

10/18/17

Subject: Follow-Up on 3/15/17 Auditor Letter
From: J. Otto, Brooklyn Board of Finance
To: Rick Ives, Patti Buell
cc: BoF Members, Ms. Genna, Mrs. Erickson

O'Connell, Pace and Company on 3/15/17 provided a list of questions, suggestions and comments arising from their audit of Brooklyn's '15-'16 financial records. The Board of Finance reviewed this letter at its 3/23/17 meeting and set some target dates for the General Government and the Board of Education to respond to selected items in the Auditor's letter. Subsequent events, including the resignation of the Finance Director and the search for a permanent replacement for the Interim Superintendent of Schools, as well as the BoF's preoccupation with the lack of a state budget and possible impacts on Brooklyn's financial situation have resulted in a lack of follow-up by the BoF on these topics. Summarized below is an excerpt from the 3/23/17 BoF Meeting Minutes showing the originally anticipated follow-up dates. Please review these dates and reply by the 11/15/17 BoF meeting date with responses to the matters raised or with new suggested target dates for responses.

Thank you in advance for your cooperation.

1. Personnel files at the School showed some deficiencies (unsigned stipend agreements, absence of drug testing records, written warnings with no referral up the management line, relocation of employee written warnings from Principal's offices to Superintendent's office). Target Date 5/15/17
2. Sign-off of large Journal Entries by Management (Finance Director began signing off; unknown status of this request following Mrs. Holmes resignation)
3. Conflict of Interest forms should be filed by members of all Town Boards and management employees. Target Date 10/1/17
4. Add ethical behavior statements to policy manuals. In Progress – No target date
5. Disclosure of relatives doing business with the Town or the BoE. Check personnel and ethics policies to see if this is covered. Target Date 5/15/17
6. Filing Personnel Records at School (Personnel Reviews filed in Superintendents office, not Principal's offices; No records of Sexual Harassment Training). Target Date 9/1/17
7. Update of School Emergency Plan. Target Date 5/15/17
8. No record of physical inventory of assets at school. See 10 below
9. Obtain Town Pension records and reports by 11/1/17 to avoid delay in completing next audit. Target Date for assurance of compliance 5/1/17 and for receipt of records 11/1/17.
10. Review fixed asset inventory vendor's new software for correctness and for accurate starting balance. No Target Date assigned
11. Review following fund balances for no change in balances from 2015 to 2016. Target Date 5/15/17
 - WPCA - Interest and Liens - \$24,447
 - Special Assessments - \$660
 - Deferred Revenue - \$54,138
 - Capital Non-Recurring Fund – Intergovernmental Receivable \$274,289
 - TAR Fund – Due to Other Funds - \$146,477
 - Special Education Grants Fund – Intergovernmental Receivables - \$1,000
 - Due to Other Funds - \$13,793
 - Unearned Revenue - \$24,649
12. Selectmen should determine whether to redefine capitalized cost limits or to establish a "Small Tool/Expendable Asset" List to keep track of assets not currently capitalized. Target Date 5/15/17
13. Selectmen to perform a risk assessment and, if warranted, establish procedures to minimize losses or defalcations. Consider including in policy a Supervisor's sign-off on the authorized disposal of assets. Target Date: 5/15/17
14. Consider adding credit checks and drug testing to pre-employment screening. In some cases negotiations with bargaining units will be required. Target Date 5/15/17
15. Update Employee Manual last updated in 2008. Target Date 5/15/17

16. Consider centralizing personnel records, particularly OSHA and Safety Training records. Target Date 5/15/17

17.

- Examination of employee files revealed issues at the school: Dr. Conway is addressing these. Target date for response is May 15th
- Large school entries are to signed off by management: Ms. Holmes already approves them, she will now physically sign the sheet
- Conflict of interest forms should be used: Form will go to all boards to complete. Target date for completion is October 1st
- Ethical behavior statements should be in the policy manual: This is in progress
- There should be disclosure of relatives doing business with the Town or BOE: Look at personnel policy and ethics policy to see if this is covered. Target date for response is May 15th
- Personnel Files at the School: Dr. Conway is correcting this. Target date for a report May 15th
- Updating Emergency Plan: Dr. Conway is in the process of this. Target date for a report is May 15th
- Physical inventory assets are not done: It is believed the Town has been done. Check to see if school has been. Target response date May 15th
- Pension reports not received in a timely manner: Hooker & Holcombe is attending the next meeting for the purpose of this discussion. Target report for May 1st
- Vendors new software for fixed assets was inaccurate: This is an issue with Field Services.
- Certain assets and liability funds need to be addressed: Ms. Holmes is researching this. Target report for May 1st
- Expendable asset list to protect those items is needed: Will research to see if the Town has a policy to define expendable. Target report for May 15th
- Next 3 items pertain to the previous item
- New employees should go through a background check: This will be negotiated. Update on target date for completion given on May 15th
- Update the employee manual: Target date for update on May 15th
- OSHA training for employees should be kept in one place: Update from the Selectmen on May 15th
- Personal computer usage should be included in the personnel policy and union contract: Target update on May 15th
- Active cameras should be made aware to employees: This will be discussed with Dr. Conway and the Board of Selectmen. Target date October 15th
- Use a fireproof cabinet for personnel files: Decision up to the Board of Selectmen if they wish to get a cabinet
- Develop a fund balance policy: Some suggestions were submitted by the auditors. A target range for the fund balance is in place, but not in writing. Ms. Brodeur would also like the policy to include any restricted funds be approved by the Board of Finance. An example is TAR funds and also include that they can only be used for town aid on roads. Mr. Kelleher states those funds are under the control of the Selectmen. Ms. Brodeur states last year, approximately \$150,000 was borrowed from TAR funds from what would be received this year. Ms. Brodeur is not comfortable with that happening without the Board of Finance's approval. Mr. Otto states TAR funds can also be used for some other things other than roads. Target date for further discussion on September 15th. Ms. Brodeur states Mr. Ives stated when he became First Selectman he would provide this board with reports that would show the status of all the funding of all the grants and only one report was produced. Mr. Otto states he believes the auditor meant a policy for the uncommitted reserve balance. This will be discussed further with Mr. Ives present. If the deadlines cannot be met, the board is willing to work around a better time frame.