

TOWN OF MANSFIELD, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORT AS
REQUIRED BY OMB CIRCULAR A-133
AND *GOVERNMENT AUDITING STANDARDS*
AND RELATED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

TOWN OF MANSFIELD, MASSACHUSETTS
INDEPENDENT AUDITORS' REPORT AS REQUIRED BY OMB CIRCULAR A-133
AND *GOVERNMENT AUDITING STANDARDS* AND RELATED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

INDEX

	<u>PAGE</u>
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	1 - 2
Schedule of Expenditures of Federal Awards	3 - 4
Notes to Schedule of Expenditures of Federal Awards	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6 - 7
Schedule of Findings and Questioned Costs	8 - 12

R. E. BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
25 CEMETERY STREET – P.O. Box 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Selectmen
Town of Mansfield, Massachusetts

Compliance

We have audited the Town of Mansfield, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Mansfield, Massachusetts' major federal programs for the year ended June 30, 2012. The Town of Mansfield, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Mansfield, Massachusetts' management. Our responsibility is to express an opinion on the Town of Mansfield, Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Mansfield, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Mansfield, Massachusetts' compliance with those requirements.

In our opinion, the Town of Mansfield, Massachusetts complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item **2012-1**.

Internal Control Over Compliance

Management of the Town of Mansfield, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Mansfield, Massachusetts' internal control over compliance with the requirements that could have a direct and material effect on a major

federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Mansfield, Massachusetts' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Massachusetts as of and for the year ended June 30, 2012, and have issued our report thereon dated March 1, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Mansfield, Massachusetts' financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Town of Mansfield Massachusetts' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Mansfield, Massachusetts' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. E. Brown & Company

March 1, 2013

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION			
DIRECT PROGRAMS: FEDERAL AVIATION ADMINISTRATION			
AIRPORT IMPROVEMENT PROGRAM - MASTER PLAN UPDATE	20.106	AIP 3-25-0028-22-2009	\$ 2,711
AIRPORT IMPROVEMENT PROGRAM - ACQUISITION OF 415 FRUIT STREET LOT	20.106	AIP 3-25-0028-24-2011	103,391
AIRPORT IMPROVEMENT PROGRAM - SNOW REMOVAL EQUIPMENT	20.106	AIP 3-25-0028-24-2011	<u>97,051</u>
TOTAL DIRECT PROGRAMS FROM: FEDERAL AVIATION ADMINISTRATION			<u>203,153</u>
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY & SECURITY			
STATE & COMMUNITY HIGHWAY SAFETY - ENFORCED MOBILIZATION	20.600		1,112
STATE & COMMUNITY HIGHWAY SAFETY - CHILD SAFETY SEAT	20.600		<u>4,999</u>
TOTAL PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY & SECURITY			<u>6,111</u>
TOTAL U.S DEPARTMENT OF TRANSPORTATION			<u>209,264</u>
U.S. DEPARTMENT OF EDUCATION			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE)			
TITLE I - FY 2012	84.010	305-277-2-0167-M	139,787
TITLE I - FY 2011	84.010	305-061-1-0167-L	5,303
TITLE I - CARRY OVER	84.010	305-358-2-0167-M	7,468
PL 94-142 PROJECT CLASS - FY 2012	84.027	240-067-2-0167-M	1,043,065
PL 94-142 PROJECT CLASS - FY 2011	84.027	240-191-1-0167-L	80,198
SPED PROGRAM IMPROVEMENT	84.027	274-282-2-0167-M	34,670
CIRCUIT BREAKER SUPPLEMENTAL	84.027A		23,051
CIRCUIT BREAKER 2ND SUPPLEMENTAL	84.027A		3,861
DRUG FREE SCHOOLS - FY 2011	84.186	332-120-1-0167-L	5,031
DRUG FREE SCHOOLS - FY 2010	84.186	331-178-0-0167-K	145
DRUG FREE SCHOOLS - FY 2006	84.186	331-258-6-0167-G	1,450
ENGLISH LANGUAGE ACQUISITION GRANT - FY 2012 LEP SUPPORT	84.365	180-116-2-0167-M	619
ENGLISH LANGUAGE ACQUISITION GRANT - FY 2011 LEP SUPPORT	84.365	180-083-1-0167-L	29,327
TEACHER QUALITY - FY 2012	84.367	140-403-2-0167-M	61,389
TEACHER QUALITY - FY 2011	84.367	140-305-1-0167-L	22,417
TEACHER QUALITY - FY 2010	84.367	140-274-0-0167-K	1,227
(ARRA) - IDEA SPECIAL EDUCATION GRANTS TO STATES - FY 2011	84.391	760-318-1-0167-L	72,226
(ARRA) - STATE FISCAL STABILIZATION FUND - EDUCATION STATE GRANT - FY 2012	84.394	780-009-2-0167-M	328,583
EDUCATIONAL JOBS	84.410	206-023-2-0167-M	<u>936,123</u>
TOTAL PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION (DESE)			<u>2,795,940</u>
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION - DEPARTMENT OF EARLY EDUCATION & CARE (EEC)			
EARLY CHILDHOOD ALLOCATION - FY 2012	84.173	262 12 MANSFIELDPUB	37,805
EARLY CHILDHOOD ALLOCATION - FY 2011	84.173	262 11 MANSFIELDPUB	2,573
(ARRA) - IDEA SPECIAL EDUCATION PRESCHOOL GRANTS - FY 2011	84.392	762 11 MANSFIELDPUB	<u>1,148</u>
TOTAL PASS-THROUGH PROGRAMS FROM : MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION (EEC)			<u>41,526</u>
TOTAL U.S DEPARTMENT OF EDUCATION			<u>2,837,466</u>
U.S. DEPARTMENT OF AGRICULTURE			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE) - BUREAU OF NUTRITION			
NATIONAL SCHOOL BREAKFAST PROGRAM	10.553	03-167	8,975
NATIONAL SCHOOL LUNCH PROGRAM	10.555	03-167	<u>244,490</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>253,465</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U. S. INSTITUTE FOR MUSEUM AND LIBRARY SERVICES			
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS BOARD OF LIBRARY COMMISSIONERS			
GRANTS TO STATES - LIBRARIES FOR JOB SEEKERS	45.310		<u>4,636</u>
TOTAL U. S. INSTITUTE FOR MUSEUM AND LIBRARY SERVICES			<u>4,636</u>
U.S DEPARTMENT OF HOMELAND SECURITY			
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			
CITIZEN CORPS	97.053		<u>2,550</u>
TOTAL PASS-THROUGH PROGRAM FROM : MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			<u>2,550</u>
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EMERGENCY MANAGEMENT AGENCY			
DISASTER GRANT - PUBLIC ASSISTANCE (HURRICAINA IRENE)	97.036	FEMA-330	<u>70,458</u>
TOTAL PASS-THROUGH PROGRAM FROM : MASSACHUSETTS EMERGENCY MANAGEMENT AGENCY			<u>70,458</u>
TOTAL U.S DEPARTMENT OF HOMELAND SECURITY			<u>73,008</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,377,839</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF MANSFIELD, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and financial reporting practices permitted for municipalities in Massachusetts are prescribed by the Uniform Municipal Accounting System (UMAS) promulgated by the Commonwealth of Massachusetts Department of Revenue. The significant accounting policies followed by the Town are as follows:

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant transactions of the Town. The receipts and proceeds from Federal grants are recorded on the modified accrual basis whereby revenue is recognized when it becomes available and measurable. Disbursements of Federal grant funds are recorded on the accrual basis.

II. SCOPE OF AUDIT

The Town of Mansfield, Massachusetts (the Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts. All operations related to the Town's Federal grant programs, (the Department of Agriculture, Department of Education, Institute for Museum and Library Services, Department of Homeland Security, and Department of Transportation), are included in the scope of the OMB Circular A-133 Audit Requirements for audits of state and local governments (the Single Audit). The U.S. Department of Transportation has been designated as the Town's oversight agency for the Single Audit.

III. PERIOD AUDITED

Single audit testing procedures were performed for Town Federal grant transactions during the year ended June 30, 2012.

IV. SCHOOL LUNCH PROGRAM

The Town accounts for local, state and federal expenditures of the National School Lunch and School Breakfast programs in one combined fund. Program expenditures in the accompanying Schedule of Expenditures of Federal Awards represent federal reimbursements for meals provided during fiscal 2012. Non-cash contributions of commodities under the Food Distribution program are received under a State distribution formula and are valued at federally published wholesale prices for purposes of this schedule.

V. SUBRECIPIENTS

The Town of Mansfield, Massachusetts passed no federal awards through to sub-recipients during the period under audit.

R. E. BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
25 CEMETERY STREET – P.O. Box 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Board of Selectmen
Town of Mansfield, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprise the Town of Mansfield, Massachusetts' basic financial statements and have issued our report thereon dated March 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Mansfield, Massachusetts is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Mansfield, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mansfield, Massachusetts' internal control over financial reporting and compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Mansfield, Massachusetts' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Mansfield, Massachusetts' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. As described in the accompanying schedule of findings and questioned costs, we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mansfield, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs at item 2012-1.

The Town of Mansfield, Massachusetts' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Mansfield, Massachusetts' response and accordingly we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. E. Brown & Company

March 1, 2013

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Town of Mansfield, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the report on the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Town of Mansfield, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditor’s report on compliance for the major federal award programs for the Town of Mansfield, Massachusetts expresses an unqualified opinion on all major federal programs.
6. Audit finding relating to one of the major federal award programs for the Town of Mansfield, Massachusetts is described in **Section C** on the following page.
7. The programs tested as major programs included:

Name	CFDA No.
Special Education Cluster	84.027, 84.027A, 84.173, 84.391 & 84.392
Educational Jobs	84.410
State Fiscal Stabilization	84.394

8. The threshold used for distinguishing between **Type A** and **B** programs was \$300,000.
9. The Town of Mansfield, Massachusetts **did not** qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2012-1 – Special Education (IDEA) Cluster – CFDA No.’s 84.027, 84.027A, 84.173, 84.391, & 84.392;
Grant period: Year Ended June 30, 2012

Condition:

During our test of controls over compliance with time and effort certifications the school department was not able to provide evidence that required semi-annual certifications of time and effort for those employees whose salaries or wages were wholly funded by these program funds had been completed by the affected employees and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees as required by OMB Circular A-87.

Criteria:

OMB Circular A-87 requires the following:

- Where employees work solely on a single Federal award or cost objective, their salaries or wages must be supported by periodic certification that the employee worked solely on that program for the period covered by the program. The certifications should be prepared at least semi-annually, and should be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Effect: Mansfield Public Schools was not in compliance with the time and effort certification requirements as specified in OMB Circular A-87.

Questioned Costs: None

Cause: It was an over sight by the School Department.

Recommendation: We recommend the School Department follow procedures to ensure that semi-annual certifications are prepared and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees in order to comply with the time and effort certification requirement.

Management’s Response: The School Department will follow the recommendation to ensure that the person in the supervisory capacity, the Special Education Director, will complete the appropriate certifications in a timely manner, in order to meet this compliance requirement. The process is already under way, and the procedure is in place to ensure that the certifications are regularly in place in the right time lines, every subsequent year.

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS –

11-1: CASH RECONCILIATIONS

Findings

1. The monthly reconciliation of the bank accounts to the individual check registers were not performed on a timely basis.
2. The check register monthly activity was not reconciled to total receipts and disbursements on a timely basis.
3. The check register summary balance and monthly activity was not reconciled to the general ledger on timely basis

We have concluded that these control deficiencies represent significant deficiencies that in combination represent a material weakness in internal controls.

Recommendation

The reconciliation of cash is a very important internal control. The Treasurer's departmental control accounts for cash should be reconciled to the Town Accountant's general ledger on a monthly and timely basis. Any monthly variance should be located and adjusted for in a timely manner.

Management Responses

- An additional staff member in the treasurer's office and in the Town Accountant's office was added to the budget for the fiscal year which began July 1, 2010. There is, of course, some lag between the time appropriations become available and the hiring process is completed. The individual was hired early in Fiscal Year 2011. The Town then proceeded to train this individual on the duties and responsibilities in each of the offices. Once that process was finished, work that had been done by others was shifted to this individual thereby relieving others of responsibilities allowing them to specifically address reconciliation issues.
- The spreadsheet controls that have previously been recommended were implemented and followed.
- The Town Treasurer/Collector and the Town Accountant followed up to assure that progress was being made throughout the year on the reconciliation issues. There was, as had been noted previously, a significant backlog, so there was a period of time during the year when reconciliations were not completed because of that backlog. We are satisfied that, by early in the beginning of the following fiscal year, all reconciliations were up to date.

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Management Responses

- An independent consultant was engaged to assist in the reconciliation process, most particularly in the use of the appropriate spreadsheets to automate the process.
- An outside consultant was engaged to review the operations of the entire financial systems of the Town. A draft report has been submitted by that consultant. The report is under review, and a final report will be generated with recommendations and timelines for implementation.

Current Status: The recommendations have been adopted during Fiscal 2012. No similar findings were noted during the FY 2012 audit.

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS –

11-2: ACCOUNTS RECEIVABLE – WATER AND SEWER ENTERPRISE FUNDS

Findings

1. The various account receivable activity and balances were not reconciled to a control account or the general ledger on a monthly basis in a timely manner.
2. The accounts receivable detail activity and balance reports generated by the accounts receivable software did not always reconcile to the software's control reports generated by the Town. The application of these controls was significantly impacted by the circumstance that this was the first year using the software while converting from another provider. The implementation and conversion process of the new data processing software required more support and time for training and testing than was provided.

We have concluded that these control deficiencies represent significant deficiencies that in combination represent a material weakness in internal controls.

Recommendations

1. The reconciliation of accounts receivable is a very important internal control. The activity control reports should be reconciled to the detail report on a monthly and timely basis. The control reports should also be reconciled to the general ledger on a monthly and timely basis.
2. The Town must obtain sufficient training and support to operate the accounts receivable software so that the internal control functions for the reconciliation of balances and activity can be performed on a monthly and timely basis. If it is demonstrated that properly installed and operated accounts receivable software cannot provide for these basic internal control procedures, then the Town should investigate other options.

**TOWN OF MANSFIELD, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Management Responses

- The Town has hired additional staff, as previously mentioned, trained that staff, and implemented processes to assure that account receivable activity and balances are reconciled to the control account or the general ledger on a monthly basis. There was a time lag in implementation due to the recruitment and training process for the additional person.
- The Town engaged SoftRight Corporation, the provider of the financial software, to provide additional training to the staff and to work with the staff of the Town, most particularly in the Town Accountant's Office and the Treasurer/Collector's office to fully utilize the software and to make certain that all aspects of the software were implemented and utilized. This training has resulted in a greater understanding of the software, and it has also brought to light deficiencies in the implementation of the software which have been addressed jointly by SoftRight and the Town.
- The Town engaged an independent consultant to work with the Treasurer/Collector and Town Accountant staff and SoftRight to ensure that the software was being properly implemented.
- The Town engaged an independent consultant to do a complete review of the financial operations of the Town. A draft report from that consultant has been submitted. A final report is anticipated in the near future along with timelines and recommendations for implementation by the Town.

Current Status: The recommendations have been adopted during Fiscal 2012. Additionally during Fiscal 2012 the Town has been working with SoftRight to resolve many of the software issues. No similar findings were noted during the FY 2012 audit.