's copy of the month-end summary Form 10. Assistant Comptroller reviews the batch versus the turnover documentation for accuracy in dollar amounts and account coding.

See also SCR5 for cash reconciliation processes. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SCR4	Bank reconciliations to the Treasurer's cash book are not completed in a timely manner.
Impact to the Town's Financial Statements	Actual cash receipts deposited in bank accounts may not match the cash receipts posted in Zobrio (the cash book).
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Town maintains approximately 86 bank accounts in use at the Town.

The Town adopted Zobrio as its cash book approximately 3 years ago. During the initial year of adoption, the Treasurer ran both Zobrio and an Excel-based cash book to better ensure that Zobrio was operating as designed.

The Zobrio cash book is reconciled to bank statements generally within three weeks from month end by the Assistant Treasurer. Bank reconciliations are printed and both the Assistant Treasurer and Treasurer evidence their preparation and review by signing off on these reports. |
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	Although the risk has been reduced to an acceptable risk, operational efficiencies may be gained by reducing the number of Town bank accounts. The Town Treasurer should evaluate the number of bank accounts maintained by the Town and where necessary consolidate accounts to reduce the overall number of bank accounts.
Town Action(s): The Town Treasurer is evaluating all bank accounts to identify unnecessary accounts.	

Risk Area – SCR5	Treasurer's cash book is not reconciled to MUNIS cash balances in a timely and effective manner.
Impact to the Town's Financial Statements	Actual cash receipts do not match the underlying accounting records in MUNIS.
Significance of Risk	High
Controls in Place to Address the Risk	After reconciliation of the Zobrio cash book to the bank statements (refer to SCR4), the Treasurer will compare the Zobrio cash balances to the cash balances maintained in MUNIS. Variances between these two sources are reconciled between the Treasurer and Assistant Comptroller. Once completed, the Zobrio to MUNIS cash reconciliation is signed off by the Treasurer and Comptroller. This reconciliation is generally completed by month end.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCR6	There is an absence of reconciliations between the Collector and the Deputy Collector (third party).
Impact to the Town's Financial Statements	Recorded motor vehicle excise receivables that have been placed in the custody of the Deputy Collector (Kelly & Ryan) may vary between the Town and the Deputy Collector.
Significance of Risk	Low
Controls in Place to Address the Risk	Kelly & Ryan provides the Collector with weekly files which can be uploaded to MUNIS and applied versus outstanding motor vehicle excise bills in MUNIS. There are periodic reconciliations of receivables between the Deputy Collector and Collector
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCR7	There is an absence of controls at the Treasurer's cash drawers.
Impact to the Town's Financial Statements	The absence of controls at the Treasurer's cash drawers may result in cash losses due to fraud, theft or accounting errors.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Funds collected at the individual cash drawers are zeroed out and funds are stored in a safe within a secured location in the Town Municipal Building. The next morning, the funds collected are recounted and reconciled with the register reports. After successful reconciliation, the funds collected are recorded in MUNIS as departmental receipts. Check deposits are made using check scanners. Cash deposits are made by the Treasurer's office daily at varying intervals to better ensure the safety of Treasury personnel; generally daily cash collections are low.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCR8	Unauthorized parties gain access to Zobrio and MUNIS.
Impact to the Town's Financial Statements	Unauthorized access to the key applications/systems may result in cash losses due to theft, fraud or accounting errors.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Access to MUNIS modules is restricted based on user profiles. For example, the DPW director has access to his department's accounting but cannot access the accounting for the Board of Health. MUNIS permissions are set by the Comptroller's office. Zobrio permissions are set by the Treasurer. Physical access to MUNIS is based on a unique login and password when users initially log onto their PC. Physical access to Zobrio requires an additional login and password, Both MUNIS and Zobrio lock out users after fifteen minutes of inactivity.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCR9	There is an absence of written turnover policies.
Impact to the Town's Financial Statements	Informal and/or undocumented departmental turnover policies may lead to processing errors.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Although there is no formal departmental turnover policy, it is evident that Town departments make regular turnovers of funds received. The Comptroller prepares monthly revenue reports, which make comparisons to budget and revenues from the same period in the prior fiscal year.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	A formal department turnover policy should be adopted and communicated to all Town departments.
Town Action(s): The Town is updating an old turnover policy and expects to have this completed on or before December 1, 2018. The Town's turnover policy will be distributed to all departments.	

SHARED CASH DISBURSEMENTS (SCD)

The following financial risk assessment matrices are applicable to the Town's shared financial services for vendor cash disbursements (SCD):

Risk Area – SCD1	Employees engaged in the processing of vendor warrants are insufficiently trained and supervised.
Impact to the Town's Financial Statements	Untrained and unsupervised personnel are more prone to processing and other errors.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The processing of vendor warrants (after original vouchers and vendor invoices are submitted by departments) is performed by the Comptroller's office. The School Department and Facilities process their own payables; however, these departments also submit original invoices to the Comptroller's office. The personnel in this office have been performing these duties for many years and have developed operating procedures to better ensure their processes are complete. The Comptroller has public accounting experience and is a certified government accountant. Both the Chief Procurement Officer ("CPO") and Assistant Comptroller completed the Massachusetts Certified Public Purchasing Official ("MCPPO") certification programs. Additionally, the Town's DPW has taken the MCPPO courses.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCD2	Disbursements are made for unauthorized vendor transactions.
Impact to the Town's Financial Statements	Unauthorized vendor disbursements represent a breakdown in the Town's internal controls and may be indicative of fraud or theft.
Significance of Risk	High
Controls in Place to Address the Risk	The Town requires purchase orders to be placed for all vendor disbursement transactions in excess of $2,500 (the school department uses purchase orders for virtually all disbursements regardless of dollar amount). Purchase orders requisitions are initiated within a department in MUNIS, approved by the Department head and then routed to the Comptroller. The Comptroller is reviewing purchase order requisitions against approved budgets (refer to SCD3) and for account coding. Upon approval by the Comptroller, the purchase order requisition is forwarded to the CPO for final review and approval. The CPO reviews the purchase order requisition for compliance with Massachusetts procurement laws and regulations (refer to SCD4). Department heads present vendor invoices for payment biweekly. For all departments except the school and facilities, each original vendor warrant is accompanied by an expenditure voucher, which details key vendor invoice information including amount and purchase order number and is signed off by the department head acknowledging that the goods/services were received/rendered and the transaction is authorized to pay.

	The School Department and Facilities input into MUNIS directly their vendor transactions and present the original invoices and signed warrant package (Superintendent and School Business Administrator for the school and Facilities Director for facilities). The Comptroller's office reviews all voucher packages together with original vendor invoices for authorization, the elimination of sales taxes, correct invoice calculations and coding.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCD3	Expenditures are made that result in budget overages.
Impact to the Town's Financial Statements	Massachusetts General Laws prohibit spending in excess of appropriation (i.e., budget) except in limited circumstances (i.e., snow and ice). Overspending budget is a breakdown in internal control and represents unauthorized spending.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Town's budget process is a multi-month, bottoms-up process. Department heads prepare their budgets and submit to Town Administrator for evaluation. There is a budget committee of the Town Council that works with the Town Administrator and departments on the budget. The budget is presented to the Town Council publicly and subsequently discussed in public before Town Council approval. All unused purchase order amounts are closed out at the conclusion of each fiscal year and encumbrances are recorded to the budget for the subsequent fiscal year based on departmental submissions. The Town Council approved budget is entered into MUNIS at the beginning of each fiscal year through a data upload to better ensure accuracy of the budget. The Comptroller reviews departmental and fund totals to ensure that the budget upload was performed correctly. Town Council articles are recorded in MUNIS as budget amendments after receipt of Town Council resolutions from the Town Clerk. MUNIS will permit departments to enter purchase order requisitions that exceed budget, but the departments are warned in the MUNIS system of the budget overage. The purchase order requisition process includes the Comptroller's review of the purchase to determine whether it is within budget. Each department head has access to their budget to actual performance in MUNIS. Additionally, the Comptroller has developed a crystal report to more easily assess Town-wide budget to actual performance; this report is shared with the Town Administrator monthly.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCD4	Vendor disbursements are made outside compliance of Massachusetts procurement laws and regulations.
Impact to the Town's Financial Statements	Recorded vendor transactions have been improperly procured.
Significance of Risk	High
Controls in Place to Address the Risk	As detailed in SCD2, the CPO is the final approver of all purchase order requisitions. The CPO is evaluating all individual transactions in excess of $10,000 for proper procurement. The Town is in the process of developing a procurement procedures manual together with standardized forms to support the solicitation of bids (those not required to be competitively bid).

The Town's payables personnel have been trained to identify transactions in excess of $10,000 for which a purchase order does not exist in connection with the processing of the vendor warrant. In these situations, the Comptroller and CPO are notified.

The Town generally publishes requests for proposals ("RFPs") for most nonexempt transactions. Some departments will request invitations to bid ("IFBs"), which essentially is a sealed competitive bid process and used primarily for large capital projects. The CPO and Town Counsel work together to develop templates for the RFPs and IFBs. Winning vendors are provided Town contracts, which must be signed by the CPO, Town Counsel and Town Administrator.

The Town and CPO encourages the use of the state bid list or buying consortiums that comply with Massachusetts procurement laws, which would eliminate the need for RFPs or IFBs. |
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	The formalization of a Town procurement manual together with standardized forms would facilitate the review of significant transactions and evidence compliance with Massachusetts procurement laws.
Town Action(s): The Town CPO and Comptroller expect to have a revised procurement policy with standardized forms to document compliance with Massachusetts procurement laws in place on or before March 1, 2019.	

Risk Area – SCD5	Contracts with outside parties are not properly reviewed and/or authorized.
Impact to the Town's Financial Statements	Contracts executed with outside parties outside the Town's procurement processes may result in the unauthorized disbursement of Town monies.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The CPO and Town Counsel have developed a series of standardized contracts for use in the majority of the Town's transactions with third parties. The CPO will notify Town Counsel of transactions that fall outside the scope and applicability of these standardized contracts. Valid contracts require the signature of Town Counsel, Town Administrator and Comptroller. Additionally, as detailed in SCD2, purchase orders are required for all expenditures in excess of $2,500 and all purchase order requisitions run through the CPO, who reviews these for procurement and contracts.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	Contracts are sent to vendors in Word format, which permits the vendors to modify the contract without the approval of the Town. The Town should present contracts to vendors in pdf format with restrictions on editing to reduce this risk.
Town Action(s): The Town CPO has begun transmitting contracts in protected pdf format.	

Risk Area – SCD6	Open purchase orders are not reviewed for relevancy.
Impact to the Town's Financial Statements	Old purchase order with unliquidated amounts remaining can represent a risk of disbursement of Town monies for unapproved transactions.
Significance of Risk	Low
Controls in Place to Address the Risk	Annually, all open purchase orders with unliquidated amounts remaining are closed in MUNIS by the Comptroller's office in connection with the year-end close. Departments are required to evaluate these open purchase orders as well as any other department obligation and complete encumbrance requests. Alternatively, the departments can complete new purchase order requisitions for the goods/services in the subsequent fiscal year.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SCD7	Vendor checks are prepared for unapproved vendor disbursements.
Impact to the Town's Financial Statements	The payment of vendors for unapproved transactions outside the vendor warrant process is a break down in internal control and represent the unauthorized and likely fraudulent use of Town resources.
Significance of Risk	High
Controls in Place to Address the Risk	After processing by the payables personnel in the Comptroller's office, the vendor warrant is reviewed by the Comptroller and Town Administrator, who sign off on the vendor warrant. The vendor warrant is also presented to the Town Council for review and approval.

The final signed vendor warrant is presented to the Town Treasurer. There are only two authorized check signers on the Town's bank accounts – the Treasurer and Assistant Treasurer. The Treasurer's office will prepare a check run within MUNIS, ensure that the total in the MUNIS vendor warrant is consistent with the total in the signed warrant and generate vendor checks on a dedicated laser printer in the Treasurer's office. This printer will print either the Treasurer's or Assistant Treasurer's signature on the checks using specialized software, which can only be authenticated by these two individuals using a printer fob.

The Treasurer's office maintains unused check stock in a safe and tracks the issuances of checks using a simple check log.

The Treasurer's office has written procedures on the process by which vendor checks are run. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SCD8	Unauthorized parties forge Town checks payable or wires to unauthorized vendors.
Impact to the Town's Financial Statements	This would represent an external fraud.
Significance of Risk	High
Controls in Place to Address the Risk	The Treasurer's office submits positive pay files for its vendor and payroll checks to the bank.

The banking system requires unique login and strong passwords. Additionally, to initiate a wire or transfer, the initiator must use an authentication fob provided by the bank to further ensure that the initiating party is authorized to make the wire or transfer. Once initiated, a secondary approver is emailed by the bank's automated system to approve the wire.

The Treasurer also uses an internal transfer form to document the wire or transfer and its approval. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

SHARED PAYROLL (SPR)

The following financial risk assessment matrices are applicable to the Town's shared financial services for payroll transactions (SPR):

Risk Area – SPR1	Access to the payroll modules in MUNIS is not restricted.
Impact to the Town's Financial Statements	Unauthorized access to the MUNIS payroll module may result in the unauthorized payment of Town funds.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Permissions to access the payroll module within MUNIS are set by the Comptroller's office. Individual departments have access to the payroll module and only have the ability to record payroll hours (not pay rates) for the employees assigned to their department. Within accounting, Human Resources and treasury, permissions are set based on the individual employee and their role in payroll. For example, Human Resources cannot enter hours worked in the payroll module and the school payroll department cannot access the payroll records for Town employees.

Access controls to the MUNIS system are controlled through a unique login established by the Technology Department and the use of a strong password, which is required to be changed every 180 days. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SPR2	Changes to employee pay rates in MUNIS are made without authorization.
Impact to the Town's Financial Statements	Unauthorized changes to pay rates for individual employees or classes of employees result in the unauthorized use of Town funds.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Access to the pay rate tables in MUNIS is limited by system permissions to two members of the Comptroller's office. Annual pay rate changes are generally initiated the first full payroll period of a fiscal year. For employees subject to collective bargaining, the pay rates are input into MUNIS by the Comptroller's office using on a spreadsheet completed by Human Resources based on the approved contracts. For non-union Town employees, a spreadsheet is developed by Human Resources detailing all pay rate changes by individual and signed off by the Town Administrator.

For mid-year ray rate changes (i.e, raise or promotion), the Comptroller's office will receive copies of formal notifications from the Town to the individual employee that are signed by the Town Administrator detailing the pay rate change and effective date in which the rate change goes in effect. Pay rate changes will then be made in MUNIS by the Comptroller's office. |
| Risk Reduced to an Acceptable Level | Partially |
| Remediation(s) to Consider | MUNIS contains audit reports that report on pay rate changes made in the system. This reporting feature is not being used by the Town. The Town should consider having its Human Resources group review this report versus to confirm pay rate changes based on their understanding of Town personnel. |

Town Action(s): The Town has been reviewing and evaluating the existing audit reports in MUNIS, which are unduly cumbersome. The Town will evaluate the use of a database writer to develop a more concise and user-friendly report to satisfy this risk

Risk Area – SPR3	New hires are processed into payroll without authorization.
Impact to the Town's Financial Statements	Improperly authorized new hires made represent "ghost" employees, which is a significant fraud risk.
Significance of Risk	Moderate
Controls in Place to Address the Risk	New hires are initiated through Human Resources. To better ensure that the Town complies with its personnel policies, Human Resources developed a new hire checklist. New hires are input into MUNIS by the Human Resources administrator and approved by the director of Human Resources, who compares the data in MUNIS to the new hire checklist and source documents. This data is then released to the Comptroller's office together with withholding documents (i.e., W-4, insurance enrollment forms ...), retirement forms and other pertinent information. Permissions are set in MUNIS is which Human Resources is the only department capable of inputting new hires. Additionally, the permissions are set up as such that the Comptroller's office must approve the new hire.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SPR4	Terminated employees are not deactivated in MUNIS.
Impact to the Town's Financial Statements	If terminated employees are not deactivated in MUNIS, the risk of paying Town funds for service not rendered increases to an unacceptable risk.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Terminations may be voluntary or involuntary. In either case, Human Resources will communicate the termination to the Comptroller's office as well as the Technology Department. Human resources utilizes a termination checklist to better ensure that the Town's personnel policies are being adhered to. Termination letters are generally signed off by the Town Administrator. The Comptroller's office will deactivate the terminated employee from MUNIS. Periodically, Human Resources will review the MUNIS personnel database for relevancy and accuracy, seeking out terminated employees. This is particularly relevant in departments that use part-time resources like recreation and the senior center.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SPR5	Payroll is calculated incorrectly.
Impact to the Town's Financial Statements	Incorrectly calculated payroll negatively affects the Town's employment base and may also be a significant financial risk.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Payroll is completed in one of three manners: 1. School Department has its own payroll staff that completes payroll. The Comptroller's office reviews and approves. 2. Most offsite departments input employee hours in MUNIS directly and the Comptroller's office reviews and approves. 3. Many departments in the Town Municipal Building submit signed timesheets to the Comptroller's office for review and input. With respect to the School Department, their payroll department aggregates payroll data biweekly, inputs in MUNIS, performs internal reviews and release the payroll data to the Comptroller's office for review. After the Comptroller's successful review of the School Department payroll, the payroll warrant is sent to the Superintendent for review and approval (refer to SPR8). For those departments entering time information in MUNIS, upon their initial completion, which includes references to their own internal payroll procedures like comparison/verification to time cards or time sheets, the departments release the payroll data to the Comptroller's office. The Comptroller's office reviews the payroll submissions for reasonableness and unusual postings. If necessary, the Comptroller's office will correspond with the departments to seek clarification or make adjustments. Once satisfied that the department's payroll data is accurate, the Comptroller's office informs the departments to print and sign their departmental "G/L Distribution" and "Earnings and Deductions Proofs." These manual documents are forwarded to the Comptroller's office, who will again review the department's submission. Departments like Human Resources, Town Clerk, Inspectional Services, Assessors will submit departmental time sheets to the Comptroller's office for review and input into MUNIS. The Comptroller's office will review these time sheets for reasonableness and accuracy. A final review of the payroll data is performed by the Comptroller's office prior to the generation of a payroll warrant and communication of the payroll data to the Treasurer's office for check and direct deposit preparation.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SPR6	Deductions for payroll withholdings are incorrect.
Impact to the Town's Financial Statements	Incorrect deductions can result in the Town overpaying for medical benefits or exposing employees to potential income tax liabilities.
Significance of Risk	Low
Controls in Place to Address the Risk	Changes to withholdings are initiated by the Town employee with Human Resources, either upon new hire or at the employee's request. As noted in SPR3, a new hire checklist was developed to better ensure that Human Resources receives all necessary deductions forms like the W-4/M-4, Norfolk County Retirement enrollment package and health and dental enrollment forms. These forms are provided to the Comptroller's office, who will input the data into MUNIS.

With respect to medical and retirement deductions (Norfolk and MTRS), Human Resources reconciles MUNIS deduction reports to actual invoices. |
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	New hires are automatically assigned a 9% withholding rate in MUNIS for the Norfolk County Retirement System (does not apply to teachers). However, there exists the risk that a new hire transfers service credit from another Massachusetts public pension system that commenced on or before July 1, 1996. In that case, the retirement withholding rate would be 8% (for those who began public service before January 1, 1984, the withholding rate in 7%). Human Resources should follow up with the Norfolk County Retirement System on all new hires who may potentially have earned service that qualify for lower retirement withholding deductions.
Town Action(s): The Town will follow-up with the Norfolk County Retirement System on all new hires transferring service from another Massachusetts public pension system that may be eligible for retirement withholdings of less than 9%.	

Risk Area – SPR7	Non-standard pay for items such as overtime or earned time off are not reviewed.
Impact to the Town's Financial Statements	Without a review that begins at the departmental level and is overseen by the Town's accounting function, there exists the risk that non-standard time and pay is being recorded (or not recorded) erroneously.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Comptroller's office reviews all departmental time submissions (refer to SPR5) for reasonableness and unusual items.

The Comptroller's office tracks all compensated absences. Departments will review the compensated absences details versus the records kept by the Comptroller's office. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SPR8	Payroll warrant is not properly reviewed and approved.
Impact to the Town's Financial Statements	The payroll warrant review and approval is the final review and authorization to pay the Town's employees.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Upon completion of the payroll aggregation, the Comptroller's office prepares a payroll warrant, which must be signed off by the Comptroller, the Town Administrator. The Town Council are provided the payroll warrant for a subsequent review. The payroll warrant contains the School Department payroll warrant, that has been signed off by the Superintendent of Schools.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	School payroll warrant should require review and approval from the School Business Administrator.
Town Action(s): The School Business Administrator is now approving all school payroll warrants.	

| Risk Area – SPR9	Payroll checks and direct deposits are prepared for unapproved vendor disbursements.
Impact to the Town's Financial Statements	The payment of employees for unapproved transactions outside the payroll warrant process is a break down in internal control and represent the unauthorized and likely fraudulent use of Town resources.
Significance of Risk	High
Controls in Place to Address the Risk	After processing by Comptroller's office, the payroll warrant is reviewed by the Comptroller and Town Administrator, who sign off on the payroll warrant. The final signed payroll warrant is presented to the Town Treasurer. There are only two authorized check signers on the Town's bank accounts – the Treasurer and Assistant Treasurer. The Treasurer's office will prepare a check run within MUNIS, ensure that the total in the MUNIS payroll warrant is consistent with the total in the signed warrant and generate payroll checks on a dedicated laser printer in the Treasurer's office. The direct deposit data will also be uploaded from MUNIS to Citizens Bank. This printer will print either the Treasurer's or Assistant Treasurer's signature on the checks using specialized software, which can only be authenticated by these two individuals using a printer fob. The Treasurer's office maintains unused check stock in a safe and tracks the issuances of checks using a simple check log. The Treasurer's office has written procedures on the process by which vendor checks are run.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – SPR10	Unauthorized parties forge Town checks payable or direct deposits to unauthorized individuals.
Impact to the Town's Financial Statements	This would represent external fraud.
Significance of Risk	High
Controls in Place to Address the Risk	The Treasurer's office submits positive pay files for its vendor and payroll checks to the bank.

The banking system requires unique login and strong passwords. Additionally, to initiate a wire or transfer, the initiator must use an authentication fob provided by the bank to further ensure that the initiating party is authorized to make the wire or transfer. Once initiated, a secondary approver is emailed by the bank's automated system to approve the wire.

The Treasurer also uses an internal transfer form to document the wire or transfer and its approval.

Payroll checks must be collected by an authorized department representative from the Treasurer's office. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – SPR11	Town employees are unaware of Town personnel policies.
Impact to the Town's Financial Statements	Exposes the Town to the possibility of litigation.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Town has an employee handbook, but it is dated in many areas. New hires are provided a copy on hire and sign an acknowledgement of its receipt. Additionally, new hires must sign the Town harassment policy.

Biennial compliance with the Commonwealth's conflict of interest regulations is monitored by the Town clerk. |
Risk Reduced to an Acceptable Level	Partially.
Remediation(s) to Consider	The Town's employee handbook is dated and requires updating to properly communicate to its personnel policies. Additionally, the Town needs to adopt a code of conduct to accompany its personnel policies.
Town Action(s): Human Resources is compiling a revised, comprehensive personnel policies manual, inclusive of the Town's most recent harassment policy and code of conduct. This is expected to be complete on or before March 1, 2019.	

PROPERTY AND EXCISE TAXES

Property, excise taxes as well as the collection of penalties and interest associated with these taxes represent approximately 53% of the Town's total revenues (excluding the effects of the final MSBA reimbursements for the Franklin High School in 2015) for fiscal years 2015 to 2018.

Total Town Revenues *
in thousands (000's)
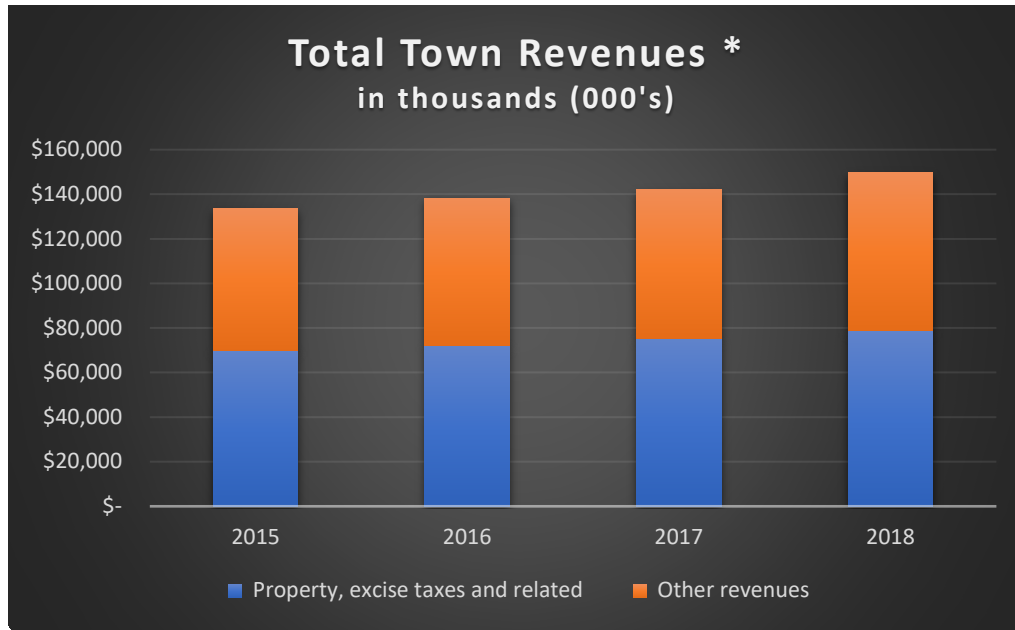
* Excludes the effects of approximately $8.9 million from the MSBA in 2015 for school construction.

PROPERTY TAXES (PT)

During the period 2015 to 2018, property taxes represented approximately 49% of the Town's total revenues. The process by which property taxes are assessed, billed, collected and accounted for, while critical to the Town and multifaceted, is rather routine.

Portions of the processes associated with property taxes such as bank account reconciliations have been previously described in the shares financial services and technology sections of this report.

The areas of significant risk, sorted by functional area, are as follows:

Risk Area – PT1	Residential, commercial and industrial real property are valued incorrectly.
Significance of Risk	High
Controls in Place to Address the Risk	The Town's Assessing Department internally assesses property tax values for all single family, condominium and multi-family (up to 3) residences in Town. Appraisals for commercial, industrial and large multi-family units are outsourced to reputable third parties with significant Massachusetts assessing experience and history. The Assessing Department is given access to the inspection department's permits to better ensure that new growth is captured each year in the assessing process.

	The property valuations are reviewed by the Board of Assessors annually and approved. Every five years (formerly three years), the Town's assessing is certified by the MA DOR. Each real property in Town must be physically inspected every nine years.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT2	Personal property is valued incorrectly.
Significance of Risk	High
Controls in Place to Address the Risk	The Town outsources its assessing of personal property to Real Estate Research Consultants, Inc. ("RRC"), which is a reputable third-party assessor with significant Massachusetts assessing experience and history. The personal property valuations are reviewed by the Board of Assessors annually and approved.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT3	Not all properties are included in the Town's assessment process.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Town's property database (Patriot) was implemented over fifteen years ago and has been consistently updated based on new growth and the results of the department's nine-year cycle of physical inspections of all real property. Additionally, the assessing department has employed arial photography and plaimetric mapping to assist in identifying all properties within the Town.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT4	Property values from the Patriot database, once approved by the MA DOR, are incorrectly transferred to MUNIS to develop a final commitment, which is the basis for final billings.
Significance of Risk	High
Controls in Place to Address the Risk	There are multiple checks by the Assessor and Collector's offices to ensure that the data transfer from Patriot to MUNIS was accurate. A sample of individual property tax bills are reviewed in MUNIS versus Patriot as well as all totals to ensure that the data transfer was made accurately.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT5	Billings for property taxes and motor vehicle excise taxes are not checked for accuracy.
Significance of Risk	High
Controls in Place to Address the Risk	The Town uses Globe Direct to print property tax and utility billings and Kelly & Ryan to print motor vehicle excise tax bills. Each third party will receive a MUNIS export of the billing data and prepare the individual bills. Proofs of the billing runs will be sent to the Collector for review and approval. The Collector will review a sample of the individual bills versus the data in MUNIS and ensure that the total billed amount per the third-party biller is consistent with MUNIS. The Collector will then approve the billing.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT6	Abatements and exemptions are made without approval.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Exemptions are made for statutorily permitted exemptions such as veterans and certain hardships. Applications are due to the Assessing Department before November of each year. The Board of Assessors review each exemption application together with supporting documentation prior to a vote. Approved exemptions are input into Patriot and MUNIS in late November by a member of the Board of Assessors (i.e., before the final property tax commitment is completed – refer to PT4). The Board of Assessors Secretary reconciles the abatements processed in MUNIS versus those contained in Patriot. Abatements are made for both property and motor vehicle excise taxes. There is a much higher frequency of motor vehicle abatements than property tax abatements. All abatements are reviewed and approved by the Board of Assessors. Approved abatements are sent to the Treasurer for processing in a vendor warrant.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT7	Property tax and motor vehicle excise collections are processed to the incorrect account.
Significance of Risk	Low
Controls in Place to Address the Risk	The majority of real property taxes are collected from mortgage service companies like Wells Fargo and Core Logic. Additionally, another large portion of the Town's collections come from the Century Bank lockbox. These organizations provide data files that are easily uploaded into MUNIS and are cross checked against banking totals. Manual processing is performed by collecting personnel with significant experience in collections and the accounting for collections. Those residents paying at the counter receive a receipt for their payment by the Collector's office.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PT8	Property and motor vehicle excise tax receivables are not reconciled.
Significance of Risk	High
Controls in Place to Address the Risk	The collector reconciles property and motor vehicle excise taxes receivable with the Comptroller's office monthly.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

INDIVIDUALLY SIGNIFICANT TOWN DEPARTMENTS

The following departments were identified in the *Quantitative and Qualitative Risk Assessment* portion of the Introduction section of this report as individually significant Town departments:
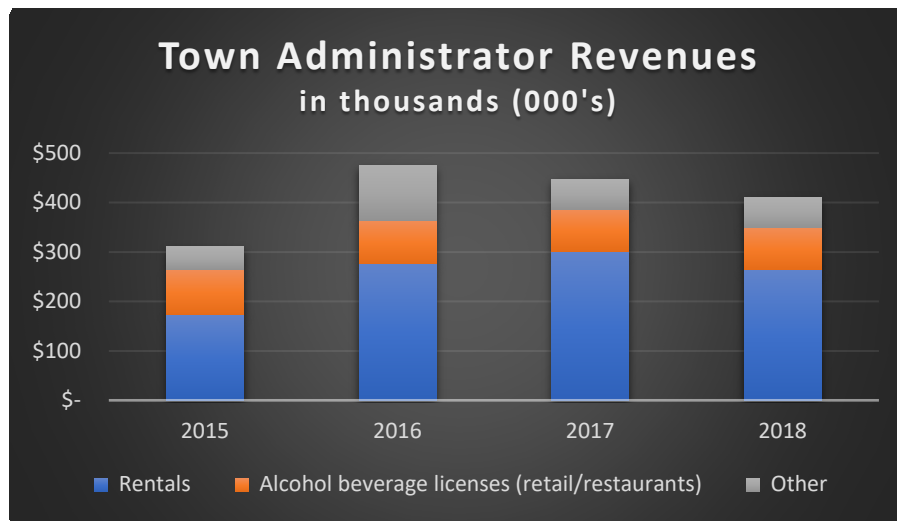
- Town Administrator
- Facilities
- Police
- Fire
- Building and Inspections
- Schools

- Public Works *
- Recycling Center *
- Water *
- Sewer *
- Solid Waste *
- Recreation

* The financial operations for these departments are essentially centralized

TOWN ADMINISTRATOR

OVERSIGHT BODY
 Town Council

SIGNIFICANT REVENUE SOURCES:
- Rentals – primarily cell towers
- Alcohol beverage licenses
- Other licenses and fees

SIGNIFICANT EXPENDITURE TYPES:
- Payroll

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **HIGH**

In terms of expenditures – **MODERATE**

Other qualitative factors – **LOW**

The Town Administrator's office is responsible for managing the Town's day-to-day operations and ensuring that the Town's goals and objectives are being met. The Town Administrator's office is staffed by four full-time employees and one part-time employee (Town Counsel).

The Town Administrator's office generates revenues from several sources; its largest revenue source is rental income, which is primarily in the form of cell tower rental fees. Other revenue sources include licensing fees for alcoholic beverage service for retail and restaurant operations, one-day liquor licenses, common victualers and amusements. Additionally, the Town Administrator's office receives fees for passport processing.

Payroll represents the largest expenditures made from the Town Administrator's budget; however, this office is responsible for the Town's insurance policies and other shared services, which for budgetary purposes are reported elsewhere in the Town's financial organization.

The areas of significant risk for the Town Administrator's office are as follows:

Risk Area – TA1	Revenues received for licenses, rentals and fees are not accounted for correctly.
Significance of Risk	Low
Controls in Place to Address the Risk	The Town Administrator's office generally receives funds as follows: 1) Cell tower operators generally remit payment to the Town monthly in the form of a check based on a set payment schedule; 2) Restaurant and liquor stores will submit renewal applications each December together with their fees ($1,500 to $2,500) in the form of a check; 3) Other fees are received as services are rendered. Upon receipt of monies by the office, the office will complete a standard prenumbered receipt (in triplicate) and provide the payer with one copy, retain one copy and provide a copy to the Town Treasurer at the time of turnover. Each month end, the department will reconcile its monthly turnovers with using a Form 10 with the Treasurer's office (refer to SCR3).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – TA2	Cash collections are not adequately safeguarded.
Significance of Risk	Low
Controls in Place to Address the Risk	Due to the nature of the department's services, little cash is received beyond passport processing fees, which is located on the first floor adjacent to the Treasurer's office. These fees are promptly turned over daily to mitigate this risk.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – TA3	Payroll is not accounted for correctly.
Significance of Risk	Low
Controls in Place to Address the Risk	Each pay period, the department inputs its time directly into MUNIS using the payroll by exception method for salaried employees and actual hours worked for its part-time employee. Individual time is tracked using spreadsheets. After submission to the Comptroller's office and the Comptroller's office completion of their initial review, the department is notified to print and sign their departmental "G/L Distribution" and "Earnings and Deductions Proofs." The Town Administrator will sign off for the department (Deputy Town Administrator in his absence). Refer to SPR5.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

FACILITIES

OVERSIGHT BODY
Town Administrator and Town Council
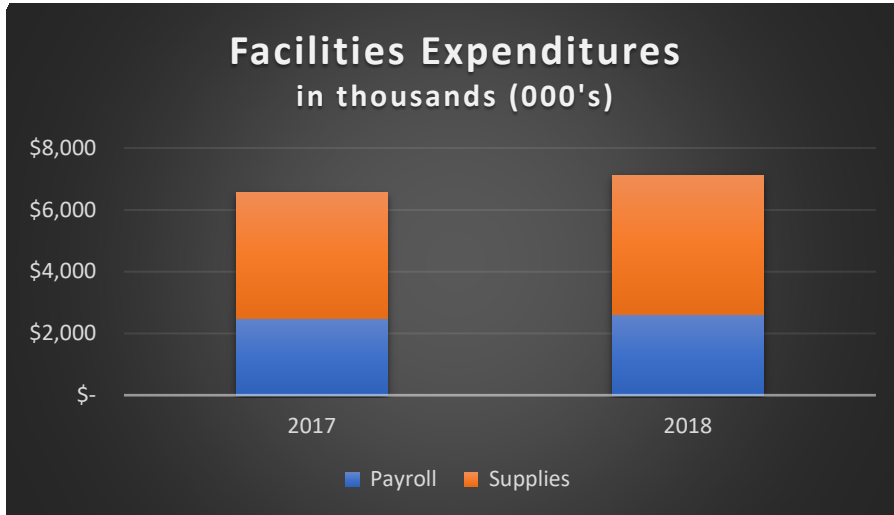
SIGNIFICANT REVENUE SOURCES:
- None

SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Supplies

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **LOW**

In terms of expenditures – **HIGH**

Other qualitative factors – **MODERATE**

Facilities Expenditures
in thousands (000's)

(Bar chart showing Payroll and Supplies for 2017 and 2018, with y-axis from $- to $8,000)

The Town's Facilities Department maintains all of the Town's buildings including all school buildings, the DPW building, Library, Senior Center and Town Municipal Building. In total, there are over 1.3 million ft^2 under the department's management. Maintenance takes the form of custodial services and general repairs and maintenance of plumbing, electrical and carpentry; large scale repairs of items such as HVAC are outsourced. Accordingly, the department expends significant Town resources for payroll and supplies.

The department maintains an operating hierarchy that essentially includes two operating segments – custodial services and maintenance services. Custodial services is the larger consumer of Town resources, both in terms of payroll and general expenditures.

Both custodial services and maintenance services maintain inventory. Inventory for custodial services is generally in the form of paper and cleaning supplies and turns over quite frequently. The inventory in maintenance services primarily represent mechanical parts, much of which has become obsolete over the years. Facilities does not have a formal inventory tracking tool in place. In practice, the paper and cleaning supplies are ordered and delivered to the various Town sites generally within a few days. However, mechanical parts inventory is slow moving; maintenance workers generally check the inventory in stock prior to ordering new parts.

Facilities is dependent, in part, on tools and related equipment to conduct its operations. Currently, there is no centralized database of facilities equipment and tools. Facilities believes that its tools and equipment are adequately safeguarded in the individual Town buildings and its central facility and has not had much in the way of theft or misappropriation of these assets in the past. Facilities managers and supervisors rely on their knowledge of their building's operations in identifying equipment needs.

The areas of significant risk for the facilities department are as follows:

Risk Area – FA1	Town-purchased supplies are used for unauthorized purposes.
Significance of Risk	Low
Controls in Place to Address the Risk	Paper and cleaning supplies is inherently at risk for theft. However, given the size of the Town, most theft of paper and cleaning supplies would be immaterial to its financial condition.

Generally, Facilities will make blanket purchase orders with a number of vendors who have been preapproved by the CPO each year (generally the state-approved bid list). Summer orders are placed for paper and cleaning supplies based on the department's knowledge of the Town's needs. The purchase orders are coded to identify the department in which the supplies are intended for (i.e., school versus police).

Periodically, head day building custodians place an order for supplies with the facilities using a standardized order form. Facilities will fulfill the orders using in-house inventory first and then order additional items from the suppliers. Generally, suppliers can fulfill orders and deliver to facilities within 2 business days.

Facilities relies on the knowledge, skills and experience of its Manager of Public Facilities and administrative assistant in managing inventory.

Much of the inventory of mechanical parts is likely obsolete and therefore the aggregate value of these items is low. No inventory is maintained.

Facilities has a central warehouse with office space that is secured and monitored with video surveillance. |
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	An evaluation of mechanical parts and supplies should be performed for obsolescence. Where needed, obsolete inventory should be sold or disposed of and a tracking system developed for the remaining mechanical parts and supplies.
Town Action(s): A compete inventory of mechanical parts and supplies will take place before the close of fiscal year 2019. Excess and obsolete parts will be disposed of in accordance with applicable general and environmental laws and regulations.	

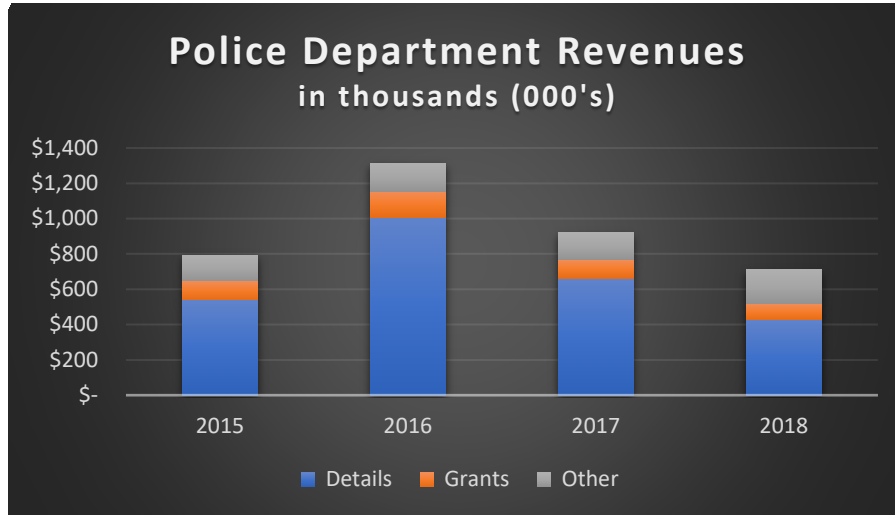| Risk Area – FA2	Supplies are purchased outside the Town's procurement process
Significance of Risk	Moderate
Controls in Place to Address the Risk	Blanket purchase orders are placed at the onset of each fiscal year for supplies and cleaning inventory as these purchase orders all exceed $2,500. Suppliers are selected from the state-approved bid list. Purchase order requisitions are initiated by the Facilities Administrative Assistant, approved by the Director of Facilities and then get routed to the Comptroller and CPO for review and approval.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FA3	The Town pays for goods/services ordered by the department that have not been fulfilled by the vendor.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Invoices for goods and services ordered by the department are received directly by the department. Wherever possible, a three-way match of the purchase order, shipping document and vendor invoice is performed. Regardless of this three-way match, each department invoice is reviewed, approved and signed off by the Director of Facilities. For outsourced mechanical services, the Deputy Director of Public Facilities will often review and approve invoices as he is more in tune with these services. Facilities, unlike most departments, enters its vendor invoices directly into MUNIS. Each biweekly period, the Facilities Administrative Assistant will run an "invoice proof report" from MUNIS, which effectively serves as the Department's Schedule of Bills Payable, attach all invoices associated with the biweekly run, have the Director of Facilities review and approve the invoices and submit the vendor invoice package to the Comptroller's office for review, approval and incorporation into the Town's vendor warrant (see also SCD's).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FA4	Payroll is not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Each pay period, the department inputs its time directly into MUNIS using the payroll by exception method for salaried employees and actual hours worked for its part-time employees. Individual time is tracked using punch clocks for hourly employees. Salaried employees report time off using a standardized form that is signed off by the employee and manager. After submission to the Comptroller's office and the Comptroller's office completion of their initial review, the department is notified to print and sign their departmental "G/L Distribution" and "Earnings and Deductions Proofs." The Director of Facilities will sign off for the department. Refer to SPR5. The Director of Facilities reviews budget to actual reports for the department monthly.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

POLICE

OVERSIGHT BODY
 Town Administrator and Town Council

SIGNIFICANT REVENUE SOURCES:
- Outside details
- Parking and other fees

SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Supplies

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **MODERATE**

In terms of expenditures – **HIGH**

Other qualitative factors – **MODERATE**

The mission of the Police Department is to maintain order and protect the Town's residents.

The Police Department generates revenues in a variety of manners, the most significant of which is outside police details. Third parties (as well as internal users like the schools or DPW) will engage the Police Department to perform road details primarily for construction and utility maintenance. The Police Department manages the assignment and tracking of detail hours using an internally-developed spreadsheet. Officers are given first priority on outside details based first on the number of detail hours they have worked and secondly on seniority within the department. Billing of details is performed by the department through a series of manual processes for third party contractors. Internal customers have the police detail hours applied against their budget. The Police Department has an internal accountant that has managed this process for over 25 years.

Payroll represents approximately 95% of the Police Department's total expenditures in its appropriation for the past two fiscal years. A scheduling program called police officer scheduling software, or POSS, is used to manage police officer time and attendance. POSS also has a smartphone app that police officers can use to check their schedules, request time off or request to work an available outside detail. The POSS will permit multi-level reviews and approvals of earned time off and details. The information contained in POSS is used to enter payroll into MUNIS each biweekly pay period; the Police Department uses the "payroll by exception" method for police officers and inputs hours for dispatch and part-time personnel manually into MUNIS.

Other expenditures made by the Police Department are generally in the form of supplies, uniforms, software maintenance and safety equipment.

The areas of significant risk for the Police Department are as follows:

Risk Area – PO1	Not all outside details are billed accurately to outside contractors.
Significance of Risk	Low
Controls in Place to Address the Risk	The Police Department has an internal accountant who has served in this capacity for over 25 years. A manual process has been established and followed by the individual to better ensure that all details are billed. Officers complete a detail form for each detail worked that has five-part carbon copies. Four detail invoices are printed for every transaction – 2 sent to vendor, 1 copy to Treasurer's office and 1 copy to files.

There is a strong correlation between the fund balance in a government's police detail agency account and the outstanding receivable due to Police Department from billed but uncollected outside police details. Generally, the police detail agency fund is in a deficit as police officers are paid for their services in advance of collection of monies from the outside contractors. In the case of the Town, the deficit is lessened as the outside police detail agency fund was seeded with $15,000 many years ago.

The manner in which the Police Department's internal accountant tracks outside details facilitates this reconciliation greatly as the payroll portion of the detail invoice is separate from the 10% administrative fee (and other fees). At June 30, 2018, this agency balance (less $15,000) agreed with the payroll portion of outside details receivable. |
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	While the existing system operates efficiently, a change in accounting personnel in the Police Department may cause accounting errors due to its complexity. There are many of spreadsheets and manual records related to the processing of outside police details. Much of these would be eliminated with the adoption of an accounting package like QuickBooks.
Town Action(s): The Town will evaluate the use of an accounting package. Additionally, another employee is being trained for backup purposes.	

Risk Area – PO2	Police revenues are not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Police Department does not accept cash. Upon receipt of monies by the office, the office will complete a standard prenumbered receipt (in triplicate) and provide the payer with one copy, retain one copy and provide a copy to the Town Treasurer at the time of turnover.

Each month end, the department will reconcile its monthly turnovers with using a Form 10 with the Treasurer's office (refer to SCR3). Separate Form 10's are used for details versus other revenue sources.

Additionally, the internal accountant maintains a spreadsheet of all collections that details payer name, check number and amount, allocation of the revenue (i.e., detail payroll versus cruiser fee versus admin fee). The internal accountant will generally attach this report to the monthly Form 10. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – PO3	Cash collections are not adequately safeguarded.
Significance of Risk	Low
Controls in Place to Address the Risk	The Police Department does not accept cash. Funds received are stored in a locked location in a secured building. Turnovers are made to the Treasurer one to two times each month.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	Turnover frequency for the Police Department should be weekly at a minimum given the amounts of funds the department receives annually. See also SCR9.
Town Action(s): The department has begun making more timely turnovers to the Town Treasurer. The Town's turnover policy will be distributed to all departments.	

Risk Area – PO4	Payroll is not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Each pay period, the department inputs its time directly into MUNIS using the payroll by exception method for salaried employees and actual hours worked for its part-time employees. Individual time is tracked using the POSS. Attendance is further checked by the supervising police officer on duty. All police cars are maintained on site, which requires police officers to check into the police station. After submission to the Comptroller's office and the Comptroller's office completion of their initial review, the department is notified to print and sign their departmental "G/L Distribution" and "Earnings and Deductions Proofs." The Police Chief (or Deputy Chief in his absence) will sign off for the department. This package together with the yellow copy of the five-part police officer detail slip (refer to PO1) and an Excel proof to the Comptroller's office. Refer to SPR5. The Police Departments reviews budget to actual reports for the department monthly and pays particularly close attention to payroll in the final fiscal quarter of each year.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PO5	Police vehicles and other capitalized equipment is not tracked and accounted for.
Significance of Risk	Low
Controls in Place to Address the Risk	The Town engages a third party to maintain its capital asset database. The third party will periodically inspect the department's vehicles and other capitalized equipment for relevancy and validity. The Comptroller reviews the outputs from the third party.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

FIRE

OVERSIGHT BODY
 Town Administrator and Town Council
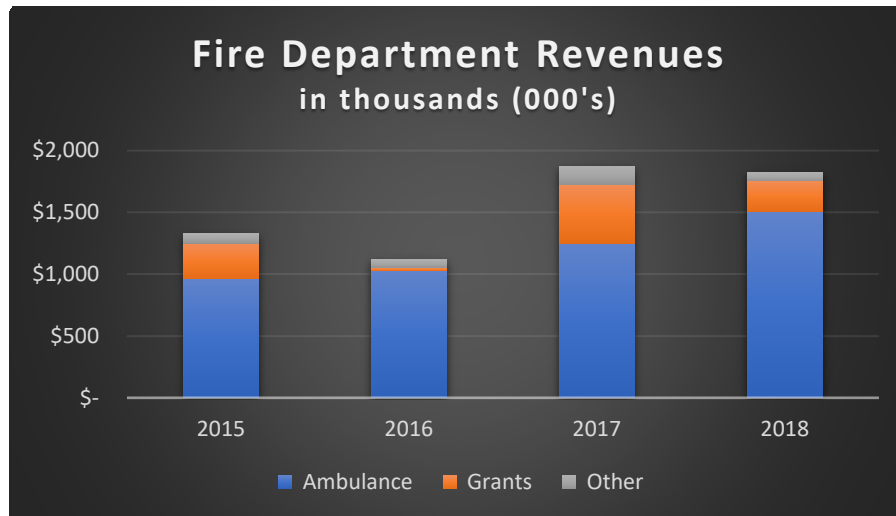
SIGNIFICANT REVENUE SOURCES:
- Ambulance
- Grants

SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Supplies

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **HIGH**

In terms of expenditures – **HIGH**

Other qualitative factors – **MODERATE**

Fire Department Revenues
in thousands (000's)

The mission of the Fire Department is to provide rescue services and emergency protection to the Town's residents.

The Fire Department generates revenues in a variety of manners, the most significant of which is ambulance service billings. The Fire Department operates three ambulances and is capable of providing both basic life support and advanced life support. Medical billing is a specialized industry; accordingly, the Fire Department began outsourcing its ambulance medical billing to Comstar several years ago. Comstar has significant ambulance billing experience in the state. EMT crews in ambulances and other rescue vehicles have Ambupro software installed on their tough books, which is used by Comstar for medical billing. Additionally, dispatch reports in the Fire Department's Red Alert system (maintained by dispatch) are relied upon for reconciliation with Ambupro.

Comstar provides the Fire Department and Treasurer's office with detailed monthly reporting of ambulance transactions, including outstanding receivables.

The majority of hospital runs are to Milford Regional Medical Center, which provides the Fire Department with a daily demographic sheet. Hospital runs may also go to Rhode Island Hospital and Landmark Hospital in Woonsocket, Rhode Island.

Payroll represents over 90% of the Police Department's total expenditures in its appropriation for the past two fiscal years. A master schedule is cross referenced with hours and attendance maintained in the Red Alert dispatch system.

Other expenditures made by the Fire Department are generally in the form of supplies, uniforms, software maintenance and safety equipment.

The areas of significant risk for the Fire Department are as follows:

Risk Area – FI1	Not all ambulance services are billed.
Significance of Risk	Moderate
Controls in Place to Address the Risk	There are a number of cross checks the Fire Department uses to better ensure that all ambulance services are billed including: 1) Milford Regional, which is where most hospital runs go, provides the department with a daily demographics report, 2) Dispatch reports from Red Alert (dispatch system(are printed daily and ambulance services are reported in these outputs, 3) EMT's input the levels of services provided in the Ambupro software, which is on Panasonic tough books in each ambulance and fire engine. On a weekly basis, Ambupro data is reconciled against the Milford Regional reports and Red Alert reports. Once the Fire Department has reconciled these data sets, the ambulance data is transmitted to Comstar. The following day, Comstar will provide a report to the Fire Department, which is checked against the data sets to ensure accuracy and completeness.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	While the existing system operates efficiently, there is no documentation in place in the form of policies and procedures. In the event of a change in personnel, there exists the risk that ambulance billings will be delayed and/or completed incorrectly. The Fire Department should establish a detailed procedures manual for ambulance billings.
Town Action(s): The Fire Department is compiling its ambulance policies and procedures and expects to have this completed on or before March 1, 2019.	

Risk Area – FI2	Ambulance and other Fire Department revenues are not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The Fire Department does not accept cash. Comstar will remit payment to the Town in the form of a wire. Upon receipt of monies by the office, the office will complete a standard prenumbered receipt (in triplicate) and provide the payer with one copy, retain one copy and provide a copy to the Town Treasurer at the time of turnover. Each month end, the department will reconcile its monthly turnovers with using a Form 10 with the Treasurer's office (refer to SCR3). Comstar provides weekly reports each Friday that are sent to the Fire Department and the Comptroller's office of billings and collections. Additionally, Comstar provides a year-end report of commitments (i.e., billings, contractual adjustments, collections and other adjustments. This report was materially consistent with the reported revenues of the ambulance for fiscal year 2018.

Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FI3	Cash collections are not adequately safeguarded.
Significance of Risk	Low
Controls in Place to Address the Risk	The Fire Department does not accept cash, only checks or money orders. Funds received are stored in a secured building. Turnovers are made to the Treasurer one to two times each week.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FI4	Ambulance receivables are not reviewed for collectability.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Comstar provides monthly reporting on transactions and receivable balances to the Fire Department and the Comptroller's office. There is no formal procedure to review the outstanding receivables for impairments to collectability.
Risk Reduced to an Acceptable Level	No
Remediation(s) to Consider	A formal ambulance receivable review policy and procedures should be implemented that includes processes and approval mechanisms for ambulance receivables write offs (both by Comstar and the collection agency). The June 30, 2018 ambulance receivables balance was nearly $1 million and nearly half was in the possession of a collection agency.
Town Action(s): The Fire Department is compiling its ambulance policies and procedures and expects to have this completed on or before March 1, 2019.	

Risk Area – FI5	Payroll is not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Each pay period, the department inputs its time directly into MUNIS using the payroll by exception method for salaried employees and actual hours worked for its part-time employees. Hours worked for all non-office personnel are all logged into the Red Alert dispatch system from on-duty shift supervisor reports. Dispatch provides the Fire Department's administrative assistant with daily summary reports from Red Alert. Additional attention is paid to non-standard working hours, which will require an "off duty pay form" to be completed and signed off by the shift supervisor. The administrative assistant for the Fire Department will release the MUNIS inputs to the Deputy Fire Chief for review and approval prior to release to accounting. After submission to the Comptroller's office and the Comptroller's office completion of their initial review, the department is notified to print and

|	
	sign their departmental "G/L Distribution" and "Earnings and Deductions Proofs." The Fire Chief (or Deputy Chief in his absence) will sign off for the department. Refer to SPR5. The Fire Departments reviews budget to actual reports for the department monthly.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FI6	Compensated absences are not tracked and monitored by the department.
Significance of Risk	Low
Controls in Place to Address the Risk	Requests for time off are individually reviewed by the Deputy Fire Chief against a running spreadsheet of available time. This is in addition to the compensated absences maintenance at the Comptroller office (refer to SPR7).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – FI7	Fire vehicles and other capitalized equipment is not tracked and accounted for.
Significance of Risk	Low
Controls in Place to Address the Risk	The Town engages a third party to maintain its capital asset database. The third party will periodically inspect the department's vehicles and other capitalized equipment for relevancy and validity. The Comptroller reviews the outputs from the third party.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

BUILDING AND INSPECTIONS

OVERSIGHT BODY
 Town Administrator, Town Council and Zoning Board of Appeals
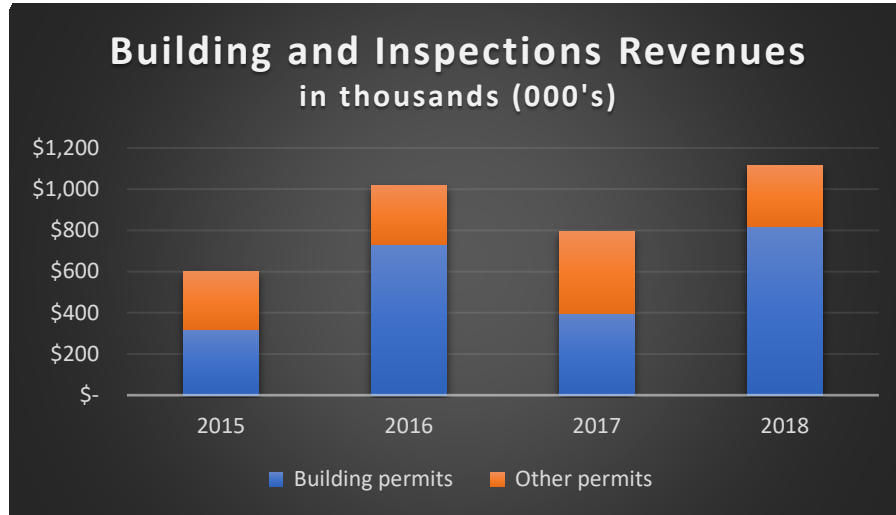
SIGNIFICANT REVENUE SOURCES:
- Building permits
- Other permits (electrical, plumbing …)

SIGNIFICANT EXPENDITURE TYPES:
- Payroll

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **HIGH**

In terms of expenditures – **LOW**

Other qualitative factors – **HIGH**

Building and Inspections Revenues
in thousands (000's)

Building and Inspectional Services is a components of the Town's public safety services. The mission of department is to better ensure that local, state and federal building and safety codes are adhered to.

The department generates a significant amount of revenues for the Town. However, unlike nearly every other municipal department in the Town, revenues in this department can be volatile, which is the primary contributor to the department's significance in terms of other qualitative factors.

The department uses the GEOTMS permitting module to track permits. However, permits are issued manually. GEOTMS is hosted on five computers in the department and cannot be remotely accessed. Permit applicants will complete a manual application for permit. Permits are sequentially numbered based on the type of permit and the sequence is tracked by the department. Payments are accepted at the department's counter and the department currently does not accept credit card payments.

The department is evaluating the adoption of an e-permitting system that's currently in use by the Town Clerk. This system would effectively eliminate all cash, check and money order handling.

The personnel in the Building and Inspectional Services also provide services for the Zoning Board of Appeals, for which the revenue procedures are virtually identical to the procedures used for building and other permits.

Payroll represents approximately 95% of the department's total expenditures in its appropriation for the past two fiscal years.

The areas of significant risk for the Building and Inspectional Services department are as follows:

Risk Area – BI1	Not all fees for permits issued are collected.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Permits fees are collected by the department at the time of an application's completion. A three-way receipt is given to the applicant, one copy is maintained by the department and the other will accompany the payment to the Treasurer's office on turnover. Applications are reviewed and approved by the Building Commissioner. The application information is manually input into GEOTMS, including the applicant's payment data.

Receipts are promptly turned over to the Treasurer, who is located across the hall. Receipts are logged into a spreadsheet by the department for ease of reconciliation.

Each month end, the department will reconcile its monthly turnovers with using a Form 10 with the Treasurer's office (refer to SCR3). The Building Commissioner will review the monthly turnover prior to submission to the Treasurer's office. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – BI2	Department revenues are not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The department will run a permit fee generator report from GEOTMS each month and compare this report with its cash receipts spreadsheets to ensure that the month end Form 10 is property completed and revenues properly classified.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – BI3	Cash collections are not adequately safeguarded.
Significance of Risk	Low
Controls in Place to Address the Risk	The department accepts cash, checks and money orders. Cash receipts are turned over to the Treasurer the day of receipt. Generally, no cash is stored in the department overnight.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – BI4	Payroll is not accounted for correctly.
Significance of Risk	Low
Controls in Place to Address the Risk	Each pay period, the department completes a biweekly time record that the Comptroller's office prepared for it with hours worked and earned time used. Each department employee's hours worked and earned time taken is tracked by the department using a time off request form. The Building Commissioner will review and approve the department's time and attendance form and submit to the Comptroller's office for data entry and review. Refer to SPR5.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

SCHOOLS

OVERSIGHT BODY
School Committee

SIGNIFICANT REVENUE SOURCES:
- Grants
- School lunch
- Lifelong Learning
- Participation fees
- Student activities
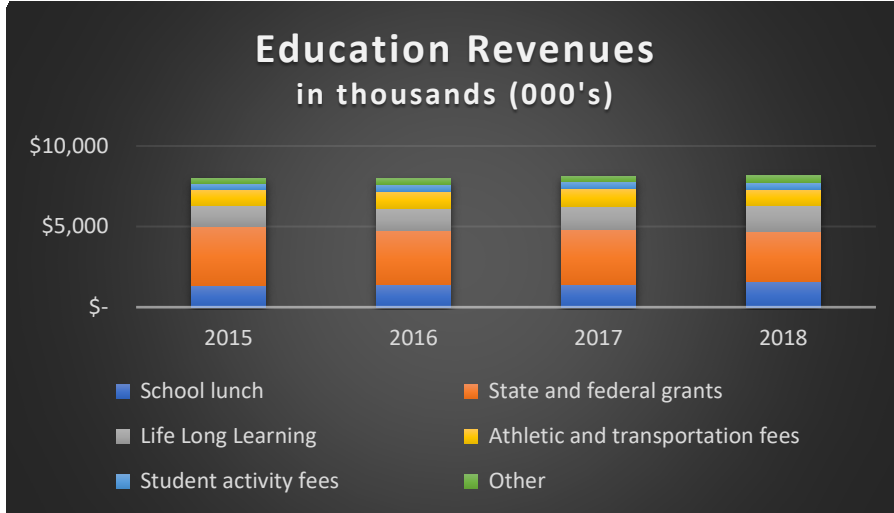
SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Out-of-district tuition
- Transportation
- Supplies, computer/technology related

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **HIGH**

In terms of expenditures – **HIGH**

Other qualitative factors – **MODERATE**

Education represents the single largest consumer of the Town's financial resources and, accordingly, its significance to the Town's internal control system and relationship to the Town's financial statements is high in terms of revenues, expenditures as well as other qualitative factors.

The School Department has a seven-member School Committee, whose principal duties include the selection and management of the School District's Superintendent, approve the School District budget and establish educational goals and standards. Management of the School District is overseen by the Superintendent of Schools, who is assisted in the area of accounting and finance by the School Business Administrator. Executive School District leadership share office space with their counterparts in the Town's municipal leadership and finance at the Town's Municipal Building.

In terms of revenues, federal and state grants represent the majority of the School District's revenues. Federal grant monies are highly concentrated to the special education entitlement grants. State grant monies are primarily in the form of circuit breaker funds. The amounts of federal and state grants the School District received have been steadily declining. In 2015, federal and state grants totaled approximately $3,653K versus $3,110K in 2018. The Town is subject to the single audit requirements set forth under the federal *Uniform Guidance*. The Town's single audit reports have been unmodified over the past three fiscal years, indicating that the Town was found not to be in noncompliance with federal grant award requirements and standards.

The School District also generates revenues from user fees primarily from its Lifelong Learning program, school lunch, participation fees and student activity fees.

Payroll and related personnel costs represent the most significant expenditures for the School District. In its 2016-2017 Annual Report, the School District reported that approximately 86% of its budget pertained to payroll and related personnel costs. Out-of-district tuition and transportation represent the next largest expenditure categories (7% and 4%, respectively). Finally, general educational supplies represent approximately 3% of the School District's expenditures.

In conducting its day-to-day operations, the School District relies on a number of key computer systems and software outside MUNIS including:

- Learning Stream (formerly ABC Signup) – online portal used to pay for Lifelong Learning programs
- Nutrikids – point of sale system used for school lunch
- MySchoolBucks – online payment portal used to pay for school lunch
- UniPay – online payment portal used to pay for Pre-K tuition, busing, student activities, athletic fees and other extracurricular participation fees
- FamilyID – online payment portal used to pay for athletics and other after-school programs

Lifelong Learning

Lifelong Learning is a program run by the School District that reaches out not only to students, but to area residents of all ages. Programming ranges from beginner robotics classes for kindergarteners to financial planning and yoga. However, the most significant program and revenue source for Lifelong Learning is its Solutions program, which is an extended day program for Franklin students. The Solutions program represents approximately 75% of all Lifelong Learning revenues. As the Solutions program represents the vast majority of the Lifelong Learning transactions, this financial risk assessment will focus on that program.

Registrations for all Lifelong Learning programs is administered through Learning Stream and the vast majority of monies collected are via credit card transaction through Learning Stream and its payment processor authorize.net. Residents can also register at the High School or at the Lifelong Learning office in the Town Municipal Building. In-person registrations are keyed into Learning Stream.

There is a dedicated bank account at Rockland Trust for all Lifelong Learning transactions. Daily reconciliations between the Rockland Trust account and the data contained in Learning Stream is necessary due to the high volume of transactions and the delays in timing between registration and credit card funds being credited to the Rockland Trust account. Weekly turnover reports are submitted to the School Business office based on the results of the daily reconciliations. Additionally, the School Business office will key in the turnover figures directly into Zobrio for review and approval of the Treasurer. The standard month-end Form 10 reconciliation is required for Lifelong Learning.

A standard operating procedure for the Solutions program is maintained by the School District on a shared drive to assist in managing this complex process. Commencing in fiscal year 2019, a spreadsheet is being maintained by the School District to track registrations and collections data to more easily permit reconciliations and ensuring that all registrants have paid for services.

School Lunch

The School Committee sets pricing for school breakfast and lunches annually. The most recent price changes were enacted in May 2017 and took effect in the 2017-2018 school year.

Students can pay for school lunch either through their MySchoolBucks account or with cash. Each school cafeteria operates the Nutrikids point of sale system, which interfaces with MySchoolBucks (approximately 75% of school lunch is paid with MySchoolBucks; cash is used for the remaining approximately 25% school lunch transactions). At the conclusion of the day, each cashier will close out their register and count and reconcile their cash drawer. The cafeteria managers (seven in total) will review and reconcile the cash drawers versus the Nutrikids reports. Cafeteria managers operate the cash registers only to maintain skills in the event of employee absences. An additional reconciliation of the number of meals served versus the number of meals sold in Nutrikids is performed in accordance with

Massachusetts DESE regulations. The cafeteria managers will create deposit slips and brings the deposits to Rockland Trust. All school lunch monies are deposited into the same account at Rockland Trust. A copy of the deposit slip is forwarded to the Food Service Director's office.

The cafeteria managers send daily "day end reports" to the Food Service Director's office. The Food Service Director's office will complete a weekly turnover and will key the information into Zobrio. The standard month-end Form 10 reconciliation is also required with the Town Treasurer.

Cafeteria managers are tasked with reviewing the MySchoolBucks student balances and will follow up with parents/guardians on deficits in excess of $10.

Athletics and Other Afterschool Programs

The School District uses FamilyID for athletics, music and other similar afterschool programs. FamilyID is a registration and activity tracking solution. Payments for these activity fees can be made through the Athletic Director's office or processed online in FamilyID through UniPay. Approximately 70% of registrations are paid online.

Busing and pre-k tuition are currently being managed manually (i.e., mail-in or in-person registrations). Payment can be made with UniPay online or in person at the School Business office.

All UniPay payments are deposited into a UniBank account and have unique identifiers associated with each transaction to show where the transaction was initiated. For example, the payment of $450 for hockey fee through FamilyID would have a unique code to identify and sort the type of activity.

The Athletic Director's office will export all UniPay transactions into a spreadsheet and organize the data based on the unique identifiers. On a weekly basis, this information is entered by the School Business office into Zobrio. The standard month-end Form 10 reconciliation is also required.

Student Activities

Student activities represent School Committee approved activities conducted for the benefit of students that are outside the scope of the curriculum or extracurricular activities such as school sponsored sports or music programs (also known as co-curricular activities). For example, the football program is not a student activity as it is run by the School District's athletics department, but the student council qualifies as a student activity as it is not run by an organized school department, but rather overseen by an advisor.

The Franklin High School has the most significant volume of student activity transactions. The High School uses QuickBooks to account for its student activities. Monthly activity and balance reports are provided to the individual class/club advisors. Funds received for student activities are accompanied by a deposit slip, input into QuickBooks and turned over to the School Business office, who will key the amounts into Zobrio. The standard month-end Form 10 reconciliation is also required.

Disbursements of student activities funds is one of the very few areas in Massachusetts municipal finance law that can be performed outside the Town Treasurer. Disbursements are all made by check with an approved vendor invoice and signed by the school principal or authorized designee.

Annually, the Town's independent auditor will review the student activities at the High School. Additionally, the four other schools with student activity accounts are placed on a rotational plan. These student activity accounts are evaluated based on an agreed-upon procedures manual adopted by the Massachusetts DESE.

Payroll

The School District employs approximately 700 people. Of that total, there are approximately 500 school teachers. Salaried employees do not complete timesheets. Rather, time off request forms are used and payroll is completed for these individuals on an exception basis. Individual school secretaries track the approval process of time off request forms and, upon final approval by the principals and superintendent, input the data into the time and attendance module in MUNIS.

Hourly employees are required to complete standardized time sheets, which are approved by their supervisor and principal.

The School District has two dedicated payroll employees to manage the School District's payroll processes. The school payroll personnel review the submissions of data into MUNIS, perform additional analysis and then prepare a payroll warrant for the Superintendent. Once that is completed, the school payroll warrant will be included in the Town's payroll warrant processes (refer to the shared financial services section of this report).

The School Committee is generally provided a copy of the payroll warrant generally after it has already been processed.

Vendor Disbursements

Purchase orders are used for every School District purchase. Purchase order requisitions are initiated by school secretaries and next approved by school principals. Purchase order requisitions in excess of $2,000 require the School Business Administrator's approval; those under $2,000 require the Accounting Coordinator's approval. Those over $25,000 are routed to the Town's Chief Procurement Officer for review and approval.

Vendor invoices are reviewed and signed off at the individual schools to the School Business office, who has two accounts payable employees. A vendor warrant package is created through MUNIS and original vendor invoices attached. The School Business Administrator will review the vendor warrant package for accuracy and coding and sign off when complete. The vendor warrant is then sent to the Comptroller's office for inclusion in the Town's vendor warrant processes (refer to the shared financial services section of this report).

The School Committee is generally provided a copy of the vendor warrant generally after it has already been processed.

New vendors are required to submit a completed for W-9 to the School Business Office. Periodically, the vendor database is reviewed for relevancy and to deactivate inactive vendors.

Grant Management

The most significant source of federal awards comes from the special education cluster, which represents approximately two-thirds of all federal awards received by the Town, inclusive of public safety and nutrition. At the state level, the circuit breaker program represents the vast majority of state grants and is entirely formula driven. In terms of financial risk, compliance with federal awards is the riskier area of grant management and will be the focus of this financial risk assessment.

Annually, the special education director will prepare special education grant requests. The grants are generally structured to pay the salaries of paraprofessionals working in special education. These are allowable under the terms of the special education grant. Furthermore, as Massachusetts labor laws are

more stringent than those of the federal government, compliance with allowable cost principles is virtually guaranteed for these payroll-dominant federal awards.

Federal awards for the special education cluster are made on a reimbursement basis. Therefore, the School District must demonstrate that it expended monies for the allowable activities in accordance with its grant award with the Massachusetts DESE, which is the pass-through agency for the United States DOE. Monthly reimbursement requests are made by the School Business office in a Massachusetts DESE online portal based on actual disbursement processed against the grants in MUNIS. Receipts are posted in MUNIS by the Comptroller's office based on wire advices received from the Commonwealth.

Grant accounting is tracked both in MUNIS and in spreadsheets. Within sixty days of the completion of the grant (generally August 31), a final financial report is prepared using the grant accounting spreadsheets, which have been reconciled to MUNIS.

The areas of significant risk for the School District are as follows:

Risk Area – ED1	Not all School District receipts are recorded in the underlying accounting records.
Significance of Risk	Moderate
Controls in Place to Address the Risk	As detailed in the narratives, generally School receipts are reconciled weekly (daily in some cases) due to the significant volume of transactions. Cash collections are greatest in school lunch. There are numerous controls in place including a reconciliation of meals served to meals paid for through Nutrikids. The school has not had a significant cash drawer discrepancy in school lunch in many years. The School District has view-only access to all of the bank accounts in which it makes deposits to facilitate more timely and effective reconciliations. The monthly Form 10 turnover reconciliation is used for all School District revenue sources (see also SCR2).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED2	Programing is offered to students/residents without advanced payment.
Significance of Risk	Low
Controls in Place to Address the Risk	The School District manages a number of programming and activities. Registration systems are used for every series of programming offered to ensure that only those who have paid for services are receiving services. State law prohibits a school from denying school lunch to a student who didn't have funds for payment. The cafeteria managers monitors weekly all MySchoolBucks deficit accounts and follow up with parents/guardians on deficits in excess of $10.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED3	School disbursements are made for unauthorized vendor transactions.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Purchase orders are used for all school purchases. Purchase requisitions in excess of $2,500 require the approval of the School Business Administrator and those over $25,000 must be approved by the CPO.

The vendor warrant is completed, reviewed and signed off by the School Business Administrator prior to being incorporated with the Town's vendor warrant. |
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	The Superintendent does not review and sign off on the vendor warrant. The School Committee should consider revising its policy to require the sign off by the School Business Administrator and Superintendent as being an authorized school vendor warrant.
Town Action(s): The Superintendent is now approving all vendor warrants. Additionally, the School Committee will be reviewing revisions to its policies in this area in the near future.	

Risk Area – ED4	Expenditures are made that result in budget overages.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The individual schools within the District manage their overall expense budget. Individual budget line items are established in MUNIS, but the schools are tasked to manage the bottom line of the budget. MUNIS will alert users if a purchase order requisition will result in a line item going into deficit. The schools will monitor these alarms but continue to manage to the bottom line.

Each school has access to their budget to actual performance in MUNIS. Additionally, the Comptroller has developed a crystal report to more easily assess Town-wide budget to actual performance (inclusive of schools); this report is shared with the Town Administrator monthly. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – ED5	Vendor disbursements are made outside compliance of Massachusetts procurement laws and regulations.
Significance of Risk	Moderate
Controls in Place to Address the Risk	All purchase order requisitions in excess of $25,000 are routed to the CPO for review (see also SCD4 and SCD5).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED6	Open purchase orders are not reviewed for relevancy.
Significance of Risk	Low
Controls in Place to Address the Risk	Annually, all open purchase orders with unliquidated amounts remaining are closed in MUNIS by the Comptroller's office in connection with the year-end close. The School District are required to evaluate these open purchase orders as well as any other obligation and complete encumbrance requests. See also SCD6.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED7	Changes to pay rates or additional new hires are made without authorization
Significance of Risk	Moderate
Controls in Place to Address the Risk	Access to the pay rate tables in MUNIS is limited by system permissions to two members of the Comptroller's office. All new hires are initiated in Human Resources and approved by the Comptroller's office. See SPR2.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED8	School payroll is calculated incorrectly and is not properly reviewed/approved.
Significance of Risk	Moderate
Controls in Place to Address the Risk	There are multiple reviews of the payroll warrant data. See SPR5.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	The School Business Administrator does not review and sign off on the payroll warrant. The School Committee should consider revising its policy to require the sign off by the School Business Administrator and Superintendent as being an authorized school vendor warrant.
Town Action(s): The School Business Administrator is now approving all payroll warrants. Additionally, the School Committee will be reviewing revisions to its policies in this area in the near future.	

Risk Area – ED9	Federal award monies are used for unallowed activities under the federal award document.
Significance of Risk	Low
Controls in Place to Address the Risk	The special education entitlement grant represents the vast majority of the Town's federal awards. The Town uses these federal monies to primarily to pay the salaries of special education paraprofessionals, which is entirely permissible under the grant. Spreadsheets are maintained for each federal grant to account for the actual disbursements made versus the approved budget (i.e., grant award).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED10	Federal award monies are received in advance of the School District's disbursement.
Significance of Risk	Low
Controls in Place to Address the Risk	The special education entitlement grant is awarded to the School District on a reimbursement basis. Monthly, the spreadsheet used to track the federal grant is reconciled with MUNIS and used as a basis to request funds from the Massachusetts DESE, which serves as the pass-through agency for this federal award.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED11	Federal award monies are expended outside the period of performance.
Significance of Risk	Low
Controls in Place to Address the Risk	The special education entitlement grant represents the vast majority of the Town's federal awards. The Town uses these federal monies to primarily to pay the salaries of special education paraprofessionals. The period of performance under the grants is September 1 to August 31, which coincides with the school year. Monthly, the spreadsheet used to track the federal grant is reconciled with MUNIS and used as a basis to request funds from the Massachusetts DESE, which serves as the pass-through agency for this federal award.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – ED12	The School District does not comply with the reporting requirements of the federal grants.
Significance of Risk	Low
Controls in Place to Address the Risk	The special education entitlement grant represents the vast majority of the Town's federal awards. Within sixty days of the end of the period of performance, a final financial report is due to the Massachusetts DESE, the pass-through agency for this federal award. The FFR is completed using the reconciled financial data contained in the grant spreadsheet. The School District has a calendar it operates to to better ensure that reporting deadlines are met.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

PUBLIC WORKS

OVERSIGHT BODY
Town Administrator, Town Council

Public Works Revenues
in thousands (000's)

Legend:
- ■ Water user fees
- ■ Sewer user fees
- ■ Solid waste user fees
- ■ MA roadway improvement grants
- ■ Recylcing center and other
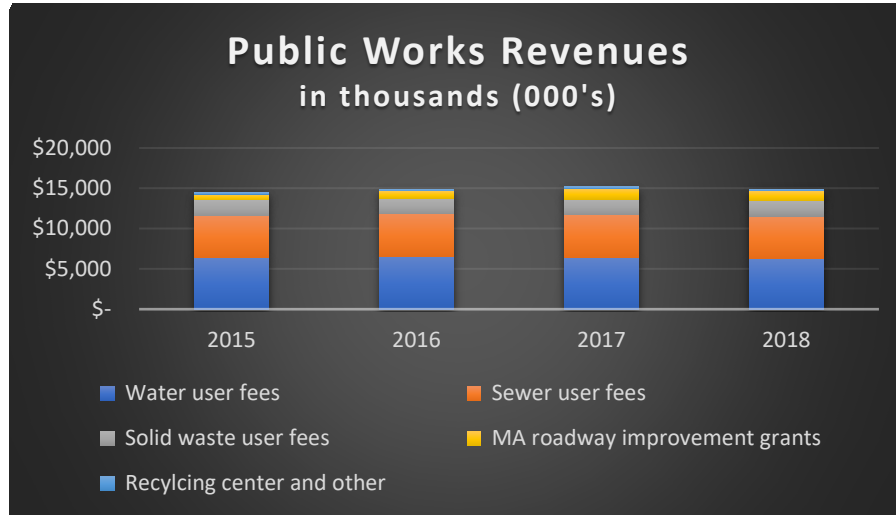
SIGNIFICANT REVENUE SOURCES:
- Utilities
- Chapter 90 grants
- Recycling center

SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Construction contractors
- Repairs and maintenance
- Hauling and tipping fees
- Supplies

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **HIGH**

In terms of expenditures – **HIGH**

Other qualitative factors – **MODERATE**

Public Works encompasses a number of areas within the Town including highways and grounds, water and sewer utilities, solid waste disposal. Outside property taxes and intergovernmental revenues, utility billings and collections represent the next most significant source of Town revenues. Public Works is also responsible for the oversight of the Town's gasoline filling station. Additionally, its mechanics can provide light servicing to the Town's vehicles.

Utility billings for water, sewer and solid waste are performed quarterly. Water is sourced from a series of underground wells. Sewage is pumped to the Charles River Pollution Control District in Medway for treatment. Solid waste collection is outsourced to Waste Management. All billings are done through MUNIS. However, the mailing of utility invoices (like property taxes) has been outsourced to Globe Direct.

Approximately 90% of the Town receives water from the Town. Radio frequency water meters are in place throughout the Town with the exception of one large industrial user, whose meters are manually read quarterly. For Town residents receiving sewer, their sewer consumption is the same as their water meter consumption. For the limited number of sewer users who are not Town water customers, a flat quarterly fee is assessed. Residents are billed flat rates quarterly based on the number of trash and recycle barrels they have in use and the pricing for these services is set by the Town Council. Each barrel contains an RFID chip.

The reliability and accuracy of the Town's water meters are essential to ensure accurate billing of water and sewer services. The water department has a ten to twelve-year water meter replacement program in place to ensure that water meters are replaced before they are expected to fail (generally every twelve to fifteen years). Additionally, industrial users are required to have their water meters tested annually by an outside party at their own expense.

While the department is responsible for compiling the data for utility billing using the Neptune software that interfaces with MUNIS, the department does not accept utility payments. These must be made through the Collector's office.

In addition to utility billings, the department operates a recycling center that has limited hours of operations. Additionally, the department will sell overflow trash bags and generate other income in the form of permit application fees.

Public Works maintains inventory in two key areas – fuel for Town vehicles and sanding salt. Public Works, together with the Town Engineer, manages the Town's highway road improvement program with the Commonwealth. This is commonly known as the Chapter 90 projects.

Public Works is very capital intensive. The Director of Public Works maintains a database of large equipment that is used as part of the capital improvement plan. This database is for internal use only. Each public works vehicle is equipped with GPS; in accordance with collective bargaining agreements, the use of GPS is limited.

Payroll is significant in public works; there are approximately forty-five year-round employees, which increases during the summer months when seasonal hires are made. Laborers and foremen generally use punch clocks to track time. Salaried employees use time off request forms to track absences. The department enters time and attendance directly into MUNIS for each bi-weekly period and maintains payroll files with signed timesheets/records to support the payroll figures.

The department complies with the Town's internal procurement practices.

The areas of significant risk for Public Works are as follows:

Risk Area – PW1	Not all receipts are recorded in the underlying accounting records.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The vast majority of the department's revenues are in the form of utility charges (which are billed and collected at the Collector's office) and Chapter 90 receipts, which are received via wire approximately 2 months after reimbursement requests have been submitted to the state. Cash receipts at the recycling center are inherently at risk due to its general nature – a remote office handling cash. However, the largest source of revenues from the recycling center is in the form of stickers, which are sequentially numbered and their sequence is accounted for and reconciled. Additionally, a log of all recycling center transactions is maintained and reviewed by several individuals for reasonableness and accuracy. Cash drawers are zeroed out daily and reconciled. Whether someone pays for a service at the public works office or recycling center, a triplicate receipt is used for each transaction. These receipts are prenumbered and the sequence is tracked. These receipts are turned over to the Treasurer's office regularly and the monthly Form 10 turnover reconciliation is used (see also SCR2).
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW2	Customers receive services for which they haven't paid.
Significance of Risk	Moderate
Controls in Place to Address the Risk	With respect to water and sewer billings, the department has a database of all water services, which was referenced to the billing database in the past. Unpaid amounts can be applied against the property taxes and ultimately liened.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW3	Disbursements are made for unauthorized vendor transactions.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Purchase orders are used for all disbursements in excess of $2,500. The department's Budget and Administration Manager reviews all purchase order requisitions for coding, reasonableness and budgetary compliance prior to being sent to the Director of Public Works for review and approval. The purchase order requisition is then routed to the normal channels for additional review and ensure procurement compliance. Refer to SCD2, 3, 4 and 5. Vouchers are prepared for all vendor invoices. These are first sent to the Budget and Administration Manager for review and then to the Director of Public Works for final review and approval. Refer to SCD 2.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW4	Gasoline is consumed for non-business purposes.
Significance of Risk	Low
Controls in Place to Address the Risk	Town gasoline is dispensed at a filling station on the public works grounds. Video monitoring equipment is in place at the pumps. Additionally, to operate a pump, the vehicle must have been preapproved to be filled at the Town pump as well as the operator. Both the operating and vehicle will have an activation fob. Both the vehicle and operator's fob must be used to activate the gas pumps.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW5	Not all Chapter 90 monies are received; Chapter 90 funds may be held back is used on non-approved projects.
Significance of Risk	Low
Controls in Place to Address the Risk	Chapter 90 monies are awarded on a reimbursement basis and are predetermined for each Massachusetts municipality. Public works will coordinate with the Town Engineer to identify needed projects. Due to the size of the projects, procurement laws will need to be complied with, so the department will work with the CPO well in advance of the project.

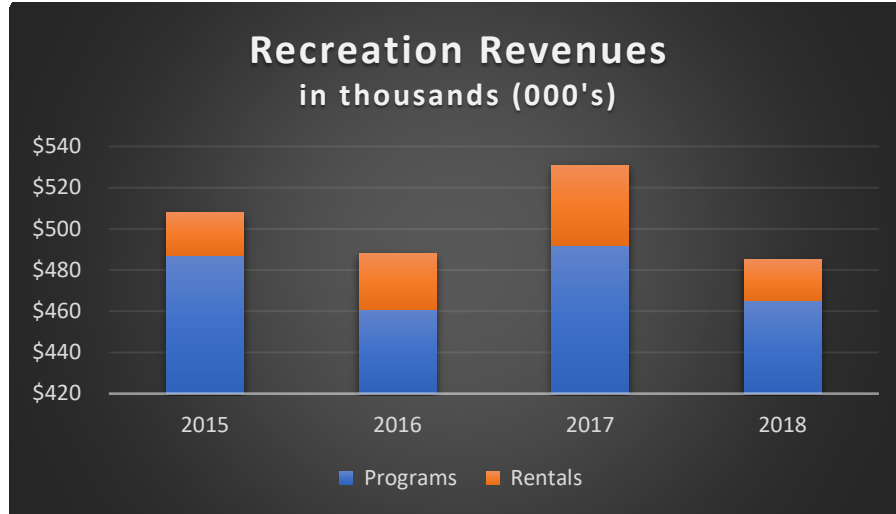|	Generally, the project is awarded to contractors preapproved on the state bid list. Reimbursement requests are completed by the department's Budget and Administration Manager, who will access MUNIS to ensure that all costs incurred and expended for Chapter 90 are in the reimbursement request.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW6	The pricing of the utility services is inadequate to cover expenses.
Significance of Risk	High
Controls in Place to Address the Risk	Pricing for utility bills is set by the Town Council after significant input from the department. Revenue and expense trend analyses are performed to better ensure that the enterprise funds are self-sustaining at both the departmental level as well as at the Comptroller's and Town Administrator's offices.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

Risk Area – PW7	Payroll is not accounted for correctly.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The department employs several methods to track time and attendance. Laborers and foremen use a punch clock to track their time and attendance. The Director of Public Works periodically reviews the punched cards for hours or attendance. Salaried departmental employees will use time sheets. All timesheets and punch cards are sent biweekly to the Budget and Administration Manager for MUNIS entry and review. Once this is completed, the Director of Public Works will review paying particular attention to overtime and other non-standard items. The payroll then runs through the Comptroller's processes (refer to SPR 5 and 7). The Director of Public Works regularly reviews his budget to actual performance, paying particular attention to overtime and other non-standard payroll items.
Risk Reduced to an Acceptable Level	Yes
Remediation(s) to Consider	None

RECREATION

OVERSIGHT BODY

Recreation Advisory Board, Town Administrator, Town Council

SIGNIFICANT REVENUE SOURCES:
- Recreation programs
- Field rentals

Recreation Revenues
in thousands (000's)

SIGNIFICANT EXPENDITURE TYPES:
- Payroll
- Contracted services
- Supplies

DEPARTMENT'S SIGNIFICANCE:

In terms of revenues – **MODERATE**

In terms of expenditures – **MODERATE**

Other qualitative factors – **MODERATE**

Recreation administers dozens of athletics, recreation and related programing to the residents of Franklin. While the majority of the department's programs are geared towards students, the department offers several programs to adults such as beach volleyball. Unlike many Massachusetts recreation programs, the entire department is accounted for in the Town's general fund; many communities utilize a revolving fund for their recreation departments.

The department recognized revenues from two sources: programing and field rentals. Field rental revenue is not significant and is concentrated to one individual payer – the Rhode Island Thunder. Accordingly, this financial risk assessment focusses on program revenues.

Recreation's internal records indicate that approximately 97% of program registrations are performed online though the department's website, which is managed by SportsMan SQL. Some participants will register for programs at the department's location. In those cases, the recreation representative will key in the registration into the online portal and process either a credit card or check payment. Walk ins and those paying with check or cash (very limited) will also receive a receipt on the standard Town triplicate receipt form. The department turns over funds received to the Treasurer's office nearly daily.

Daily, Recreation receives a batch settlement report from the SportsMan SQL system. All credit card transactions are deposited into a dedicated recreation account at Rockland Trust.

Credit card information is stored in SportsMan SQL; however, Recreation representatives can only view the last four digits of credit card data. The department is currently investigation on the PCI compliance features within SportsMan SQL and will make a determination on whether or not to implement the additional security features.

Due to the nature of the department's programs, there is an inherent risk of personal injury on Town property. Waivers have been developed by Town Counsel and incorporated in all registration processes.

Over one-half of the department's expenditures are made for payroll. The department makes use of many seasonal employees during the summer. Time and attendance is tracked by the Recreation Director using a shared spreadsheet. Biweekly payroll is input directly into MUNIS and runs through the Town's normal payroll review and approval processes.

Expenditures are generally made against a purchase order, regardless of dollar amount. Each vendor invoice received by the department has a standard voucher attached to it and is signed off by the Recreation Director.

The areas of significant risk for Recreation are as follows:

Risk Area – RE1	Not all receipts are recorded in the underlying accounting records.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The vast majority of the department's revenues are in the form of credit card transactions, which are deposited into a dedicated recreation account for ease of reconciliation. The SportsMan SQL system permits users to register and pay at the department.

Each in-person payment is provided a receipt, which is in prenumbered, sequential and in triplicate, and is turned over to the Treasurer daily. These receipts are reconciled (together with the credit card transactions) with the Treasurer's office monthly through the Form 10 turnover reconciliation (see also SCR2). |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – RE2	Customers receive services for which they haven't paid.
Significance of Risk	Moderate
Controls in Place to Address the Risk	The SportsMan SQL system also serves as a registration system. This better ensures that those who have registered are participating in the programs.

Past due amounts are followed up with parents/guardians. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – RE3	Disbursements are made for unauthorized vendor transactions.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Purchase orders are used for nearly all disbursements, regardless of dollar value. Vouchers are prepared for all vendor invoices. The Recreation Director signs off on all voucher packages. Refer to SCD2, 3, 4 and 5.

The Recreation Director reviews budget to actual performance regularly. |
| Risk Reduced to an Acceptable Level | Yes |
| Remediation(s) to Consider | None |

Risk Area – RE4	Sensitive personal data of registrants may become compromised.
Significance of Risk	Moderate
Controls in Place to Address the Risk	Access to SportsMan SQL is limited to four individuals, with the Recreation Director as the superuser. Permissions are set for each user based on their roles and responsibilities. Personal data is collected from registrants seeking "scholarship" to recreation programs. Financial data is collected and benchmarked versus US HUD matrices to determine eligibility and level of scholarship.
Risk Reduced to an Acceptable Level	Partially
Remediation(s) to Consider	The SportsMan SQL has more robust personal and credit card data information protections that the department can choose to adopt (PCI compliance). The department is evaluating this feature and the effect it may have on its operations. In connection with the scholarship process, the department will receive and retain sensitive financial information from applicants that are used to determine eligibility. This information has been retained and stored in an insecure location. A more appropriate method would be to have a data collection form be completed and attested by the Recreation Director with pertinent financial information and destroy the sensitive data forms.
Town Action(s): Scholarship applications and relative financial information are now stored in a secure location and the Recreation Department has added measures to its policies and procedures. The Recreation Department will comply with applicable Massachusetts document retention rules and regulations.	

OTHER SIGNIFICANT TOWN DEPARTMENTS

In addition to the financial risk assessments performed for the individually significant departments in the preceding section of this financial risk assessment report, the following departments were interviewed and where necessary their processes were observed:

- Town Clerk
- Library
- Health Department

- Council on Aging
- Veterans' Services
- Affordable Housing Trust

TOWN CLERK

The Town Clerk's office is responsible for local, state and federal elections, dog licensing, managing and maintaining vital records and issuing business certificates. The position of Town Clerk is elected and there are three full time employees working in the office. During elections, the office can use between fifty and sixty temporary workers to staff the polling stations.

Town Clerk Revenues
in thousands (000's)
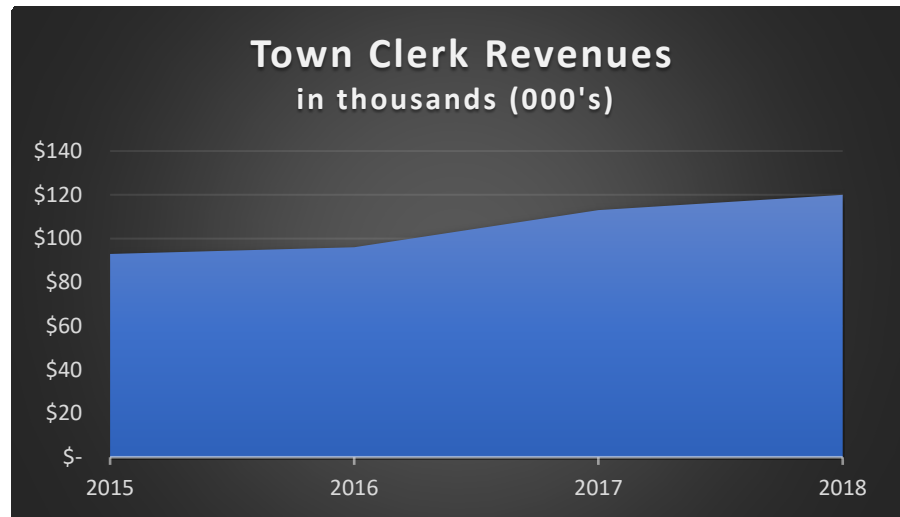
The Town Clerk's office follows the standard collections, payroll and expenditure processes used by virtually every other municipal office of its size and composition.

The areas of significant risk for the Town Clerk are as follows:

Risk Area – TC1	Town Clerk position is elected.
Significance of Risk	Low
Controls in Place to Address the Risk	None
Risk Reduced to an Acceptable Level	No
Remediation(s) to Consider	The election of an unqualified individual in the Town's only elected position that is employed as a full-time employee represents an unnecessary risk to the department's operations. The Town recently transitioned from an elected Treasurer/Collector to an appointment. The Town should consider appointing its Town Clerk.

LIBRARY

The Town's Library is the oldest public library in the United States. Its first set of books were donated by Dr. Benjamin Franklin in 1778 and are carefully displayed in the library. The Library is staffed by thirteen full and part-time employees.

The Library follows the standard collections, payroll and expenditure processes used by virtually every other municipal office of its size and composition. No material financial risks were deemed to be sufficient to be included in this financial risk assessment report.

Library Revenues
in thousands (000's)
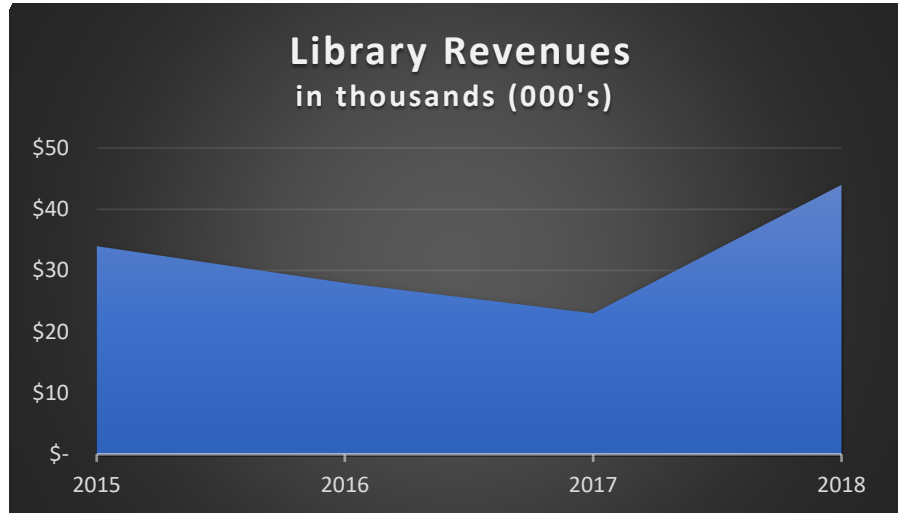
HEALTH DEPARTMENT

The Health Department is charged with protecting the public health. The department is staffed by two full-time employees and utilizes administrative support from the building and inspectional services department. Additionally, the department outsources portions of its septic system reviews to a third party. The Health Department operates one Town vehicle to assist its personnel in performing their day-to-day activities.

Health Department Revenues
in thousands (000's)

The Health Department follows the standard collections, payroll and expenditure processes used by virtually every other municipal office of its size and composition. No material financial risks were deemed to be sufficient to be included in this financial risk assessment report.
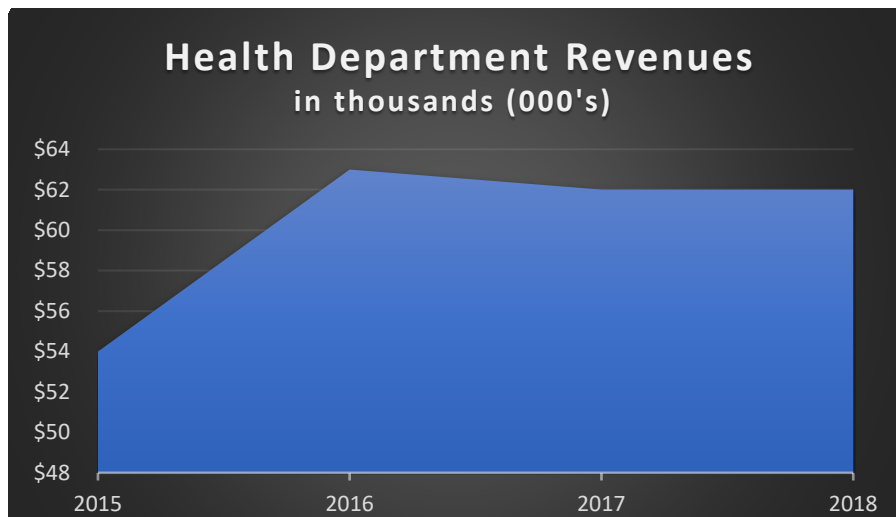
COUNCIL ON AGING

The Council on Aging's mission is to enhance the independence and quality of life of older adults. The Council on Aging operates from the Town's senior center. The Council on Aging receives a formula grant from the Commonwealth of Massachusetts of approximately $50,000 each year. Other major revenue sources include food service and supporting day programing.

Council on Aging Revenues
in thousands (000's)
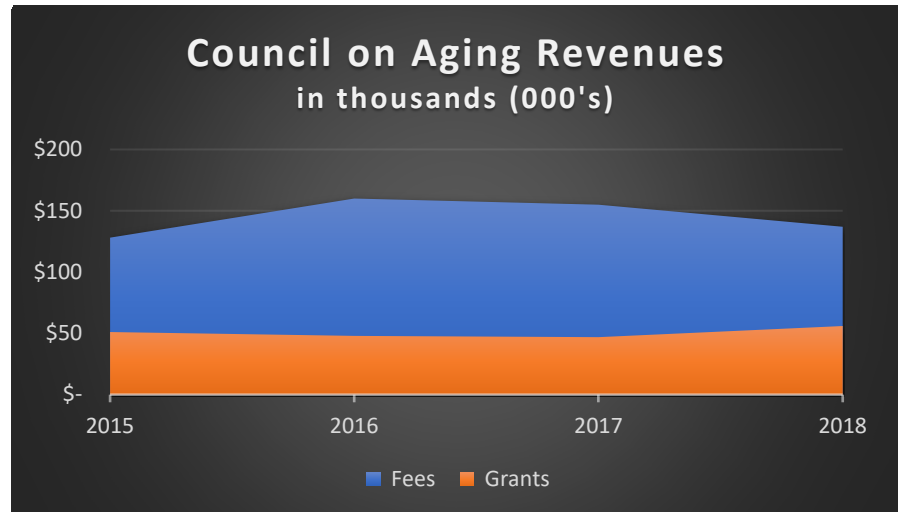
The Council on Aging follows the standard collections, payroll and expenditure processes used by virtually every other municipal office of its size and composition. No material financial risks were deemed to be sufficient to be included in this financial risk assessment report.

VETERANS' SERVICES

Veterans' Services offers assistance to veterans of the U.S. Armed Forces and is a state-mandated office. The day-to-day operations of the department are performed in a dedicated office at the Franklin Senior Center. The Town contracts its Veterans' Agent with Norfolk County. Veterans' Services are funded with state funds and modest contributions.

Veteran's Services follows the standard collections, payroll and expenditure processes used by virtually every other municipal office of its size and composition. No material financial risks were deemed to be sufficient to be included in this financial risk assessment report.

INSURANCE AND BONDING

Adequate insurance and bonding are key elements in mitigating risk. The Town's property and casualty insurance is with the Massachusetts Interlocal Insurance Association, or MIIA. The Town's buildings and contents are insured for nearly $300 million with a $5,000 deductible. The Town also carries

- general liability insurance;
- bodily injury, personal injury and employee benefit liability;
- automobile insurance;
- law enforcement liability;
- public officials liability;
- school board legal liability;
- workers compensation; and
- umbrella/excess liability insurance

In addition to the insurance policies above, the Town has fidelity bonds on its Treasurer ($300,000), Collector ($300,000), Assistant Treasurer ($75,000), Assistant Collector ($75,000) and Town Clerk ($15,000).

ACKNOWLEDGMENTS

Jeffrey Nutting — Town Administrator's Office
Felicia Oti — Library
Deacon Perrotta — Public Works
Tim Rapoza — Technology
Dave Robinson — Technology
Kevin Ryan — Police
Chris Sandini — Comptroller's Office
Paul Sharpe, Jr. — Fire
Dale Kurtz — Veterans Services
Chrissy Whelton — Town Administrator's Office

Terenzio Volpicelli CPA — Roselli, Clark & Associates