

**TOWN OF ASHBY, MASSACHUSETTS**

Management Letter

For the Year Ended June 30, 2014

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**Additional Offices:**

Nashua, NH  
Manchester, NH  
Andover, MA  
Ellsworth, ME

To the Board of Selectmen  
Town of Ashby, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Ashby, Massachusetts as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Board of Selectmen, others within the Town, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Melanson Heath*

December 16, 2014

## **CURRENT YEAR ISSUES**

### 1. **IMPROVE ACCOUNTING FOR POLICE OUTSIDE DETAIL ACTIVITY**

The Police Department is responsible for maintaining billing, receivable and receipt records for activity related to outside detail services provided by Town officers. There were no records or reports available from the Police Department to support the accounts receivable balance reported in the Town's general ledger at June 30, 2014. We understand the Police Department has gone through several personnel changes during fiscal year 2014, which may account for the lack of records to support outside detail activity; however, as a result, there was no reconciliation to the general ledger.

We recommend the Police Department establish a formal system to track outside detail activity and accounts receivable balances and that these records be reconciled with the general ledger at least quarterly.

In addition, in accordance with a contractual agreement and as is common in many towns, the Town pays its officers upon completion of the details, and not when the fees are collected. Consequently, any unpaid fees result in a deficit in the outside detail fund.

In order to avoid a deficit, we recommend the Town consider a one-time appropriation to the outside detail fund which would be used to pay the officers while awaiting payment from the customer.

#### Town's Response:

In fiscal year 2014, a computer replacement project in the Police Department had the unanticipated effect of wiping out the program which had previously been used for management of the police details. The process of rebuilding the control process then hit a further snag, as a change in personnel eliminated the management continuity, which, in turn, led to "fits and starts" progress.

In fiscal year 2015, the Chief of Police has made the issue of detail control a priority, and has materially improved the management process. The imminent addition of a new administrative assistant will also provide a new application of continuity that will contribute to ongoing stability of the process.

## **PRIOR YEAR ISSUES**

### 2. **IMPLEMENT FIXED ASSET INVENTORY FOR FEDERALLY-FUNDED EQUIPMENT**

Procedures over Federally funded equipment (that have a useful life of more than one year and an acquisition cost of \$5,000 or more per unit), must comply with certain Federal regulations. These include requirements to maintain

equipment records that would include identification numbers, location, description, and date of purchase; tagging all equipment, taking a physical inventory of the equipment at least once every two years, and reconciling the physical count to the equipment records.

Although the Town does maintain a list of capital items (that have a useful life of more than one year and an acquisition cost of \$5,000 or more per unit), this list does not meet all of the federal requirements noted above.

We recommend the Town amend the current procedures over fixed asset recordkeeping to ensure compliance with Federal requirements for any item purchased with Federal funds, such as certain equipment purchased with a Federal firefighter grant in fiscal year 2013.

Town's Response:

The Fire Department is currently in compliance with federal regulations concerning records maintenance, physical inventory, and reconciliation of records to equipment for Federally funded equipment with an acquisition cost of \$5,000 or more per unit and a useful life of more than one year.