

TOWN OF BURLINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2015



100 Quannapowitt Parkway

Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

www.powersandsullivan.com

To the Honorable Board of Selectmen
Town of Burlington, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, Massachusetts as of and for the fiscal year ended June 30, 2015, 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The Town's written response to the matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

December 10, 2015

TOWN OF BURLINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2015

TABLE OF CONTENTS

Page

<i>PRIOR YEAR COMMENTS</i>	1
Police Detail Account.....	2
Accrued Compensated Absences	2
Trust Fund Reconciliation	3

PRIOR YEAR COMMENTS

POLICE DETAIL ACCOUNT

Prior Comment

The Police Detail Agency fund has had a significant negative cash balance. The deficit is due to inadequate billing and collection practices. As a result, a permanent deficit may exist in this fund that the general fund will have to make whole, thereby reducing reserves and free cash.

During the prior year, significant progress had been made for police detail billing and collection practices. As of January 1, 2014 the Police Department implemented the Police Detail Billing module of the IMC Time and Record Keeping Software package to replace the Access database billing system. Delinquent receivables were turned over to the Town's Deputy Tax Collector for collection. Additional safeguards were put into place to mitigate delinquencies at the time a detail is requested, up to and including the requirement of payment in advance. However, the Department noted some inherent reporting limitations with the new system. These limitations have made it difficult to reconcile to the general ledger on a monthly basis. The Town is still considering implementing a MUNIS billing module to track police details.

Current Status

The Department is still making progress with police detail billing and collections. During the next fiscal year the Town plans to implement the MUNIS billing module to track police details due to the inherent reporting limitations of the IMC Time and Record Keeping software package.

Continuing Recommendation

We continue to recommend that policies and procedures be implemented that would allow police detail receivables to be reconciled to the general ledger on a monthly basis.

Management's Response

The Police Department intends to implement the integrated Munis billing system prior to the close of 2016 to improve upon the progress that has been made. All the background work has been completed and the system is in the process of being tested.

ACCRUED COMPENSATED ABSENCES

Prior Comment

The Town does not have a centralized system to track and accrue unused earned sick and vacation time. The records for accrued compensated absences are presently maintained by the Department Heads. There is a need for the Town to centralize the system of tracking and accruing compensated absences to ensure compliance with multiple union contracts and other employment agreements. The present system does not minimize the risk that time earned and taken will not be recorded properly. We recommended that sick and vacation time be tracked in a centralized and automated fashion.

Current Status

The Treasurer's office is in the process of implementing a centralized system to track sick and vacation time. They are planning on implementing departments one at a time. The Treasurer's office is still currently not tracking various departments sick and vacation time.

Continuing Recommendation

We continue to recommend that sick and vacation time be tracked in an automated system in a central location.

Management's Response

The Treasurers office has been able to track unused vacation and sick time for the Accounting, Treasurer/Collectors, Police, Recreation and Department of Public Works departments as of June 30, 2015. The Town is training all payroll clerks and continues to work with the Fire, Library and other small departments to have all Town departments tracked on a centralized system. This project is expected to be completed during 2016.

TRUST FUND RECONCILIATIONS

Prior Comment

We had previously noted that the Town's trust fund balances recorded on the general ledger do not agree with the balance of the funds on deposit in the bank. These differences relate to either unrecorded activity in the bank accounts or on the general ledger. A lack of such reconciliation puts the Town at risk of basing financial decisions on inaccurate information, overspending trust fund balances, and improperly allocating interest income to the individual trust fund accounts. We recommended that the Treasurer implement procedures to reconcile the Trust fund bank balances to the general ledger balances on a monthly basis.

Current Status

During fiscal 2015 the Treasurer implemented procedures to reconcile the trust fund bank balance to the activity reported on the general ledger on a quarterly basis.