

**BOARD OF FINANCE
REGULAR MEETING – May 19, 2015
MEETING ROOM B
WILTON TOWN HALL**

PRESENT: Warren Serenbetz, Lynne Vanderslice, Al Alper, Jeff Rutishauser, John Kalamarides, Richard Creeth

ALSO PRESENT: Ken Post, Sandra Dennies, Rich McArdle, Sarah Taffel, John Savarese

Call to Order:

Warren Serenbetz called the meeting to order at 7:30 p.m.

Approval of Minutes

A motion was made, seconded and carried to approve the Minutes of April 21, 2015. Mr. Alper abstained as he was not present at the meeting.

Fraud Risk Assessment

Nancy Gregory and Andrew Boston reviewed the Fraud Risk Assessment Report forwarded to the Board of Finance (memo attached). Ms. Dennies stated that many of the findings included in the report from Blum Shapiro have been acted on by the BOE and the Town. Ms. Dennies and Ken Post to provide responses as to what actions have been acted upon.

Audit Management Comment – Follow up to Correspondence from Blum Shapiro

Ms. Dennies and Ken Post reviewed Audit Management Comment recommendations and responses (memo attached).

FY15 Status Report

Sandra Dennies reviewed the FY15 Budget Status Report (memo attached). Concern with ending the year in the black. Ms. Dennies has spoken to the BOS about the potential need to come to the BOF for Charter Authority at end of the year.

Discussion of Budget Vote

Discussion ensued regarding the Town Meeting and the budget vote and what can be done to get voters out to participate in public hearings.

Committee Reports

Mr. Kalamarides stated that the requests for temporary classrooms for Miller Driscoll Building Project have been approved and came in below budget. Expenses for lighting under budget as well. Mr. Kalamarides reviewed the timetable for completing project. Ms. Vanderslice

asked that if at some time during the project that the BOF get a breakdown of what exactly is included in the \$50 million that is being spent on the project.

Mr. Creeth stated that everything on track and on schedule with regard to The Comstock Community Center project. Encourage all to visit Comstock to see progress. Next meeting is scheduled for next week.

Mr. Serenbetz stated the Pension and OPEB Trust meetings took place last week and that OPEB plan is up 2.3% for the quarter against benchmark of 2.4%. Cost is .21%, which is cost effective and highly successful from a return standpoint.

Mr. Rutishauser stated the Pension Trust is \$100 Million and its fees are 57 basis points instead of 21. Trust is up 2.5% for the quarter versus a benchmark of 1.7% for the past 12 months. No changes in fund that were taken out or added.

Other Business

None

Public Participation

None

There being no further business the meeting adjourned at 10:30 PM.

Respectively submitted,

Jacqueline Rochester
(From video recording).

FINANCE DEPARTMENT
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TOWN HALL
238 Danbury Road
Wilton, Connecticut 06897

June 11, 2015

To: Board of Finance

From: Sandra L. Dennies, CFO

Re: FY 15 Budget Status Report

Attached please find the May 31, 2015 Status Report for the FY 15 Budget. The fiscal year is 91.78% completed.

Revenues: 100.98% of the budgeted revenue has been collected on an original budget of \$117,219,138.

Taxes are on target with 100.26% having been collected to date. The breakdown shows that current taxes have been collected at a 100.02% rate with motor vehicle supplemental tax collections 136.25%, and Back Taxes 100.12%. Interest and Lien fees also reflect a 125.02% collection. Regarding the \$435,535.56 Back Taxes revenues, Repayment of deferrals are \$138,202 while the balance is actual repayment of back taxes. The Town is foreclosing on a property with taxes due in the amount of \$200,403.60. It was scheduled for court April 27 and they can appeal by June 2. If no appeal is taken a new date will be set for court. There is no date for sale of the property at this time. Current attorney fees that will need to be reimbursed by the property total \$13,000.

Education Intergovernmental revenue collections are at 151.95% as the majority of educational intergovernmental revenues are collected in the second half of the fiscal year. There have been Excess Special Education funds received against a zero budget and minor increased revenues in Transportation and School Construction Interest which are driving the enhanced % complete. It is anticipated that additional school construction payments will be made within the next month due to the official closing of the two remaining open projects.

Town Intergovernmental revenues also reflect that stronger State collections occur in the second half of the fiscal year with 101.21% collected to date. Information regarding the grant amount is estimated by OPM each year in February with the release of the "Estimates of State Formula Aid to Municipalities" with the real information on revenues not known until the checks are received later in the spring. Among those revenues which have exceeded anticipated receipts are MRSA Bonded Distribution at 102.22%, Assessor's Elderly and Veterans Exemptions at a combined 110.15%, and the Tax Collector's Telephone Line Tax Grant at 102.10%. Town Aid Roads grant has also been slightly more than budgeted coming in at 100.87%.

Licenses, Permits & Fees total 98.40% collected to date. Town Clerk Conveyance Tax (\$532,871.10) now reflects collections of 95.16% of the budget. Planning and Zoning's Application fees are at 135.15% of budget and ZBA Fees at 118.63%. Finance Department's Alarm Registration fees reflect revenues of over twice their budget (260.92%). Building Department has reached 88.92% of their budgeted goal of \$558,800. Environmental Affairs is showing a strong revenue against budget with 305.54% of the \$26,000 budget being recorded this month. The Health Department is also showing strong revenues against their \$38,000 budget with 161.37% or \$61,322 recorded due to their enhanced fee collections. Senior Center Fees have also increased to 107.94% of budget.

Other Revenues – The category of Other Revenues as a whole reflects a 113.17% collection. Finance Department shows unbudgeted revenues on the Sale of Assets at \$77,801.00 and Miscellaneous Revenues at \$7,658 and the Tax Collector shows \$4,414 Miscellaneous Revenue. Comstock continues to increase with 207.47% of their \$7,500 budget. Although budgeted at much lower amounts, Police collections for Parking Fines are now at 173.44%. Swimming continues to reflect a 125.05% collection of their \$40,000 budget (no change) and Environmental Affairs has issued fines and collected funds totaling 331.15% of their \$2,500 budget. Board of Education Athletic Fees also have not changed with a total of \$14,304.75 or 178.81% of Budget submitted to date.

Interest income is reflecting municipal revenues of 87.63% at the end of May due to mortgaged backed investments no longer being allowed in the portfolio.

Unrealized Gain for the February period was \$50,484.14. If all investments are held to maturity, the Town does not lose any principal. Interest is paid throughout the year.

The only Capital Grant is LoCIP which is available to municipalities after March 1 of each year. The amount has been adjusted so that \$112,762 which is currently available through the Grant program to Wilton has been applied for through OPM.

Expenditures: At the 91.78% year end completion mark, expenditures to the end of May total 91.68% for the budget overall.

Debt Service has experienced payments in the amount of \$9,115,727.98 of the budgeted \$9,102,764.00 or 100.41% completion. Premium is available to offset the amount paid over budget.

Board of Education This line reflects expenditure levels of the Board of Education as being 93.11% expended to date.

Board of Selectman Operating is 90.47% expended to date. Although small numbers, the Board of Finance is at 107.89% due to the audit expenses paid to date and the need to move funds to cover the overage with Charter Authority funds. Town Counsel is at 93.19% complete on their \$183,500 budget. Paramedic Service is showing an actual of \$284,211.95 out of a \$289,974 budget or 98.01% expended. That actual includes the encumbrance for Norwalk Hospital based upon the final negotiated agreement. Georgetown Fire's tax bill has been paid in full resulting in a 97.53% completion of budget. Highways has hit the 99.45% expended mark as of the end of May having had snow pushing their numbers up this winter. Recreation Programs is at 93.11%

Expended through May. Health is at 95.10% budget. The Nursing and Homecare, Trackside and the Library all reflect encumbrances of the amount due this fiscal year. Employee benefits at 144.28% reflects a full disbursement of the OPEB funds to the Trust and payout of the accrued sick time to retiring employees. Insurance, at 132.89%, reflects insurances paid and under budgeting of the Worker's Compensation Claims. All remaining departments are spending in amounts approximating the percentage of the year completed.

Board of Selectman Capital - This segment of the budget shows a 66.32% expenditure rate. Assessor is with regard to gearing up for the revaluation and shows about one-third of his request being expended by the end of May. The Tax Collector has totally expended its capital funds for the computer software system. Building repairs has the Town facilities account running at 74.85% of budgeted expenditures of \$81,500. Police are currently spending for their medical equipment, computer software and vehicle accessories bringing their capital spending to 94.64%. Fire, with 83.89% spent, is making expenditures in all requested categories. Public Works has acquired a large dump truck, sander and loader and it has completed the Wilton Streetscape initiative at 93.23% completed. Parks and Recreation has purchased the equipment and is at an overall 95.17% expenditure rate. Little change has been made in capital expenditures since last month.

Charter Authority has not been drawn down to date leaving \$1,192,707 with the understanding that up to \$18,000 may be used to fund the Fraud Risk Assessment by Blum Shapiro. That bill has just been received. Finance will continue to monitor expenditures so that a request can be made from the Charter Authority to offset overruns.

Fiscal Year 2015**Revenue**

	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of FY: 91.78%
Taxes	112,387,875.00	0.00	112,387,875.00	112,680,135.64	292,260.64	100.26%
Education Intergovernmental	1,730,129.00	0.00	1,730,129.00	2,628,990.13	898,861.13	151.95%
Town Intergovernmental	859,570.00	0.00	859,570.00	869,976.81	10,406.81	101.21%
Licenses, Permits & Fees	1,463,900.00	0.00	1,463,900.00	1,440,472.55	-23,427.45	98.40%
Other Revenues	459,681.00	0.00	459,681.00	520,235.79	60,554.79	113.17%
Interest	205,000.00	0.00	205,000.00	179,635.90	-25,364.10	87.63%
Investments	0.00	0.00	0.00	50,484.14	50,484.14	
Capital	112,983.00	0.00	112,983.00	0.00	-112,983.00	0.00%
	117,219,138.00	0.00	117,219,138.00	118,369,930.96	1,150,792.96	100.98%

Expense

Debt Service	9,102,764.00	0.00	9,102,764.00	9,115,727.98	-12,963.98	100.14%
Board of Education	78,401,125.00	718,619.00	79,119,744.00	73,670,207.24	5,449,536.76	93.11%
Board of Selectmen Operating	30,582,460.00	39,815.00	30,622,275.00	27,703,742.86	2,918,532.14	90.47%
Board of Selectmen Capital	1,184,307.00	561,948.00	1,746,255.00	1,158,157.07	588,097.93	66.32%
Charter Authority	1,192,707.00	0.00	1,192,707.00	0.00	1,192,707.00	0.00%
	120,463,363.00	1,320,382.00	121,783,745.00	111,647,835.15	10,135,909.85	91.68%

Budget Status 5/31/2015 - Revenues

Taxes

Tax Collector	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of 91.78%
Current Property Taxes	112,387,875.00	0.00	112,387,875.00	112,680,135.64	292,260.64	100.26%
Motor Vehicle Supplement	111,112,875.00	0.00	111,112,875.00	111,132,688.20	19,813.20	100.02%
Back Taxes	550,000.00	0.00	550,000.00	749,350.57	199,350.57	136.25%
Interest And Lien Fees	435,000.00	0.00	435,000.00	435,535.56	535.56	100.12%
	290,000.00	0.00	290,000.00	362,561.31	72,561.31	125.02%
Total Taxes	112,387,875.00	0.00	112,387,875.00	112,680,135.64	292,260.64	100.26%

Education Intergovernmental Assistance

Board Of Education	1,730,129.00	0.00	1,730,129.00	2,628,990.13	898,861.13	151.95%
Education Cost Sharing	1,557,195.00	0.00	1,557,195.00	1,619,832.00	62,637.00	104.02%
Transportation	290.00	0.00	290.00	4,837.00	4,547.00	1,667.93%
Excess Special Education	0.00	0.00	0.00	832,148.00	832,148.00	
Adult Education	1,118.00	0.00	1,118.00	1,099.00	-19.00	98.30%
School Construct-Interest	20,898.00	0.00	20,898.00	24,235.90	3,337.90	115.97%
School Construc-Principal	147,317.00	0.00	147,317.00	146,838.23	-478.77	99.68%
Private School Health&Wel	3,311.00	0.00	3,311.00	0.00	-3,311.00	0.00%
Total Education Intergovernmental	1,730,129.00	0.00	1,730,129.00	2,628,990.13	898,861.13	151.95%

Town Intergovernmental Assistance

Finance Department	288,788.00	0.00	288,788.00	295,204.25	6,416.25	102.22%
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Budget Status 5/31/2015 - Revenues						Percent of 91.78%
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	
MRSA Bonded Distribution	288,788.00	0.00	288,788.00	295,204.25	6,416.25	102.22%
Assessor						
Elderly Tax Relief	58,500.00	0.00	58,500.00	64,439.84	5,939.84	110.15%
Veterans Exemption	55,000.00	0.00	55,000.00	59,525.59	4,525.59	108.23%
Tax Collector						
	3,500.00	0.00	3,500.00	4,914.25	1,414.25	140.41%
	185,152.00	0.00	185,152.00	180,487.16	-4,664.84	97.48%
State Property Tax Refund	102,374.00	0.00	102,374.00	96,399.53	-5,974.47	94.16%
Pequot Pilot	7,778.00	0.00	7,778.00	7,510.24	-267.76	96.56%
Telephone Line Tax Grant	75,000.00	0.00	75,000.00	76,577.39	1,577.39	102.10%
Highways						
	313,130.00	0.00	313,130.00	315,845.56	2,715.56	100.87%
Town Aid Roads	313,130.00	0.00	313,130.00	315,845.56	2,715.56	100.87%
Social Services						
	14,000.00	0.00	14,000.00	14,000.00	0.00	100.00%
Youth Svcs.Bureau Grant	14,000.00	0.00	14,000.00	14,000.00	0.00	100.00%
Total Town Intergovernmental Assistance	859,570.00	0.00	859,570.00	869,976.81	10,406.81	101.21%
Licenses, Permits & Fees						
Town Clerk						
	748,400.00	0.00	748,400.00	689,490.60	-58,909.40	92.13%
Sports Licenses	50.00	0.00	50.00	65.00	15.00	130.00%
Marriage Licenses	350.00	0.00	350.00	285.00	-65.00	81.43%
Recording Fees	120,000.00	0.00	120,000.00	98,383.00	-21,617.00	81.99%
Conveyance Tax	560,000.00	0.00	560,000.00	532,871.10	-27,128.90	95.16%
Farm Fund Fees	12,000.00	0.00	12,000.00	6,510.00	-5,490.00	54.25%

Budget Status 5/31/2015 - Revenues

	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of 91.78%
Vital Statistics	20,000.00	0.00	20,000.00	20,567.00	567.00	102.84%
Other Town Clerk Fees	33,000.00	0.00	33,000.00	27,985.50	-5,014.50	84.80%
Town Clerk MERS Recording Fee	3,000.00	0.00	3,000.00	2,824.00	-176.00	94.13%
Planning & Zoning	9,200.00	0.00	9,200.00	11,905.00	2,705.00	129.40%
Application Fees	6,000.00	0.00	6,000.00	8,109.00	2,109.00	135.15%
ZBA Fees	3,200.00	0.00	3,200.00	3,796.00	596.00	118.63%
Finance Department	30,000.00	0.00	30,000.00	55,186.27	25,186.27	183.95%
Admin Fee - Private Duty	15,000.00	0.00	15,000.00	16,048.81	1,048.81	106.99%
Alarm Registration Fees	15,000.00	0.00	15,000.00	39,137.46	24,137.46	260.92%
Assessor	2,500.00	0.00	2,500.00	1,967.00	-533.00	78.68%
Assessor Fees	2,500.00	0.00	2,500.00	1,967.00	-533.00	78.68%
Building	558,800.00	0.00	558,800.00	497,727.95	-61,072.05	89.07%
Building Permits	551,000.00	0.00	551,000.00	489,921.95	-61,078.05	88.92%
Reproduction Fees	7,800.00	0.00	7,800.00	7,806.00	6.00	100.08%
Fire	21,000.00	0.00	21,000.00	16,039.00	-4,961.00	76.38%
Fire Department Fees	5,000.00	0.00	5,000.00	3,614.00	-1,386.00	72.28%
Inspection Fees	16,000.00	0.00	16,000.00	12,425.00	-3,575.00	77.66%
Administration	3,000.00	0.00	3,000.00	1,500.00	-1,500.00	50.00%
Road Opening Permits	3,000.00	0.00	3,000.00	1,500.00	-1,500.00	50.00%
Dial-A-Ride	5,500.00	0.00	5,500.00	5,683.00	183.00	103.33%

Budget Status 5/31/2015 - Revenues						Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	91.78%
Dial-A-Ride Fees	5,500.00	0.00	5,500.00	5,683.00	183.00	103.33%
Environmental Affairs	26,000.00	0.00	26,000.00	79,439.18	53,439.18	305.54%
Application Fees	26,000.00	0.00	26,000.00	79,439.18	53,439.18	305.54%
Animal Control	4,000.00	0.00	4,000.00	1,323.50	-2,676.50	33.09%
Dog Licenses	4,000.00	0.00	4,000.00	1,323.50	-2,676.50	33.09%
Health	38,000.00	0.00	38,000.00	61,322.00	23,322.00	161.37%
Env Health Permits/Fees	38,000.00	0.00	38,000.00	61,322.00	23,322.00	161.37%
Senior Center	17,500.00	0.00	17,500.00	18,889.05	1,389.05	107.94%
Senior Center Fees	17,500.00	0.00	17,500.00	18,889.05	1,389.05	107.94%
Total Licenses, Permits & Fees	1,463,900.00	0.00	1,463,900.00	1,440,472.55	-23,427.45	98.40%
Other Revenues						
Planning & Zoning	150.00	0.00	150.00	105.00	-45.00	70.00%
Sale of Regulations and Maps	150.00	0.00	150.00	105.00	-45.00	70.00%
Finance Department	0.00	0.00	0.00	85,459.72	85,459.72	
Sale of Assets	0.00	0.00	0.00	77,801.00	77,801.00	
Miscellaneous Revenue	0.00	0.00	0.00	7,658.72	7,658.72	
Tax Collector	0.00	0.00	0.00	4,414.00	4,414.00	
Miscellaneous Revenue	0.00	0.00	0.00	4,414.00	4,414.00	
Registrar Of Voters	75.00	0.00	75.00	35.00	-40.00	46.67%
Registrar of Voters Fees	75.00	0.00	75.00	35.00	-40.00	46.67%

Budget Status 5/31/2015 - Revenues							Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance		91.78%
Comstock	7,500.00	0.00	7,500.00	15,560.00	8,060.00		207.47%
Comstock	7,500.00	0.00	7,500.00	15,560.00	8,060.00		207.47%
Other Town Properties	329,226.00	0.00	329,226.00	281,271.19	-47,954.81		85.43%
Rent: Town Houses	95,640.00	0.00	95,640.00	91,970.00	-3,670.00		96.16%
Rent: Town Green	96,385.00	0.00	96,385.00	73,416.89	-22,968.11		76.17%
Rent: Marvin Tavern	37,200.00	0.00	37,200.00	32,550.00	-4,650.00		87.50%
Rent: Radio Tower	100,000.00	0.00	100,000.00	83,333.30	-16,666.70		83.33%
Rent - Gilbert & Bennett	1.00	0.00	1.00	1.00	0.00		100.00%
Police	21,105.00	0.00	21,105.00	19,648.00	-1,457.00		93.10%
Police Permits	6,000.00	0.00	6,000.00	4,566.00	-1,434.00		76.10%
Police Reports	1,200.00	0.00	1,200.00	1,302.50	102.50		108.54%
Fingerprinting	2,280.00	0.00	2,280.00	1,860.00	-420.00		81.58%
Parking Fines	1,600.00	0.00	1,600.00	2,775.00	1,175.00		173.44%
Dog Ordinance Violations	25.00	0.00	25.00	0.00	-25.00		0.00%
Judicial Branch Revenue	10,000.00	0.00	10,000.00	9,144.50	-855.50		91.45%
Paramedic Service	50,000.00	0.00	50,000.00	40,000.00	-10,000.00		80.00%
Advanced Life Support Fund	50,000.00	0.00	50,000.00	40,000.00	-10,000.00		80.00%
Recreation Programs	0.00	0.00	0.00	185.00	185.00		
Self-Sustaining	0.00	0.00	0.00	185.00	185.00		
Swimming	40,000.00	0.00	40,000.00	50,018.13	10,018.13		125.05%

Budget Status 5/31/2015 - Revenues						Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	91.78%
Swimming	40,000.00	0.00	40,000.00	50,018.13	10,018.13	125.05%
Environmental Affairs						
Fines	2,600.00	0.00	2,600.00	8,610.00	6,010.00	331.15%
Sale of Trail Guides	2,500.00	0.00	2,500.00	8,610.00	6,110.00	344.40%
Animal Control						
Dog Impound & Quarantine	100.00	0.00	100.00	0.00	-100.00	0.00%
Sale of Pets	1,025.00	0.00	1,025.00	625.00	-400.00	60.98%
Board Of Education						
Education - Athletic Fees	1,000.00	0.00	1,000.00	570.00	-430.00	57.00%
Sale of Pets	25.00	0.00	25.00	55.00	30.00	220.00%
Total Other Revenues	8,000.00	0.00	8,000.00	14,304.75	6,304.75	178.81%
Total	8,000.00	0.00	8,000.00	14,304.75	6,304.75	178.81%
Total	459,681.00	0.00	459,681.00	520,235.79	60,554.79	113.17%
Interest						
Finance Department						
Interest - Investments	205,000.00	0.00	205,000.00	179,635.90	-25,364.10	87.63%
Total	205,000.00	0.00	205,000.00	179,635.90	-25,364.10	87.63%
Total	205,000.00	0.00	205,000.00	179,635.90	-25,364.10	87.63%
Investments						
Finance Department						
Unrealized Inv Gain/Loss	0.00	0.00	0.00	50,484.14	50,484.14	
Total	0.00	0.00	0.00	50,484.14	50,484.14	
Capital						

Budget Status 5/31/2015 - Revenues						
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of 91.78%
Public Works	112,983.00	0.00	112,983.00	0.00	-112,983.00	0.00%
Local Capital Improvement	112,983.00	0.00	112,983.00	0.00	-112,983.00	0.00%
Total Capital	<u>112,983.00</u>	<u>0.00</u>	<u>112,983.00</u>	<u>0.00</u>	<u>-112,983.00</u>	<u>0.00%</u>
	<u><u>117,219,138.00</u></u>	<u><u>0.00</u></u>	<u><u>117,219,138.00</u></u>	<u><u>118,369,930.96</u></u>	<u><u>1,150,792.96</u></u>	<u><u>100.98%</u></u>

Budget Status 5/31/2015 - Expenses						Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	91.78%
Debt Service						
Debt Service	9,102,764.00	0.00	9,102,764.00	9,115,727.98	-12,963.98	100.14%
Total Debt Service	9,102,764.00	0.00	9,102,764.00	9,115,727.98	-12,963.98	100.14%
Board of Education						
Board Of Education	78,401,125.00	718,619.00	79,119,744.00	73,670,207.24	5,449,536.76	93.11%
Total Board of Education	78,401,125.00	718,619.00	79,119,744.00	73,670,207.24	5,449,536.76	93.11%
Board of Selectmen Operating						
Board of Selectmen	627,147.00	3,835.00	630,982.00	381,119.72	249,862.28	60.40%
Town Clerk	430,666.00	10,108.00	440,774.00	381,974.04	58,799.96	86.66%
Planning & Zoning	554,649.00	3,329.00	557,978.00	491,279.32	66,698.68	88.05%
Board Of Finance	70,246.00	0.00	70,246.00	75,790.75	-5,544.75	107.89%
Human Resources	350,189.00	3,172.00	353,361.00	193,241.59	160,119.41	54.69%
HR Reserve for Negotiations	295,151.00	-99,376.00	195,775.00	0.00	195,775.00	0.00%
Finance Department	882,130.00	12,825.00	894,955.00	818,483.50	76,471.50	91.46%
Assessor	361,553.00	2,907.00	364,460.00	327,682.05	36,777.95	89.91%
Tax Collector	242,173.00	2,190.00	244,363.00	219,026.16	25,336.84	89.63%
Town Counsel	183,500.00	0.00	183,500.00	170,998.12	12,501.88	93.19%
Probate Court	35,000.00	0.00	35,000.00	9,852.00	25,148.00	28.15%
Registrar Of Voters	201,121.00	2,084.00	203,205.00	164,303.44	38,901.56	80.86%
Town Hall & Annex	292,696.00	0.00	292,696.00	177,302.63	115,393.37	60.58%
Town Wide Utilities	229,335.00	0.00	229,335.00	197,214.55	32,120.45	85.99%

Budget Status 5/31/2015 - Expenses						Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	91.78%
Comstock	301,014.00	0.00	301,014.00	240,237.85	60,776.15	79.81%
Other Town Properties	138,380.00	30,000.00	168,380.00	96,845.25	71,534.75	57.52%
Ambler Farm	34,910.00	0.00	34,910.00	20,907.50	14,002.50	59.89%
Building	359,900.00	2,260.00	362,160.00	330,782.59	31,377.41	91.34%
Information Systems	672,581.00	3,189.00	675,770.00	600,030.43	75,739.57	88.79%
Police	7,223,487.00	71,966.00	7,295,453.00	6,679,839.31	615,613.69	91.56%
Fire	4,729,518.00	95,528.00	4,825,046.00	4,438,541.66	386,504.34	91.99%
Cert	9,500.00	0.00	9,500.00	4,908.53	4,591.47	51.67%
Emergency Medical Service	116,300.00	0.00	116,300.00	84,902.34	31,397.66	73.00%
Paramedic Service	289,974.00	0.00	289,974.00	284,211.95	5,762.05	98.01%
Georgetown Fire District	336,712.00	0.00	336,712.00	328,404.00	8,308.00	97.53%
Central Dispatch	336,782.00	0.00	336,782.00	290,285.92	46,496.08	86.19%
Administration	514,494.00	6,094.00	520,588.00	452,676.38	67,911.62	86.95%
Highways	2,704,076.00	21,874.00	2,725,950.00	2,710,975.33	14,974.67	99.45%
Transfer Station	290,000.00	0.00	290,000.00	0.00	290,000.00	0.00%
Park & Recreation Admin.	249,610.00	897.00	250,507.00	222,433.09	28,073.91	88.79%
Recreation Programs	244,192.00	0.00	244,192.00	227,373.30	16,818.70	93.11%
Dial-A-Ride	163,859.00	0.00	163,859.00	149,162.73	14,696.27	91.03%
Swimming	86,123.00	4,050.00	90,173.00	80,748.99	9,424.01	89.55%
Tennis	18,100.00	0.00	18,100.00	8,238.62	9,861.38	45.52%
Parks & Grounds	872,947.00	1,917.00	874,864.00	772,768.33	102,095.67	88.33%
Environmental Affairs	402,636.00	2,454.00	405,090.00	366,370.75	38,719.25	90.44%

Budget Status 5/31/2015 - Expenses						Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	91.78%
Animal Control	149,520.00	0.00	149,520.00	123,471.04	26,048.96	82.58%
Health	411,031.00	2,771.00	413,802.00	393,506.67	20,295.33	95.10%
Nursing & Homecare	945,765.00	0.00	945,765.00	937,879.90	7,885.10	99.17%
Private School Welfare	31,500.00	0.00	31,500.00	27,978.93	3,521.07	88.82%
Social Services	433,075.00	3,742.00	436,817.00	394,113.41	42,703.59	90.22%
Senior Center	155,518.00	1,999.00	157,517.00	138,609.22	18,907.78	88.00%
Trackside	143,963.00	0.00	143,963.00	143,963.00	0.00	100.00%
Employee Benefits	419,754.00	-150,000.00	269,754.00	389,207.58	-119,453.58	144.28%
Insurance	408,827.00	0.00	408,827.00	543,286.80	-134,459.80	132.89%
Library	2,597,856.00	0.00	2,597,856.00	2,597,856.00	0.00	100.00%
Route 7 Bus Service	5,000.00	0.00	5,000.00	5,000.00	0.00	100.00%
Wilton Energy Commission	4,000.00	0.00	4,000.00	0.00	4,000.00	0.00%
Wilton Economic Development Comm	20,000.00	0.00	20,000.00	5,733.00	14,267.00	28.67%
SW Regional Mental Health Board	1,000.00	0.00	1,000.00	0.00	1,000.00	0.00%
Wilton Garden Club	5,000.00	0.00	5,000.00	4,224.59	775.41	84.49%
Total Board of Selectmen Operating	30,582,460.00	39,815.00	30,622,275.00	27,703,742.86	2,918,532.14	90.47%
Board of Selectmen Capital						
Assessor	0.00	39,650.00	39,650.00	11,070.00	28,580.00	27.92%
Tax Collector	20,848.00	0.00	20,848.00	20,428.04	419.96	97.99%
Town Facilities	81,500.00	0.00	81,500.00	61,000.00	20,500.00	74.85%
Information Systems	236,350.00	244,963.00	481,313.00	162,851.90	318,461.10	33.83%
Police	200,234.00	44,890.00	245,124.00	231,975.89	13,148.11	94.64%

Budget Status 5/31/2015 - Expenses

	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of 91.78%
Fire	84,300.00	33,922.00	118,222.00	99,181.35	19,040.65	83.89%
Paramedic Service	58,305.00	0.00	58,305.00	18,518.68	39,786.32	31.76%
Central Dispatch	29,500.00	0.00	29,500.00	19,349.47	10,150.53	65.59%
Public Works	357,270.00	41,482.00	398,752.00	371,750.09	27,001.91	93.23%
Park & Recreation	116,000.00	8,760.00	124,760.00	118,732.61	6,027.39	95.17%
Education	0.00	97,281.00	97,281.00	-7,700.96	104,981.96	-7.92%
Transfer Station	0.00	51,000.00	51,000.00	51,000.00	0.00	100.00%
Total Board of Selectmen Capital	<u>1,184,307.00</u>	<u>561,948.00</u>	<u>1,746,255.00</u>	<u>1,158,157.07</u>	<u>588,097.93</u>	66.32%
Charter Authority						
Charter Authority BOS/BOF	1,192,707.00	0.00	1,192,707.00	0.00	1,192,707.00	0.00%
Total Charter Authority	<u>1,192,707.00</u>	<u>0.00</u>	<u>1,192,707.00</u>	<u>0.00</u>	<u>1,192,707.00</u>	0.00%
	<u>120,463,363.00</u>	<u>1,320,382.00</u>	<u>121,783,745.00</u>	<u>111,647,835.15</u>	<u>10,135,909.85</u>	91.68%

Budget Status 5/31/2015 - Capital						
	Original Budget	Amendments	Adjusted Budget	Actual	Variance	Percent of
						91.78%

Board of Selectmen Capital

[illegible]

Budget Status 5/31/2015 - Capital							Percent of
	Original Budget	Amendments	Adjusted Budget	Actual	Variance		91.78%
Computer Hardware	1,500.00	0.00	1,500.00	0.00	1,500.00		0.00%
Fire/Rescue Equipment	7,300.00	0.00	7,300.00	7,210.00	90.00		98.77%
Thermal Cameras	19,500.00	0.00	19,500.00	19,375.00	125.00		99.36%
Staff Vehicles	46,000.00	32,422.00	78,422.00	68,096.35	10,325.65		86.83%
Building Renovation	0.00	1,500.00	1,500.00	0.00	1,500.00		0.00%
Prof Svcs _ Engin Arch	10,000.00	0.00	10,000.00	4,500.00	5,500.00		45.00%
Paramedic Service	58,305.00	0.00	58,305.00	18,518.68	39,786.32		31.76%
Medical Equipment	19,365.00	0.00	19,365.00	18,518.68	846.32		95.63%
Paramedic Fly Car	38,940.00	0.00	38,940.00	0.00	38,940.00		0.00%
Central Dispatch	29,500.00	0.00	29,500.00	19,349.47	10,150.53		65.59%
Communications Equipment	19,000.00	0.00	19,000.00	10,173.00	8,827.00		53.54%
Security System	10,500.00	0.00	10,500.00	9,176.47	1,323.53		87.39%
Public Works	357,270.00	41,482.00	398,752.00	371,750.09	27,001.91		93.23%
Dump Trucks - Large	150,000.00	0.00	150,000.00	150,000.00	0.00		100.00%
Sanders	0.00	25,000.00	25,000.00	25,000.00	0.00		100.00%
Plows	22,000.00	0.00	22,000.00	5,100.36	16,899.64		23.18%
Loader	185,270.00	0.00	185,270.00	162,665.22	22,604.78		87.80%
Wilton Center Streetscape	0.00	6,482.00	6,482.00	6,482.30	-0.30		100.00%
Conduits	0.00	10,000.00	10,000.00	22,502.21	-12,502.21		225.02%
Park & Recreation	116,000.00	8,760.00	124,760.00	118,732.61	6,027.39		95.17%

Budget Status 5/31/2015 - Capital							Percent of 91.78%
	Original Budget	Amendments	Adjusted Budget	Actual	Variance		
Mowers/Grounds Equipment	99,000.00	0.00	99,000.00	93,985.61	5,014.39		94.93%
Parking & Landscaping Imp	17,000.00	8,760.00	25,760.00	24,747.00	1,013.00		96.07%
Education	0.00	97,281.00	97,281.00	-7,700.96	104,981.96		-7.92%
Prof Svcs _ Engin Arch	0.00	97,281.00	97,281.00	-7,700.96	104,981.96		-7.92%
Transfer Station	0.00	51,000.00	51,000.00	51,000.00	0.00		100.00%
Building Renovation	0.00	51,000.00	51,000.00	51,000.00	0.00		100.00%
Total Board of Selectmen Capital	1,184,307.00	561,948.00	1,746,255.00	1,158,157.07	588,097.93		66.32%
	1,184,307.00	561,948.00	1,746,255.00	1,158,157.07	588,097.93		66.32%

TOWN OF WILTON
BOARD OF EDUCATION
FRAUD RISK ASSESSMENT
May 15, 2015

Blum, Shapiro & Co., P.C. (“BlumShapiro”) has been engaged by the Town of Wilton (the “Town”) to conduct a Fraud Risk Assessment of the Board of Education. A Fraud Risk Assessment is designed to help proactively identify fraud risk and create effective fraud prevention and detection policies and procedures. A Fraud Risk Assessment does not provide assurance that fraud does not exist or will not take place.

OBJECTIVES

The objectives of this assessment were to gather information to identify inherent fraud risks and provide proposed prevention and detection measures designed to mitigate such risks. Individuals from the Town’s Board of Education (“BOE”) participated in interviews regarding perceived fraud risks.

FRAUD RISK ASSESSMENT PROCESS

A Fraud Risk Assessment generally includes three key elements:

- Gathering information to determine the population of inherent fraud risks that may apply to the Town’s BOE. Included in this process is the consideration of various types of fraud schemes, scenarios, incentives, pressures, and opportunities to commit fraud specific to the Town’s BOE.
- Assessing the likelihood and significance of inherent fraud risk based on historical information, known fraud schemes, and interviews with the Town’s BOE employees and officials.
- Reporting on significant inherent and residual fraud risks, and providing proposed prevention and detection policy and procedural changes designed to mitigate such risks.

During the planning stage we identified eleven Town officials, Board of Education officials and employees to interview. These interviews took place on March 17, March 18, March 27, and April 2, 2015, respectively. The following Town officials and BOE employees were interviewed:¹

- William F. Brennan, First Selectman
- Lynne Vanderslice, Vice Chair of Board of Finance
- Ken Post, Director of Financial Planning & Operations for Wilton Public Schools
- Mathew Hepfer, Director of Information Technology for Wilton Public Schools
- Susan Paley, Director of Human Resources and General Administration for Wilton Public Schools
- Dolores Tufariello, Coordinator at Town of Wilton Continuing Education
- Laurie Kenagy, Coordinator of the Town of Wilton Conservatory of Music (Continuing Education)
- Rose Thorne, Accounts Payable for Wilton Public Schools
- Chris McDougal, Athletic Director, Wilton High School
- Marty Kozlowski, Wilton High School Activity Fund
- John Murphy, Custodian and Facilities Supervisor for Wilton Public Schools

This report documents various fraud risks that could occur within the existing control environment and provides recommendations and comments regarding areas where improved controls may reduce the risk of fraud in susceptible areas.² The BOE's overall internal control structure is weak. More extensive oversight and management is required by the Finance Director over monetary handling and asset control procedures employed by personnel within departments for which he bears ultimate responsibility. The BOE uses a different general ledger program than the Town's Finance Department. The BOE uses Infinite Visions as its financial and personnel management software program, while the Town uses New World. The two systems do not interface and are not integrated. Further, various BOE sub-departments, such as Continuing Education, Student Activities and the Athletic Department, record financial activity in electronic software programs other than Infinite Visions. These programs do not interface with Infinite Visions. The lack of a unified financial reporting system across the Town and the BOE significantly increases the potential for fraud. All functions within both the Town and the BOE should be using New World.

¹ Dr. Kevin Smith, Superintendent of Wilton Public Schools, was scheduled to meet with us, but did not appear for his scheduled interview.

² Inquiries concerning the handling of special education settlements were beyond the scope of this report.

Fraud Risk	Existing Controls	Recommendations & Comments
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Finance Department		
Documented Accounting Policies and Procedures	No documented accounting policies and procedures or process manual for finance functions.	The BOE should document and implement a detailed accounting policies and procedures manual that should be reviewed and updated annually and disseminated to all accounting personnel. Annually, all personnel who handle cash receipts should be required to sign a receipt acknowledging that they have read and understand the written policies and procedures as updated.
Cash Receipts	BOE remits cash receipts to the AP Clerk in the Town's Finance Department several times a week.	Receipts from the BOE's finance office are remitted to the Town's AP Clerk via interoffice mail, which increases the risk of funds diversion. The funds should be hand delivered to the AP Clerk in the Town's Finance Department on a daily basis. To ensure proper segregation of duties, a designated employee at the BOE should enter the revenue receipts into the general ledger – preferably the New World general ledger program utilized by the Town. Another designated employee should prepare the deposit slips before delivery of the receipts and deposit slips to the Town's Finance office.
Purchasing	Purchase requisitions are entered into the Infinite Visions system by the requesting employee. The payable is authorized by the responsible party (i.e., Principal, Athletic Director, Advisor, and Teacher). The AP Clerk verifies that funds are available. The Director of Financial Planning must electronically approve requisitions in the Infinite Visions program in order for a purchase order to be created.	There are no written purchasing procedures, although the BOE's Business Operations Subcommittee is in the preliminary process of developing same. Well-defined purchasing policies for goods and services should be promulgated and uniformly applied throughout the Wilton Public Schools. The "intuitive" experience of department heads should not be a part of the purchasing process. Quotations for purchases of goods and services over a designated threshold level such as \$1,000 should be based upon written price quotations. Price quotations should be obtained from at least three vendors or service providers, or alternatively, from current catalogs or price sheets. Contemplated purchases of goods or services of \$5,000 or more should be put out to bid. Purchasing rules and regulations should be reviewed on an annual basis, and updated as necessary.

Fraud Risk	Existing Controls	Recommendations & Comments
Accounts Payable	<p>Once a purchase order is approved, the good or service is delivered directly to the requesting party. The packing slip is given to the school secretary, who forwards it to the AP Clerk, who then remits it to the requesting party to determine whether the invoice is appropriate to pay. The requesting party marks the invoice "OK to pay." The AP Clerk creates bi-monthly check runs for review and sign-off by the Finance Director. The Town CFO also reviews the check run, approves, and funds the BOE's disbursement account (a zero balance account that is only funded twice a month). Checks are printed by the AP Clerk with the Superintendent of Schools' signature and the Town CFO's signature.</p>	<p>The AP Clerk oftentimes opens, reviews and enters invoices into the general ledger. In order to ensure proper segregation of duties, all mail should be opened by the receptionist.</p> <p>Blank check stock is kept in an unlocked box under the AP Clerk's desk in the Finance office. The check printer is located at her desk and the MICR toner cartridge is kept in the printer at all times. An extra MICR toner cartridge is also stored in her desk area. The AP Clerk also orders replacement MICR toner cartridges. The Finance office is not locked during non-business hours and there is no video surveillance in that area.</p> <p>The blank check stock should be secured at all times, either in a locked cabinet or a safe. Someone other than the AP Clerk should bear responsibility for retrieving the check stock from its locked location. The locks or combination to the cabinet or safe should be changed on a regular basis and upon termination of any employee with access. The Finance office should be locked during non-business hours. The BOE should consider installing video surveillance cameras in the finance area.</p> <p>Someone other than the AP Clerk should be responsible for re-ordering MICR toner cartridges. Alternatively, a contract with a MICR toner supplier should be established to institute a toner replacement schedule. Extra MICR toner cartridges should not be maintained.</p>
New Vendors	No policies and procedures.	<p>Background checks should be completed on all new vendors to eliminate the possibility of fictitious vendors or possible conflicts of interest with BOE employees. Background checks could be as simple as website or yellow book searches; however, a more robust search on the Dun & Bradstreet or LexisNexis databases is recommended.</p> <p>The current vendor list is not regularly purged and has not been purged since 2009 or 2010. There are numerous duplicate</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		vendors in the Infinite Visions system as a result of a problem with the data migration to that system. There is also no visibility of the W-9 status of the vendors in the Infinite Vision system. The BOE should periodically review and purge its vendor list. It should also review the vendor list for possible conflicts of interest, such as employees with side businesses providing services to the BOE.
Fixed Assets Disposal	No policies and procedures.	Policies and procedures for the disposal of fixed assets should be developed and implemented to avoid unauthorized sales of BOE property
Continuing Education		
Cash Receipts	Continuing Education receives 90% of payments for its enrichment, adult education, childcare and summer programs electronically through the Continuing Education website, which is facilitated by Virtual Merchant. While Continuing Education coordinators can review online credit card payment activity through a log-in to Virtual Merchant, they do not have the ability to adjust numbers. A payment tracking spreadsheet that includes online, check and cash payments is maintained by the Continuing Education Coordinator. Online registrants automatically receive a copy of their registration receipt via an email. Registration may not be completed until payment is received. Cash payments are discouraged. Refunds are issued via check by the business office.	<p>Payments made in person are only accepted by the coordinator for the program for which payment is being rendered. For instance, the Music Coordinator cannot accept payment for the Childcare program. Payments made in person are entered into the Virtual Merchant system by the receiving party. Continuing Education personnel can also process payments by accepting credit card numbers over the phone for entry into the Virtual Merchant system.</p> <p>In order to ensure proper segregation of duties, someone other than the person accepting payments should enter payment information into the Virtual Merchant system. Cash should not be accepted, nor should employees be authorized to receive credit card numbers over the phone for subsequent entry into the Virtual Merchant program.</p> <p>Presently, cash and check payments made in person are maintained in a locked drawer and are submitted to Town Hall's Finance Department once a week, typically at the end of the week. Three people within the Continuing Education department know the location of the key to the locked drawer. The BOE should consider installing a safe in the Continuing Education Department. Access to the safe's combination should be limited to the Coordinator of Continuing Education and the Coordinator of the</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		<p>Conservatory. The combinations should be changed on a set schedule and upon termination of any employee. Any payments received in person by Continuing Education should be hand delivered to the Finance Dept. on a daily basis. Further, the Virtual Merchant program should be linked to New World such that all data entered in the former program automatically uploads to New World.</p> <p>Virtual Merchant Activity reports are broken down by account. The merchant bank provides a monthly statement of credit card deposits. The two reports are provided to the BOE's AP Clerk. However, the AP Clerk does not reconcile the statements associated with that account. It does not appear that anyone bears responsibility for that task. A designated employee within the Town's Finance Department should be tasked with performing monthly merchant account reconciliations.</p>
Information Technology		
Password Security	<p>The IT Director has recently implemented a new password policy requiring that network/email passwords be changed every 90 days. The new policy will go into effect by or before June 20, 2015. Password complexity will be required to be 9 or more characters long, may not contain the user name or real name of the user; must be different from previous passwords and must include three of four features - a number, a capital letter, a lowercase letter and a symbol.</p>	<p>There are no password frequency change requirements for the Infinite Visions and Ceridian (Payroll) programs. A policy should be implemented requiring passwords to be changed every 90 days for all users of both systems and password security standards should mirror those being put in place for computer log-in and email access.</p> <p>Passwords and account access for Infinite Visions and Ceridian are managed by an Administrative Assistant in the BOE Finance Office (for Infinite Visions) and a Payroll Bookkeeper in the BOE Finance Office (for Ceridian). Passwords and account access management should be administered by IT.</p> <p>There are no set policies or procedures for terminating access to Infinite Visions and Ceridian once a user retires, resigns or is terminated. Policies need to be documented and implemented to ensure that access to these systems is terminated immediately by IT upon an employee's separation from BOE.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
Fixed Assets	<p>There are no written policies and procedures regarding the tagging of fixed assets or the disposal of fixed assets. Servers, desk tops and monitors are registered on a computer software program. Small equipment such as laptops and iPads are tagged using a software program called CompuTrace. When computers are being discarded, IT wipes computer hard drives clean and then either donates the machines or sells them to employees at discount. Funds associated with the sales are deposited in the Town's General Fund. For smaller devices, a hole is drilled through the device before it is discarded through an electronic waste disposal program.</p>	<p>It is recommended that fixed assets be tagged with a label "Property of Wilton Public Schools" or "Property of Town of Wilton". A uniform fixed asset tagging system should be developed in order to identify BOE property. To the extent that a computer program is going to be employed to enhance that process, only one program should be employed. Explicit policies and procedures for the disposal of fixed assets should be developed and implemented to avoid misappropriation of BOE property.</p>
Athletic Department		
Admission Fees Collected at Football Games	<p>There are two gates where football game admission fees are collected. Hands are stamped showing admission has been paid. At each gate, one person collects the admission fee, while another person stamps hands. Funds are collected by an adult employee of the Wilton Public Schools. Funds are kept in a portable lock box during the game; the lock box is collected by the Athletic Department's administrative assistant at half time. Either the Athletic Director or a police officer accompanies her to the Athletic Director's office to secure the funds in the safe. After the money is deposited in the safe, the office is locked. She counts the admission fees</p>	<p>Instead of hand stamps, sequential, pre-numbered tickets should be sold. Pre-numbered tickets ensure receipts can be reconciled against tickets sold, mitigating theft opportunities. The starting ticket number for each event should be recorded by the Athletic Director. Different colored tickets should be used for adult and student admissions to correspond to the admission price differential (\$5 for adults, \$3 for students,). Tickets should be stored in the Athletic Director's safe. The BOE's AP Clerk should reconcile ticket sales to cash receipts.</p> <p>Consider reducing the amount of cash held at each gate for change from \$500 to \$250.</p> <p>The combination to the safe should be changed on a scheduled basis and upon termination of any employee who had access to the safe.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
	<p>the following Monday and hand delivers them to the BOE's AP Clerk. The AP Clerk counts the money to verify the submission amount, records that figure on a spreadsheet and remits the funds to the Town's AP Clerk.</p>	<p>There is no official form on which to record the amount of cash receipts collected, the aggregate figure is recorded on a piece of paper. An official form should be prepared and utilized at each game; copies should be maintained by the Athletic Department's administrative assistant for record-keeping purposes.</p> <p>The BOE AP Clerk transmits the ticket sale funds to the Town's Finance Department via interoffice mail, which increases the risk of asset misappropriation. The funds should be hand delivered to the Town's Finance Dept., along with the official form suggested above.</p>
Participation fees	<p>The \$125 participation fees per student per season are usually paid online through PayPal, or by check at the athletic office. Check payments are secured in the safe. Cash is not accepted. The Administrative Assistant for the Athletic Department records the payments on a handwritten roster and logs those into a spreadsheet. A copy of the roster is provided to the Student Activities clerk.</p>	<p>PayPal payment receipts are remitted to the BOE's Finance Department; checks are transmitted to the Student Activities Clerk. When approximately 50 checks are received, the Administrative Assistant hand delivers them to the Student Activities Clerk.</p> <p>All participation fee payments should be hand delivered to the BOE's Finance Department on a daily basis, along with the handwritten cash receipts log. The electronic version of the cash receipts log can be eliminated unless there is a mechanism for preventing changes to same. The BOE's AP Clerk should count the funds to verify that they correspond to the cash receipts log. The funds and the cash receipts log should then be hand delivered to the Town's Finance Department for recording in New World and deposit.</p>
Equipment	<p>The Athletic Director maintains an inventory of all equipment. Each team coach maintains an inventory of uniforms and team-specific equipment which is provided to the Athletic Director.</p>	<p>Equipment is not tagged as part of the inventory protocols. It is recommended that fitness equipment be tagged with a label "Property of Wilton Public Schools" or "Property of Town of Wilton". A bar code tagging system should also be considered. A determination should be made as to whether one of the programs currently being utilized by the IT Department could be employed. Fixed asset inventory inspections should be conducted at least annually by the Finance</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		<p>Department. to cross-reference fixed asset lists against equipment on hand.</p> <p>There is no policy regarding equipment disposal. Explicit policies and procedures governing the disposal of equipment should be developed and implemented.</p>
Activity Fund		
<p>Each of the four schools has an Activity Fund bank account. As of December 2014, fund balances ranged from approximately \$16,000 to approximately \$562,000.</p>	<p>Each account is audited twice a year by the AP Clerk, once in June and once in December.</p>	<p>The twice yearly audits consist of basic questionnaires with “Yes” or “No” responses recorded in an Excel template with a column for comments. The BOE should consider a more rigorous audit, including monthly reconciliations of each of the Activity Fund bank statements by someone other than the Activity Fund Clerks/school secretaries.</p> <p>One of the school audit questions asked “Do you ever have someone in the office run a tape as an independent deposit tally?” The response was “No”, with a comment that it is “Not necessary”. In another school, a 5th grade student runs the independent tally tape. An independent deposit tally from an adult other than the Activity Fund clerk/secretary should be considered.</p> <p>Although the response to the audit question “Are you double checking the amounts given to you by the Administrator/Teacher?” was in the affirmative, there was an associated comment stating “not always...”. The Activity Fund Clerk/secretaries should not assume that dollar amounts reported by club advisors are accurate; they should verify the accuracy of all amounts turned over to them for deposit.</p> <p>It is unclear whether any corrective action is taken when issues arise during audits. Action plans should be developed and implemented whenever audit responses suggest there may be risk exposure.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		<p>Two schools do not keep copies of checks associated with student activities due to “too much volume.” At another school, check copies are made “only with very large amounts.” Check copies of all student activity fund receipts should be maintained for reconciliation purposes and increased auditability.</p> <p>In connection with check signing authority, at one school, the authorized check signers on record with the bank were not current. At another school, there is only one person with check signing authority. When there are personnel changes involving authorized check signers, the BOE should be vigilant about notifying its bank about removing and adding authorized check signers. There should be at least two authorized check signers at each school. Two signatures should be required on checks that exceed a certain dollar value.</p>
Cash Receipts	<p>The Wilton High School Activities Fund Clerk provides all club advisors and officers with an annual memorandum outlining the policies and procedures for deposits and disbursements.</p> <p>Funds received by the Activity Funds clerk at Wilton High School are recorded in an EPES accounting software program.</p>	<p>There is a lack of segregation of duties across Activity Funds at all schools. Student activity monies are typically collected by club advisors and are transmitted to Activity Fund Clerks/secretaries at each school, who are responsible for depositing the funds, reconciling bank statements and making disbursements. At the high school, there are no procedures for monitoring compliance with the instructional memo that the high school Activities Fund Clerk distributes. Further, there are no policies and procedures for club advisors or officers with regard to cash receipts logs, security of cash and checks collected, timing of turnover to the Activity Fund Clerk or secretary and cash reconciliation.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		<p>Formal policies and procedures need to be developed and implemented with respect to record keeping, safeguarding, turnover and reconciliation of student activity funds. Club advisors should be required to notify Activity Fund Clerks one month in advance of upcoming events that will involve cash collections to ensure that clerks know when to expect cash receipts.</p> <p>In order for there to be a segregation of duties, the Activity Fund Clerk/secretary should reconcile all funds collected from club advisors to a handwritten cash receipts log maintained by each advisor, which log should include the date of the check, the check number, from whom the check was received and the amount of the check. Since funds cannot be secured within classrooms, any funds received should be hand delivered to the Activity Fund Clerk/secretary at each school on a daily basis, along with the cash receipts log.</p> <p>The Activity Fund Clerk should record the receipts in the EPES software program. Each club advisor needs to be provided with a list of payments by student to ensure that club participants are eligible to participate in any given activity.</p> <p>Someone other than the Activity Fund Clerk should fill out deposit slips and hand deliver the monies with the deposit slip and a copy of the cash receipts log to the Town's Finance Department on a daily basis. The Town's Controller or one of the accountants should reconcile the bank accounts on a monthly basis.</p> <p>The EPES software program does not interface or integrate with the Infinite Visions general ledger software. An interface between EPES and Infinite Visions should be developed and implemented to avoid revenue reconciliation problems. As mentioned above, it would be even more optimal if the BOE migrated to the Town's</p>

Fraud Risk	Existing Controls	Recommendations & Comments
		<p>New World general ledger software program for all of its financial reporting requirements, including the student activities fund reporting. Such a migration would consolidate all of the Town's financial data and eliminate the need for cross-referencing across multiple systems.</p>
<p>Participation fees and college application processing</p>	<p>The \$50 fee assessed for student participation in non-athletic clubs is collected by various designated student activities administrators. Fees are predominantly paid via PayPal, but can also be paid via check. No cash is accepted.</p> <p>There is also a \$30 fee per student associated with college application processing for which no cash is accepted.</p>	<p>PayPal payment receipts are transmitted to the BOE's Finance Department; checks are hand delivered to the Student Activities Clerk.</p> <p>One person, which person should not be the Activity Fund Clerk, should be responsible for collecting the \$50 club participation fees and maintaining the cash receipts logs as outlined above. Collected fee payments should then be hand delivered to the Activity Fund Clerk on a daily basis, along with the cash receipts log.</p> <p>The Activity Fund Clerk should record the receipts in the EPES software program. Someone other than the Activity Fund Clerk should fill out deposit slips and hand deliver the monies with a deposit slip and a copy of the cash receipts log to the Town's Finance Department on a daily basis.</p> <p>With respect to the college application processing fee, the Guidance Counselor waits until there are a "significant number" of checks before bringing them over to the Activities Fund Clerk. The Guidance Counselor should also maintain a handwritten cash receipts log of all checks received. Any funds received should be hand delivered to the Activity Fund Clerk on a daily basis, along with the cash receipts log. The Activity Fund Clerk should record the receipts in the EPES software program. Someone other than the Activity Fund Clerk should fill out deposit slips and hand deliver the monies with a deposit slip and a copy of the cash receipts log to the Town's Finance Department on a daily basis.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
Disbursements	<p>Club Advisors submit written check request forms to the Activities Fund Clerk for review. The Activities Fund Clerk manually cuts the check, which is authorized by the Administrator and the Principal's Secretary; the Activities Fund Clerk has no check signing authority. The EPES accounting software indicates if there are insufficient funds in a club account. Checks are processed using MICR toner cartridges. No extra MICR toner cartridges are kept on hand and the Principal's Secretary reorders the cartridges.</p>	<p>Blank check stock is stored in the Activity Fund Clerk's office in an unlocked cabinet although the office is always locked when the Clerk is not present. The cabinet with the blank check stock should be locked at all times, preferably in a location outside the Activity Fund Clerk's office. Someone other than the Activity Fund Clerk should be the keeper of the key; each school principal should also have a key.</p> <p>Occasionally, funds are disbursed from a club account despite there being insufficient funds in that account. This situation arises when expenses are incurred prior to tickets being sold (ex. facility rentals). A cash cushion balance should be maintained in those accounts in anticipation of up-front expense obligations for major events.</p>
Facilities		
Policies and Procedures	No policies and procedures.	<p>Despite the termination of an employee several years ago as a result of ethical violations in the prosecution of his job duties, the Facilities Department still has no written policies and procedures governing any aspect of its operations, nor does it have a code of conduct expressly prohibiting the use of Wilton Public Schools equipment for personal use. Instead, there is a "verbal understanding" regarding such a prohibition.</p> <p>Written Rules and Regulations regarding operational procedures should be developed and implemented. The policies should be reviewed on an annual basis and revised as necessary. A separate, written Code of Conduct should also be drafted and instituted. This policy should prohibit the use of BOE vehicles and equipment for personal use and should speak to the expectation that employees who work independently of direct supervision are expected to perform work-related tasks throughout their assigned shifts. Employees should be required to sign written acknowledgements of receipt of these documents on an annual basis.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
Vehicles and Equipment	<p>The Facilities Supervisor maintains a complete equipment inventory, including VINs and model numbers in spreadsheet form which is reviewed annually. New equipment is added to the inventory upon acquisition.</p>	<p>The BOE should institute the use of mileage logs to track daily mileage of each vehicle. The logs should reflect the starting address, mileage at the start of usage, destination address(es), and mileage at the end of usage to detect inappropriate use of Town vehicles. The mileage logs should be reviewed by the Facilities Supervisor on a weekly basis for improper use.</p> <p>Equipment is not tagged. It is recommended that equipment be tagged with “Property of Wilton Public Schools” or “Property of Town of Wilton”. A bar code tagging system should also be instituted for small asset inventory items. A determination should be made as to whether one of the programs currently being utilized by the IT Department could be employed. Tools stored at the maintenance garage should be electronically logged in and out. The usage logs should be reviewed by the Facilities Supervisor on a weekly basis for improper use. Fixed asset inventory inspections should be conducted at least annually by the Finance Dept. to cross-reference fixed asset lists against equipment on hand.</p> <p>Based on a May 7, 2015 memo that the Director of Financial Planning & Operations sent to the Superintendent of Schools, it is our understanding that the BOE is in the process of developing asset control enhancements, including the purchase of a barcode-capable asset management software, a sign in/sign out protocol for maintenance garage tools and the assignment of truck-stored tools to individual maintenance personnel. Before new asset management software is purchased, a determination should be made as to whether one of the programs currently being utilized by the IT Department could be employed.</p>

Fraud Risk	Existing Controls	Recommendations & Comments
Fixed Asset Disposal	No policies and procedures	BOE-wide policies and procedures for the disposal of fixed assets need to be developed and implemented to avoid diversion of assets. Based on a May 7, 2015 memo the Director of Financial Planning & Operations sent to the Superintendent of Schools, it is our understanding that an asset disposal procedure and associated form is under development.
Purchases	Approval from Director of Financial Planning & Operations required for purchases over \$1,000.	<p>There are no formal policies and procedures regarding the purchase of equipment. While verbal approval from the Director of Financial Planning & Operations is given for purchases greater than \$1,000, there is no requirement for written approval. There is no approved vendor list and no multiple vendor bid requirement.</p> <p>Well-defined purchasing policies for goods and services should be developed and uniformly applied. The “intuitive” experience of the Custodian and Facilities Supervisor should not be a part of the purchasing process. Quotations for purchases of goods and services in excess of \$1,000 should be based upon written price quotations, and approval for such purchases should be given in writing. Price quotations should be obtained from at least three vendors or service providers, or alternatively, from current catalogs or price sheets. Contemplated purchases for \$5,000 or more should be put out to bid. Purchasing rules and regulations should be reviewed on an annual basis, and updated as necessary.</p> <p>Background checks should be completed on all new vendors to eliminate the possibility of fictitious vendors or possible conflicts of interest with Facilities employees. Background checks could be as simple as website or yellow book searches; however, a more robust search on the Dun & Bradstreet or LexisNexis databases is recommended. The BOE should also review the vendor list for possible conflicts of interest, such as employees with side businesses providing goods or services to the BOE.</p>

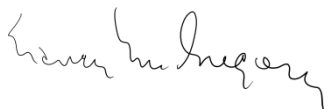
Fraud Risk	Existing Controls	Recommendations & Comments
Petty Cash	\$500 in petty cash is kept on hand and locked in the administrative assistant's desk. All reimbursements require a receipt; cash is not given out in advance of purchases.	Petty cash funds are administered by an administrative assistant who is not supervised in this function by the Facilities Supervisor. Petty cash should be limited to \$250. The administrative assistant should log all petty funds expenditures into an Excel spreadsheet referencing the date, the amount and the individual requesting the reimbursement. The receipt log, along with the receipts, should be reviewed by the Facilities Director and his approval should be required prior to the issuance of any reimbursement. Approval could be issued via email. The petty cash fund should be reconciled monthly by someone in the Town's Finance Department.
General Risk Factors		
Time entry	Hourly employees are responsible for logging in and logging out of the Ceridian system at a BOE computer when they start and finish their work day.	<p>Supervisors are supposed to approve staff employee time cards and Directors are supposed to approve Supervisor time cards. Policy compliance has been problematic. Secretaries, who are themselves hourly employees, have been given authority to review time card entries, including overtime. Time card entries should only be approved by Administrators/Directors. Approval should be in writing, which could be accomplished electronically.</p> <p>Secretaries often approve their own time sheets. This practice should be eliminated. Time cards should require the approval of an Administrator/Director with direct oversight of the employees whose time cards they are approving.</p>
Fraud policies and procedures	There is a Code of Ethics/Conduct that is part of the BOE's Policies and Regulations. Employees are required to sign an acknowledgment that they have received a copy of the Code of Ethics/Conduct.	Conduct fraud awareness training on a recurring basis. Significant attention should be given to proactive fraud education initiatives. The BOE should conduct an initial orientation and ongoing education on fraud risk management, including the codes of conduct and ethics, what constitutes fraud, and what to do when fraud is suspected, regardless of the individual's position.

Fraud Risk	Existing Controls	Recommendations & Comments
		Require annual signoff of the ethics statement by all employees, indicating prior year compliance and agreement to comply in the upcoming year. Having employees periodically read and sign the BOE's code of ethics or code of conduct not only reinforces their understanding of what constitutes appropriate and inappropriate behavior, it also underscores the fact that it is important to the BOE.
Organizational Chart	The BOE has an organizational chart that reflects clear lines of responsibility; however, the chart has not been disseminated to all employees.	The organizational chart should be disseminated to all BOE employees.
Formal job descriptions for employees	Job descriptions are provided at time of hire for all employees.	Job descriptions were written a number of years ago and do not necessarily reflect current job responsibilities. Job descriptions should be updated to ensure that all job responsibilities are covered when an employee is out of the office.
Employee vacation	Vacation time is provided for all employees.	The BOE should consider a mandatory vacation policy for all accounting staff, financial staff and anyone who has cash handling responsibilities. Incidents of fraud are often detected when an employee is on vacation.

Conclusion

We appreciate the opportunity to present this Fraud Risk Assessment to the Town of Wilton. The report contains some suggestions with regard to actions the Town's Board of Education can initiate to mitigate fraud risk. BlumShapiro has the experience and expertise to further assist the Town in developing and implementing anti-fraud policies and procedures and to provide anti-fraud training to staff and officials.

Dated at Providence, Rhode Island this 15th day of May, 2015.



Nancy M. Gregory, CFE
Director

TOWN OF WILTON
FRAUD RISK ASSESSMENT

May 14, 2015

Blum, Shapiro & Co., P.C. (“BlumShapiro”) has been engaged by the Town of Wilton (the “Town”) to conduct a Fraud Risk Assessment. A Fraud Risk Assessment is designed to help proactively identify fraud risk and create effective fraud prevention and detection policies and procedures. A Fraud Risk Assessment does not provide assurance that fraud does not exist or will not take place.

OBJECTIVES

The objectives of this assessment were to gather information to identify inherent fraud risks and provide proposed prevention and detection measures designed to mitigate such risks. Individuals from various Town departments participated in interviews regarding perceived fraud risks.

FRAUD RISK ASSESSMENT PROCESS

A Fraud Risk Assessment generally includes three key elements:

- Gathering of information to determine the population of inherent fraud risks that may apply to the Town. Included in this process is the consideration of various types of fraud schemes, scenarios, incentives, pressures, and opportunities to commit fraud specific to the Town.
- Assessing the likelihood and significance of inherent fraud risk based on historical information, known fraud schemes, and interviews with Town employees and officials.
- Reporting on significant inherent and residual fraud risks, and providing proposed prevention and detection policy and procedural changes designed to mitigate such risks.

During the planning stage we identified sixteen Town officials and employees from various departments to interview. These interviews took place on March 17 and March 18, 2015. The following Town officials and employees were interviewed:

- William F. Brennan, First Selectman
- Sandra L. Dennies, Chief Financial Officer
- Lynne Vanderslice, Vice Chair of Board of Finance
- Richard McArdle, Controller
- Philip J. Damato, Tax Collector
- Lillian Bowles-Rees, Assistant Tax Collector
- Sarah Taffel, Director, Human Resources, Labor Relations, and Administrative Services
- Stephen M. Pierce, Parks and Recreation Director
- Thomas W. Thurkettle, Public Works Director/Town Engineer
- Jennifer Fascitelli, Public Works Program Coordinator
- Robert Root, Building Official
- Rachel Matthews, Administrative Secretary, Building Department
- John Savarese, Information Systems Director
- Peter Lucia, Manager Integrated Systems
- Cheryl Harper, Senior Accountant
- Reva Walker, Accounts Payable Clerk

This report documents various fraud risks that could occur within the existing control environment. The accounting policies and procedures implemented by the Finance Department mitigate many of the fraud risks associated with cash receipts. Since the Town was scheduled to migrate its payroll process in house within a few weeks of BlumShapiro's site visit, payroll procedures are not addressed in this report. In the following section of this report we provide recommendations and comments regarding areas where improved controls may further reduce the risk of fraud in susceptible areas.

Summary of Risks and Recommendations

Cash Receipts		
<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
The Town has approximately 27 open bank accounts, not including those associated with the Board of Education.	The Controller, Senior Accountant and Clerk are responsible for reconciling bank statements.	The Town should reduce the number of bank accounts. This will reduce bank errors and help the Finance Department better track cash on hand. The general ledger should track all receipts, disbursements, and transfers between departments.
Security over Cash Receipts	Cash receipts are supposed to be remitted to the Finance Department on a daily basis. Funds received by the Finance Department are kept in a locked file cabinet during business hours. Funds are kept overnight in the Tax Collector's vault.	<p>The AP Clerk should not be the person to whom department funds are remitted following departmental entry into the New World general ledger program; receipts and disbursements should be handled by different individuals.</p> <p>Several people within Finance know the location of the key to the file cabinet in which receipts are kept during business hours. The Town should install a safe in the Finance Department. Video surveillance cameras should be installed in the Finance area. Not all departments remit their funds to Finance on a daily basis.</p> <p>If the Town is not going to require the remittance of cash receipts to Finance on a daily basis, it should install safes in departments where staffing does not allow for daily turnover.</p> <p>A written policy should be promulgated limiting the dollar amount of receipts that departments are allowed to hold in their safes.</p> <p>Access to each Department's safe's combination should be limited to the Department Head and their designee. The combinations should be changed on a set schedule and upon termination of any employee who had knowledge of the combination.</p> <p>Since the Town's police department is located next to Town Hall, the Town should consider a police escort for town employees who transport deposits to the bank in excess of \$1,000.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Safe/Vault Combination for Tax Collector and Parks and Recreation	Access to the safe/vault requires a combination.	All current Tax Collector and Parks and Recreation Department employees have the combination for their department's safe. Access to the combination should be limited to the Department Head and their designee. The combinations should be changed on a set schedule and upon termination of any department employee. Currently, the combination to the safe in the Tax Collector's office is only changed every three years.
Department Office Locks	There are locks on the Finance, Tax/Assessors, Building Dept., Public Works and IT office doors that are locked during non-business hours.	The locks for each department should be changed on a set schedule and upon termination of any department employee.
Online Payments	Currently, only the Office of the Tax Collector and the Parks and Recreation Departments (the latter for program registration only) have the ability to collect payments online.	Online payment options should be considered for other departments that collect revenue to limit staff access to cash receipts. It appears that the New World System has a Logos.NET™ eSuite solution that has the ability to collect online bill payments. The Town should consider adding this module.
Town Rental Properties	None	<p>The Town owns three rental properties that are leased to individuals. Certain lessees pay their rent in person, oftentimes in cash. The same Accountant who receives the rental payment also enters the rental receipt into the New World System and fills out the deposit ticket.</p> <p>In order for there to be a segregation of duties, separate people should collect the receipts, enter the receipts into the New World System and create the deposit slip.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Finance Department		
Purchasing	Section 2 of the Town's Accounting Policy & Procedures Manual provides general "guidelines" for the purchase of goods and services.	<p>Guidelines do not rise to the level of policies and procedures. Well-defined purchasing policies for goods and services should be developed and uniformly applied across all Town departments. The "intuitive" experience of department heads should not be a part of the purchasing process.</p> <p>Quotations for goods and services over a designated threshold level such as \$1,000, should be based upon written price quotations. Price quotations should be obtained from at least three vendors or service providers, or alternatively, from current catalogs or price sheets.</p> <p>Contemplated purchases or requests for services for \$5,000 or more should be put out to bid. Purchasing rules and regulations should be reviewed on an annual basis, and updated as necessary.</p>
New Vendors	The individual submitting purchase orders or invoice payment requests is responsible for obtaining a W-9 from a new vendor and submitting it to the Controller's Office. The Controller's Office requires the form to be filled out completely, with the proposed vendor's tax identification number.	<p>Background checks should be completed on all new vendors to eliminate the possibility of fictitious vendors or possible conflicts of interest with Town employees. Background checks could be as simple as website or yellow book searches; however, a more robust search on the Dun & Bradstreet or LexisNexis databases is recommended. The last time the vendor list was reviewed and purged was during the migration to the New World System in September 2012. The Town should periodically review and purge its vendor list.</p> <p>The Town should also review the vendor list for possible conflicts of interest, such as employees with side businesses providing goods or services to the Town.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Blank Check Stock and Micr Toner Cartridges	Blank check stock that is used for accounts payable runs is maintained in a cabinet in a vault that is located in the Town Clerk's office. The New World system assigns check numbers when the checks are printed. A Micr toner cartridge is required to print AP checks. The cartridge is maintained in the designated printer in the Controller's office. The IT Director re-orders Micr Toner cartridges. Checks automatically print with the signatures of the Town's CFO and First Selectman. It is not possible to write manual checks.	<p>The vault in the Town Clerk's office is open during office hours, and locked at night. The vault has a combination to which Finance does not have access. Notwithstanding, the combination should be changed on a scheduled basis and upon termination of any Town employee who had access to the safe.</p> <p>The cabinet with the blank check stock should be locked at all times. Access to the cabinet key should be limited to the Controller and the CFO.</p>
Bank Statement Reconciliation Process	The Controller and two Accountants are responsible for reconciling bank statements on a monthly basis. Each of the three employees is responsible for specific bank accounts, and their work is always checked by a designated second person. In the next few months, a bank statement reconciliation form will be implemented that reflects monthly sign offs by each account reconciler and the individual verifying the reconciliations.	<p>Small, unreconciled line items dating back to staff turnover in July 2014 need to be reconciled.</p> <p>Generally, the Finance Department's Bank Statement Reconciliation process is appropriate; however, it is not included in the Finance Department's Accounting Policy and Procedures. The process should be documented in the procedures manual. The bank statement reconciliation form should be formally implemented and its use should also be documented in the Accounting Policies and Procedures Manual.</p>
Fixed Assets	A Senior Accountant is responsible for tracking all fixed asset purchases greater than \$5,000. The Director of IT maintains master inventory lists of capital assets and small electronic assets. All servers, desktop computers, monitors, laptops and iPads bear inventory stickers. The Manager of Integrated	<p>Departments do not notify the Senior Accountant of purchases greater than \$5,000; she periodically reviews the check register for fixed asset purchases in order to update the fixed asset list.</p> <p>Equipment purchases greater than \$5,000 are not tracked, nor are they entered into the New World System with an invoice number, only a P.O. number.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
	<p>Systems maintains a database of cell phone EID numbers. Employees sign acknowledgement forms upon receipt of cell phones.</p>	<p>A system should be put in place requiring each Department to notify the Senior Accountant of purchases greater than \$5,000. As part of the process of notifying the Senior Accountant of purchases greater than \$5,000, department heads should also include invoice numbers in their New World System entries to better track significant equipment purchases.</p> <p>Fixed asset inventories should be conducted at least annually to cross-reference fixed asset lists against equipment on hand.</p> <p>It is recommended that Town-owned equipment be tagged with the label, "Property of Town of Wilton." A computer-based, fixed asset tagging system should be implemented for all Town-owned assets, not just computer equipment.</p> <p>Town-wide policies and procedures for the disposal of fixed assets need to be developed and implemented.</p>
New World System	<p>A designated IT employee issues user names for the New World System. Password requirements mirror the strength requirements suggested by Microsoft. Password sharing is prohibited.</p>	<p>Users are encouraged to regularly change their New World System passwords. However, there are no password frequency change requirements. A policy should be implemented requiring passwords to be changed every 90 days for all users of the New World System.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Tax Collector's Office		
Collections	Residents have the option of paying their tax bills on line.	<p>The Tax Collector's office makes a concerted effort to segregate duties. The tax collection process is described in the Town's Accounting Policy and Procedures manual. Paragraph 4.1.3 of the manual describes how payments received over the counter or through the mail are processed and entered into the Quality Data System ("QDS"). Although the Tax Collector sets a daily schedule as to which employee(s) is/are receiving cash and which employee is entering the receipts into QDS, language should be included in Paragraph 4.1.3 stating that the employee who receives tax payments via mail or in person must be different from the employee designated to record payments into QDS.</p> <p>An interface between QDS and New World should be developed and implemented to avoid problems with tax revenues not being reconciled in Finance in a timely fashion. The Tax Collector's office is not able to process credit cards for in-person payments. In order to limit cash receipts-handling by staff, the Department should be able to accept credit cards for in person tax payments.</p> <p>The receipt and recording of false alarm payments needs to be segregated between two people. The DOS system used to record these payments does not interface with New World. The DOS system should be eliminated such that all false alarm receipts are entered into New World.</p>
Quality Data System	The IT Director issues user names for the Quality Data System. Users must follow the Town's requirements for selecting passwords that are difficult to break. Password requirements mirror the strength requirements suggested by Microsoft. Password sharing is prohibited.	Users are encouraged to regularly change their QDS passwords. However, there are no password change requirements. A policy should be implemented requiring passwords to be changed every 90 days for all users of the Quality Data System. The QDS System and the New World System do not interface. An interface should be developed to avoid the need to reconcile QDS with New World.

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
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Parks and Recreation Department

Cash Handling	<p>The Parks and Recreation Department (“P&R”) has recently undergone a compliance review. The Department has implemented a number of recommendations as a result of that review.</p>	<p>The Parks and Recreation Department has four employees (not including Parks and Grounds and Dial-a-Ride Employees). All four employees have the ability to collect cash receipts and record receipts in the P&R electronic Class System program and the New World System. It is recommended that the P&R Department designate one person to open mail, another person to log the receipts into the Class System (electronic software program for facilities booking and registration software)/New World System), a third person to review receipt entries and a fourth person to bring cash receipts to the Finance Department. If necessary, a designee from Finance could fulfill one of these roles.</p> <p>Receipts are frequently not brought to finance on a daily basis, although they are locked in the safes when they cannot be promptly remitted. Receipts should be transmitted to Finance on a daily basis. Merwin Meadows Park takes in in excess of \$1,000 per day in cash during the summer season. Installation of a point of sale electronic kiosk would eliminate cash handling by staff at this venue. Since the CLAS system is slated to be replaced, it is recommended that the new facilities booking and registration software be capable of interfacing with New World.</p> <p>Cash advances of up to \$750 to pay for such expenses as food supplies and field trip tickets are routinely issued via checks made payable to three of the P&R employees. This practice should be eliminated. Town accounts should be set up with designated vendors to avoid cash usage for these purposes. Authorization to those accounts should be limited to the P&R Director, his designee and a Finance representative. To the extent that one-off expense purchases are periodically required, the Town should consider issuing a purchasing card or a Town</p>
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<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
		credit card for the P&R Director's use. The Director would be required to submit invoices for all expenses charged to that card to a designated Finance Dept. employee for review and reconciliation with the monthly statement.
Department Overview and Operations Manual	The P&R Department is one of the few town departments that has its own policies and procedures manual. The manual is reviewed on at least an annual basis, and is subsequently reviewed and approved by the Town's Parks and Recreation Commission. Changes are made to the document during the year if necessary.	Every P&R employee receives a copy of the Department's Overview and Operations manual at the start of employment and whenever changes to the manual are made. Employees are not required to sign an acknowledgement that they received a copy of the manual. A signature acknowledgment should be implemented.
Safe Combination	Access to the safe/vault requires a combination. The Department has two safes, and all four employees know the combination to the safes.	<p>The Town should consider limiting access to the safe to the P&R Director and one designee. The combination to the safes should be changed on a scheduled basis and upon termination of any departmental employee who has been given access to the safes.</p> <p>One safe is located in the P&R Director's office, which office is locked when he is not there. However, all department employees have a key to his office. Access to his office should be limited to himself and one designee.</p>
Musco Lighting System	Musco light billing is done on a seasonal basis. Invoices are generated in Microsoft Excel. When an invoice is sent out, a hard copy is kept along with a Musco report in a designated three-ring binder. When payment is received, a copy of the check is inserted in the binder. Reports are not sent over to Finance until cash payments are received.	It is not possible to link the electronic Musco light billing program to New World. Accordingly, it is recommended that an AR entry be created in New World to recognize the field light receivables since Finance does not receive reports until cash payments are received. Alternatively, access to the electronic Musco System could be granted to the Finance Department so that they could access it on a weekly basis to record the receivables.

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Parks and Recreation Vehicles	The Parks and Recreation Department, along with the Parks and Grounds Crew and Dial-a-Ride, use vehicles in daily operations. Usage of Dial-a-Ride vehicles is closely tracked in connection with grants provided by the State of Connecticut.	<p>The Town should institute the use of mileage logs to track daily mileage of each P&R vehicle. The logs should reflect the starting address, mileage at the start of usage, destination address(es) and mileage at the end of usage to detect inappropriate use of Town vehicles. The mileage logs should be reviewed by the P&R Director on a weekly basis for improper use.</p> <p>The Department's Overview and Operations Manual should include language that explicitly prohibits personal use of vehicles or other P&R equipment.</p> <p>Presently, vehicle keys are kept in unlocked key boxes in the Barn, Comstock and a storage structure at Merwin Meadows. These boxes should be locked at all times.</p>
Building Official Department		
Fee Collections	Only the Administrative Secretary makes receipt entries into the New World System.	<p>The Building Official Department has three employees, including the Building Official, Assistant Building Official and Administrative Secretary. All three employees have the ability to enter building permit applications into New World and to collect cash receipts. Only the Administrative Secretary makes cash receipts entries into New World System. It is recommended that the Department designate one person to receive payments, another to log the receipts into New World and a third person to bring cash receipts to the Finance Department.</p> <p>The person who brings the receipts to Finance should also be the person who enters building permit applications into New World.</p> <p>The Building Official's office is not able to process credit cards for payments made in person. In order to limit cash handling by staff, the Department should be able to accept credit cards for permit fee payments.</p>

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Security over Cash Receipts	Money received for permit fees is stored in a locked drawer. The drawer is locked at night.	The Building Department only remits receipts to Finance every few days. If the Town is not going to require that receipts be delivered to finance on a daily basis, the Town should place a safe in the Building Department. Only the Building Official and the person designated to accept cash receipts should know the combination to the safe. The combination should be changed on a scheduled basis and upon termination of any Building Department employee.
Department of Public Works		
Fixed Assets Disposal		There are no policies and procedures for the disposal of fixed assets. Town-wide policies and procedures for the disposal of fixed assets need to be developed and implemented.
Vehicles and Equipment used by Department of Public Works	A VIN and license plate number list is provided to the police, Town Clerk, and Finance. Other pieces of large equipment, such as chippers, trailers, compressors, and rollers all have serial numbers and certificates of origin, the former of which are maintained in a spreadsheet. The highway garage where the equipment is stored is locked at night. Access is limited to the highway foreman, three operators and a lead man. For safety purposes, extra keys are maintained at the police dept., fire dept. and first selectman's office.	<p>There is no itemized list of "small" equipment owned by the Town, which makes this equipment susceptible to theft. Public Works should be keeping itemized lists of all equipment. Further, it is recommended that equipment be tagged with a label "Property of Town of Wilton". A bar code tagging system should also be instituted for small equipment items. Tools stored at the maintenance garage should be electronically logged in and out. The usage logs should be reviewed by the Director of Public Works on a weekly basis.</p> <p>The Town should also institute the use of mileage logs to track daily mileage of each P&R vehicle. The logs should reflect the starting address, mileage at the start of usage, destination address(es), and mileage at the end of usage to detect inappropriate use of Town vehicles. The mileage logs should be reviewed by the Director of Public Works on a weekly basis.</p> <p>Both the Highway Superintendent and the Director of Public Works have access to Town fuel pumps and use Town vehicles for personal use. Although the personal use of Town vehicles for these two employees is allowed, this practice should be revisited.</p>

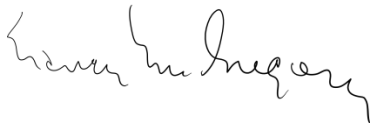
<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Department Rules and Regulations and General Safety Rules	The Department has two, one-page handouts regarding the Department's Rules and Regulations and General Safety Rules. The Rules and Regulations expressly prohibit personal use of Public Works equipment. Employees receive the forms at time of hire and must sign the forms to acknowledge receipt of same.	Rules and Regulations and General Safety Rules should be reviewed on an annual basis and revised as necessary. Employees should be required to sign the forms annually to acknowledge receipt.
General Risk Factors		
Documented accounting policies and procedures	Employees are informed of accounting policies and procedures relevant to their positions during their initial job training.	Accounting policies and procedures should be reviewed and updated annually and disseminated to all accounting personnel. Accounting personnel should be required to sign a receipt acknowledgement on an annual basis indicating that they have read and understand the written policies and procedures.
Fraud policies and procedures	Employee misconduct is addressed in the Town of Wilton Employee Handbook, as well as in the Code of Ethics. Employees must sign an acknowledgement of receipt of both the employee handbook and code of ethics.	Conduct fraud awareness training on a recurring basis. Significant attention should be given to proactive fraud education initiatives. The Town should conduct an initial orientation and ongoing education on fraud risk management, including the codes of conduct and ethics, what constitutes fraud, and what to do when fraud is suspected, regardless of the individual's position. Require annual signoff of the ethics statement by all employees, indicating prior year compliance and agreement to comply in the upcoming year. Having employees periodically read and sign the Town's code of ethics or code of conduct not only reinforces their understanding of what constitutes appropriate and inappropriate behavior, it also underscores the fact that it is important to the Town. Establish a fraud tip line. Statistics show that such hot lines are the most effective means by which to detect and fervent fraud.

<u>Fraud Risk</u>	<u>Existing Controls</u>	<u>Recommendations & Comments</u>
Organizational Chart	The Town has an organizational chart that shows clear lines of responsibility; however the chart has not been disseminated to all employees.	The organizational chart should be disseminated to all Town employees.
Formal job descriptions for employees	Detailed job descriptions are included in job postings for any open positions through the Town. Job descriptions are provided for lateral moves and promotions.	Each position within the departments should have a formal written job description that is provided to the employee at the time of his/her hiring or orientation. This ensures all procedures and tasks are covered when an employee is out of the office.
Employee vacation	Vacation time is provided for all employees. An employee may automatically carry over up to 5 days of unused vacation from one fiscal year to the next. Any carryover in excess of 5 days must be approved by the First Selectman. Such carryovers must be used by the end of the ensuing fiscal year.	The Town should consider a mandatory vacation policy for all accounting staff, financial staff, and those handling cash. Incidents of fraud are often detected when an employee is on vacation.

Conclusion

We appreciate the opportunity to present this Fraud Risk Assessment to the Town of Wilton. The report contains some suggestions with regard to actions the Town can initiate to mitigate fraud risk. BlumShapiro has the experience and expertise to further assist the Town in developing and implementing anti-fraud policies and procedures and to provide anti-fraud training to staff and officials.

Dated at Providence, Rhode Island this 14th day of May, 2015.



Nancy M. Gregory, CFE
Director