

# Town of Blackstone Operational Assessment

Gap Analysis Report

Version 1.0



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**Submitted On:**

07/13/2022

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## 1.0 Executive Summary

The Town of Blackstone (the Town) engaged BerryDunn to perform an operational assessment. This included reviewing and evaluating risks and efficiencies in the Town's process and policies, and identifying areas for improvement. BerryDunn selected six areas to examine:

1. Accounts Payable
2. Account Receivable
3. Tax Title
4. Tax Assessment
5. Procurement
6. Payroll

BerryDunn conducted preliminary interviews with department heads and other employees in the Town's office, to document existing processes and policies and identify challenges in the current environment. BerryDunn discussed potential risk areas under the six functional areas with the Town Administrator (TA). We agreed that the Payroll area did not require sample testing, and BerryDunn developed testing procedures for the remaining six functional areas and completed testing. Based on the information gathered from testing and interviews, BerryDunn identified areas of risk and made recommendations based on these observations.

Table 1 summarizes the identified risk areas.

**Table 1: Identified Risk Areas**

Department	Risk Areas
Accounts Payable	<ul style="list-style-type: none"> <li>• Unnecessary and excessive spending of the Town's funds</li> <li>• Lost or stolen items</li> </ul>
Accounts Receivable	<ul style="list-style-type: none"> <li>• Misappropriation of funds</li> <li>• Lost or stolen funds</li> </ul>
Tax Title	<ul style="list-style-type: none"> <li>• No action taken on foreclosed tax title properties</li> <li>• Inconsistent recording of completed tax title procedures</li> <li>• Lack of documented tax title procedures</li> </ul>
Tax Assessment	<ul style="list-style-type: none"> <li>• Insufficient support for changes in properties assessed values</li> <li>• Assessing procedures not consistently followed</li> <li>• Assessing procedures not formally documented</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Non-compliant procurement practices</li> <li>• Inadequate vendor management</li> </ul>

Payroll	<ul style="list-style-type: none"><li data-bbox="584 199 922 235">• Incorrect payroll amount</li></ul>
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The information contained in this report reflects the Town's current processes and policies, the associated risks and challenges, and BerryDunn's recommended action plans for each of the six identified areas.

## 2.0 Current Environments by Functional Area

This section describes the current environment, including systems and tools, challenges, risks, and recommendations by functional area.

### 2.1 Accounts Payable (AP) 2.1.1 Systems and Tools in Use

The following systems and tools are used for the AP process.

- **Munis:** This is accounting software used to enter invoices and print checks.
- **Cash Book Excel Spreadsheet:** The collector treasurer has an Excel spreadsheet that notes every account and what revenues and investments the Town has.
- **Department Bills Payable:** The form is completed and submitted with an invoice after a purchase is made. It notes what was purchased and is signed off by the department head.

#### 2.1.2 Functional Area Summary

The AP process starts with the department heads reviewing vendor invoices and creating a voucher. The voucher, along with a copy of the invoices, is given to the Accounting Office biweekly. The Town accountant's assistant reviews each voucher and verifies that the vendor name, remit address, amount, and invoice number are correct. The assistant also verifies that it is an allowable purchase (legal municipal purpose) and there is no tax included. All invoices are checked and verified prior to processing, regardless of the amount. If the purchase amount is for a contracted vendor, the accountant pulls the contract and verifies that the total approved amount and the total paid amount are accurate. Once the assistant reviews the vouchers they are given to the accountant for a final review.

Once the accountant verifies the voucher information, it is posted to the general ledger. The assistant accountant reviews the invoices and confirms that the appropriate funds are available, no sales tax was added, the expense is allowable, and that there was the necessary purchase order (PO). Invoices are then manually entered into the Munis system and reviewed a second time by the accountant, for correctness and compliance with procurement.

The final step of the AP process in the Accounting Office is to match the vouchers with warrants. When invoices are entered into Munis, a batch is created that is assigned a warrant number. A warrant is then created for the batch. When the batch is posted, a warrant signature page will be created. The warrant must be signed by three selectmen before checks are approved to be printed. The treasurer is in charge of confirming that there are three signatures. Once the treasurer verifies that the necessary sign-offs are in place, the treasurer prints the checks from Munis. Checks go out on the day of the warrant after all the necessary approvals have been met.

The only credit card the Town has is for Home Depot. The Parks and Recreation Department mainly uses it for purchases at Home Depot. It is kept in the Treasurer's Office and must be

signed out each time. One individual, whose name is on the card, has permission to use the card. All receipts must be given to the treasurer to prove that no sales tax has been included.

### 2.1.3 Challenges

BerryDunn identified the following challenges in relation to the AP process.

- The Town does not currently require departments to create a PO for purchases under \$5,000.
- Each department has the authority to purchase any items it deems necessary. The accountant approves the payment after the purchase has already been made and an invoice has been generated.
- The Town manually enters physical invoices into Munis.

### 2.1.4 Areas for Testing

BerryDunn identified the following area for testing.

**Purchases:** BerryDunn selected a sample of three vendors from which substantial amounts of purchases were made in FY2021. BerryDunn further selected some of the larger purchase transactions from those vendors and reviewed those transactions for appropriateness.

### 2.1.5 Testing Procedures

BerryDunn requested and obtained a list of all vendors and year-to-date purchase amounts for FY2020 and FY2021. BerryDunn sorted the vendors using two variables: accounts without a contract and accounts that had the highest invoice amount. Based on these criteria, BerryDunn selected three vendors for testing: Advance Auto, Amazon, and WB Mason.

The accountant provided reports from Munis which showed all payments made to these three vendors in FY 2020 and 2021. From these reports, BerryDunn selected samples of 19 purchases from Advance Auto, 30 purchases from Amazon, and 19 purchases from WB Mason for further review. Each purchase may include multiple purchased items. For each of the selected purchases, the accountant provided the invoice from the vendor with descriptions of purchased items and the Schedule of Department Bills Payable, which is a list of purchases that need to be approved by the Board of Selectmen for payment.

BerryDunn compared the invoices, the Schedule of Department Bills Payable documents, and the Munis payment reports to verify the amounts and descriptions of each purchase. BerryDunn also reviewed the itemized list for each invoice to determine the appropriateness of each purchase.

### 2.1.6 Observations

BerryDunn observed that most of the sampled purchases seemed appropriate based on volume and expense with exception of some items purchased from Amazon which seemed excessive in volume and price. We further reviewed those purchases as below.

During 2020 and 2021, the Senior Center purchased the following items from Amazon for a total of \$8,720.41:

- 26 NuPro zippered carriers
- 24 Amazon Fire HD 10 Kids Edition Tablets
- 10 screen protectors
- 1 Zenbook laptop
- 1 Apple pencil
- 1 Apple keyboard
- 3 Apple iPads

Considering the volume of these purchases, BerryDunn requested an inventory of these items in addition to an invoice. As of May 9, 2022, the Town identified most of the above-mentioned items in its inventory except for the following:

- 3 NuPro zippered carriers
- 3 Amazon Fire HD 10 Kids Edition Tablets
- 1 Apple pencil

The Town was unable to verify what happened to these missing items.

### 2.1.7 Risks

BerryDunn identified the following risks in relation to the AP process:

- **Unnecessary and excessive spending of the Town's funds.** One of the risks associated with not having a purchase policy is that employees have the freedom to buy whatever they deem necessary. There is no pre-approval process, so the Town is unaware of what is being purchased and why it is being purchased until after the fact. An additional risk is that items are being purchased at a higher price than is necessary. Employees frequently use Amazon to buy supplies, including large electronics. However, this is not always the cheapest option and can cause overspending.
- **Lost or stolen items.** Another risk associated with the AP process is lost or stolen items. Due to the high purchase volume by various departments and the lack of periodic inventory checks, items can be lost without being detected.

### 2.1.8 Recommended Action Plan

BerryDunn recommends that the Town establish a policy of allowable purchases on Amazon.

BerryDunn recommends that the Town use a statewide contracted vendor for purchases of supplies over a certain dollar amount.

BerryDunn recommends that the Town require a PO form be submitted and approved prior to making a purchase using the Town's fund. The form should describe the service/goods needed and the reasons why they are needed. The department head and the accountant should sign off on the form prior to the purchase being made. This will allow the Town to approve and monitor each purchase to help ensure they are acceptable and necessary.

BerryDunn recommends the Town periodically take physical inventories to verify that purchased goods are physically present.

## 2.2 Accounts Receivable (AR)

### 2.2.1 Systems and Tools in Use

The following are the systems and tools used in the AR process.

- **Recycling Center Excel Spreadsheet:** This is used to monitor cash inflow. One person oversees the spreadsheet.
- **Receipt Books:** These are used at the Recycling Center and Animal Control to keep track of donations and payments. One person creates and monitors receipt books.
- **Cash Book Excel Spreadsheet:** The treasurer has an Excel spreadsheet that notes every account and what revenues and investments the Town has.
- **Munis:** This is accounting software used to create invoice batches.

### 2.2.2 Functional Area Summary

The Town receives various forms of payments, including cash turnovers, from the department heads. Checks and cash are deposited into the bank regularly. Checks are typically deposited the same day and cash either the same day or the next day. Turnover batches are reconciled weekly and then again monthly during the cashbook reconciliation. The Town Clerk's Office accepts debit/credit cards, cash, and checks. Other forms of payment include money from taxes and permits, water and sewer payments, investments, and licenses for real estate, motor vehicles, and businesses. Animal Control and the Senior Center only accept cash and the Recycling Center accepts cash and checks for payments and donations.

**Animal Control:** Animal Control receives adoption fees, storage fees, and donations. There is no debit or credit system so checks and cash are the only accepted method of payment. To account for the cash inflow, a receipt book is kept at the shelter. This book is monitored by the Animal Control officer and is turned over to the Treasurer's Office on a weekly basis.

**Building Department – Recycling Center:** The Recycling Center accepts cash and checks. The center does not have the capability to accept credit or debit card payments. The department head manually records each money-receipt transaction in a receipt book in the Recycling Center Office. An additional MS Excel spreadsheet is used by the department head to keep track of the cash. The cash is turned over to the Treasurer's Office weekly and is reconciled monthly by the accountant.

**Senior Center:** The main activities the Senior Center provides include classes for seniors, such as yoga and other types of exercises, and transportation services. The center accepts cash donations for each class and transportation services. Seniors may either enter their cash donation into a lockbox placed in the kitchen or hand cash directly to the instructor or the driver. At the end of a shift, each driver is responsible for putting all the cash received into the lockbox. Two individuals, the Senior Center director and the driving coordinator, have a key to the lockbox. There is no record of the amount received in donations until it is turned over at the end of the week. At the end of the week the cash is turned over to the Treasurer's Office.

Each department gives a copy of the turnover to the Treasurer's Office and the Accounting department for review. The treasurer enters the turnover sheets into Munis and creates a batch. The accountant reviews the batches before posting them to the general ledger. The treasurer reconciles the cash at the end of each month and compares the totals with the general ledger. Once the cash book balances, a receivable report is pulled and rolled to the next month.

### 2.2.3 Challenges

BerryDunn identified the following challenges in relation to the AR process.

- The Town only accepts credit/debit card payments at the Town Clerk's Office. Donations and payments for some types of services, such as animal rescue fees and activities at the Senior Center, can be only made in cash or by check.
- The Senior Center does not currently track donations.
- Animal Control only accepts cash and often does not have time to bring the cash to the main office on a weekly basis.
- There is a manual process for collecting and recording payments received.

### 2.2.4 Areas for Testing

BerryDunn identified the following area for testing.

**Cash Management:** BerryDunn selected a sample month to test whether the turnover procedures are followed for receiving cash and that the payments reconcile to what is recorded.

### 2.2.5 Testing Procedures

BerryDunn requested and obtained a list of all revenue accounts. We went over each account with the accountant to understand the purpose of each account and to identify the accounts that receive cash payments. Out of 62 accounts, 10 accounts were identified as cash revenue accounts. One account was for the Recycling Center, four for Animal Control, three for the Senior Center, and one for the library. BerryDunn then requested and received Munis turnover reports for FY2020, FY2021, and FY2022 for the Recycling Center, Animal Control, and the Senior Center.

The Munis reports identified the journal entry number, the date the turnover was entered into Munis, and the total amount. According to the Town's procedures, each department is supposed to bring in turnover once per week. However, BerryDunn found many instances, for each department, where turnovers were not turned in weekly. In some cases, turnovers were not handed in for many weeks. The following is a summary of each department:

**Table 2: Summary of Turnover Activities by Cash Handling Account**

Department	Total Turnovers Recorded	Frequency of More than 7 Days Between Turnovers	Frequency of More than 30 Days Between Turnovers
Recycling Center	79	32	1
Animal Control	30	20	5
Senior Center Class Donations	20	13	4
Senior Center Van Donations	26	21	4
Senior Center Gift Account	16	11	7

BerryDunn took a sample from each of the five accounts where days between turnovers were greater than seven days and requested an explanation. The accountant collected information from the applicable department heads. The department head of the Recycling Center said the reason for the lack of speedy turnovers was because there were fewer staff members working during the peak of COVID-19. The department head was also the health agent and had other pressing responsibilities during the pandemic so she was unable to deliver turnovers on a weekly basis. The department head of Animal Control stated that, as the only full-time employee, he was extremely busy and was not able to get to Town Hall to deliver turnovers during office hours. He clarified that until he could deliver the turnovers, the cash was held in a safe at the animal shelter. The department head of the Senior Center left the position, thus BerryDunn was unable to collect any information as to why there were long periods between turnovers.

Our testing scope was limited to the analysis of lag time between turnovers. We did not analyze the cash turnover dollar amounts.

### 2.2.6 Observations

BerryDunn observed many instances in which turnovers were not completed and turned over regularly. The amount of time between turnovers differed between departments; however, turnover was consistently late for all departments. The following table shows the percentage of incidents that turnovers were not completed within seven days for each department. The percentage was calculated using the data from Table 2

**Table 3: Percentage of Incidents When Turnover Time Was More than Seven Days**

Department	% of Incidents When Turnover Was More Than 7 Days
Recycling Center	40%
Animal Center	67%

Senior Center Class Donations	65%
Senior Center Van Donations	81%
Senior Center Gift Account	69%

BerryDunn also learned during interviews that cash donations were being given to department heads at locations around town, including grocery stores and coffee shops. We were unable to test this, but it is noted as a risk.

### 2.2.7 Risks

BerryDunn identified the following risks in relation to the AR process:

- **Misappropriation of funds.** The largest risk when accepting cash donations is misappropriation of funds. The Town currently does not have a checks and balances system for cash donations. In most cases, only one individual collects, counts, and turns over the cash. The Town does not have a way to know how much cash was donated until it is turned over.
- **Lost or stolen funds.** Another risk associated with handling cash is an opportunity for theft. Cash that is not turned over to the Town regularly has a high risk of being lost or stolen, whether intentionally or unintentionally. Cash that is being handled outside of the workspace, including times when donations are handed to a Town employee around town, also increases the risk of being lost, forgotten, or stolen.

### 2.2.8 Recommended Action Plan

BerryDunn recommends that the Town implement a credit/debit card payment system to eliminate the use of cash or check as much as possible. We recommend that the Recycling Center, Animal Control, and the Senior Center have the capability of accepting credit/debit card payment at each location to reduce the burden of cash management for the department head.

BerryDunn recommends that the Town not accept any donations unless it is done so at the Town Clerk's Office or the location (e.g., Animal Shelter or Recycling Center) where the funds are being donated to.

BerryDunn recommends the Senior Center install lock boxes in the Town vans. We recommend that only the department head have a key to these boxes and that the funds be turned over weekly.

## 2.3 Tax Title

### 2.3.1 Systems and Tools in Use

The following systems and tools are used for the tax title process.

- **Munis:** This is accounting software used to document all property records and tax title status.
- **Demand Bills:** These are sent to property owners in the Town outlining that a bill is overdue.

### 2.3.2 Functional Area Summary

The process utilized for the tax title procedures at the Town is set forth by Massachusetts law. Each year, the treasurer sends property tax bills to Town residents, and if the bills are not paid by the bill due date, the Town sends a demand bill and the resident has 14 days to pay. During the summer of 2021, the Town provided residents with additional time to respond due to the COVID-19 pandemic. Typically, if the customer does not pay by August, the Town lists the property in the newspaper as an advertisement. The advertisement includes the property and legal ad, and states that the Town will start the collection process. Next, the treasurer moves the property in Munis to Tax Title status and then moves forward with the tax taking. This process must be done in Munis within 60 days of the advertisement. Once this occurs, the Town must wait six months for the court proceedings, but the lawyer sends the demand date letter to the property owner during the six-month period.

Once these procedures are complete, a lien is placed on the property. If the lien is paid by the property owner, the Town then issues a redemption certificate, and it clears the lien. If the property remains unpaid, the Town starts the tax title process. The treasurer first works with the Town's attorney to file a petition to foreclose. The Town orders a title examination to see if the taking of the property is valid, then all applicable information is submitted to land court to determine property ownership. All original legal documents are manually filed with land court by the Town's attorneys, and the treasurer documents the status change in Munis.

If the Town obtains the title of the property, the court then sends a copy of the updated ownership to the Assessor's Office. The Town then has discretion to do what it wants with the owned property. The Town can develop the property, utilize the property for Town use, or put the property for sale through auction. BerryDunn planned to review the process the Town took on properties that went into tax title; however, there has been no action taken on Town-owned property in the last three years.

### 2.3.3 Challenges

BerryDunn identified the following challenge related to tax title process:

- Procedures are not formally documented outlining the tax title process; therefore, there is a risk that the tax title process has not been consistently followed.

### 2.3.4 Areas for Testing

BerryDunn planned to obtain a population of all foreclosed properties in the Town over the last three years and select a sample to review whether the tax title process was consistent and followed. We also planned to identify what action, if any, the Town took once the Town assumed ownership of the properties.

### 2.3.5 Testing Procedures

BerryDunn requested a list of all properties in the last three years that the Town took ownership of due to foreclosure. In January the town hired a temporary treasurer. BerryDunn met with her and she informed BerryDunn that no properties were foreclosed on in the last three years. BerryDunn then requested a list of all properties in 2020 and 2021 that had been advertised because of unpaid property taxes. From the list of these properties, BerryDunn selected three properties from each year and requested further support from Munis to show each step of the tax title process that the property went through. The support was used to review the tax title process that was followed and to see where the properties ended up in the process. For each property, BerryDunn confirmed the following steps were documented for the properties in Munis:

- Title advertised
- Title posted
- Title taken
- Charge added to bill
- Title number assigned
- Instrument of taking created
- Parcel taken as an active tax title

### 2.3.6 Observations

For the 2020 properties, all tax title steps were documented in Munis in December of 2020. For 2021 properties, all steps were documented in Munis in October of 2021. One property did not follow these steps because the owner paid prior to the start of the process. Each of the other five properties had one of the following final actions:

- *Status A parcel taken as an active tax title:* Property has been sent to land court and the Town waits for the results.
- *Adjustment SUBS subsequent RE Bill:* BerryDunn inquired about this step and it was unclear exactly what the step entails, but it means the property is still in land court.
- *Status R Title redeemed:* Tax payer has paid and redeemed the property; tax title process stops.

Four of the properties are in land court awaiting a decision. One property had Status R; therefore the owner paid the property tax and the property is no longer in tax title.

The steps of the tax title process are documented in Munis, but the actions are not actually performed within Munis. BerryDunn noted the dates of record are often all documented on the same day, implying that they are not documented at the time the action is taken. For example, property Deutsche Bank National Trust Company has the steps of initial file creation through being sent to land court all documented on October 25, 2021. Since all of these actions would be taken months apart, the recording of tax title procedures does not appear to be accurately recorded

### 2.3.7 Risks

BerryDunn identified the following risks in relation to the Tax Title process:

- **No action taken on foreclosed tax title properties.** BerryDunn noted during meetings with the former treasurer that they were not aware of any action being taken on properties that have gone into tax title for the last three years. BerryDunn did not receive a reason of why the Town did not take action on the owned properties that previously went through tax title. Therefore, for the last three years, the Town has had ownership of properties that it could have profited from or utilized for Town purposes. This is a risk and concern because the Town is not capitalizing on the benefit and value of owning these properties and it is an essential part of the tax title process.
- **Inconsistent recording of completed tax title procedures.** By not having an accurate record of the date and status of each tax title property, the Town may not know the status of properties in the tax title process and could miss following through with the next step, leading to revenue loss for the Town.
- **Lack of documented tax title procedures.** BerryDunn did not receive any documented procedures regarding the tax title process. This is a risk for the Town because if there is staff turnover, it will be difficult for new staff to follow a consistent process.

### 2.3.8 Recommended Action Plan

BerryDunn recommends the Town create documented policies and procedures regarding the tax title process so it is clear and consistent, and so when turnover occurs in the treasurer position, the process remains consistent. We also recommend the Town follow through with all tax title properties in a timely manner outlined by Massachusetts law and in alignment with the Town's documented policies. If the property owner continues to have unpaid property taxes and the Town takes ownership of the property, the Town should identify the next steps for the property, in a timely manner, that is in the best interest of the Town.

BerryDunn recommends the Town identify all properties that the Town owns and create an action plan for auctioning the properties or using them for purposes that benefit the Town. The documented policies and procedures should also include the process for ensuring that properties that complete tax title are following a consistent and timely process to allow for the Town to capitalize on any potential available funds, such as the sale of the property.

BerryDunn recommends the Town consistently document the tax title steps in Munis when the step is performed to allow for accurate tracking of property status.

## 2.4 Tax Assessment

### 2.4.1 Systems and Tools in Use

The following systems and tools are utilized for the Tax Assessment process:

- **Vision:** This is software that records property value and assessment results, including the property record cards.
- **Munis:** This is the system used to store the property value and property tax information.
- **Documentation physically maintained:** Paper copies of all property records and assessment information are maintained in case it is requested by the Division of Local Services (DLS).

### 2.4.2 Functional Area Summary

The Assessor's Office is responsible for conducting a valuation of the market value of each property in the Town for all residential, industrial, commercial, and personal properties annually. The Assessor's Office conducts the valuation of all residential properties and outsources both industrial/commercial and personal properties to third-party contractors. The process used for updating the property values each year is defined by the Bureau of Local Assessment (BLA). Each year the assistant assessor conducts a statistical analysis and updates the property values because of the following reasons:

- Base rate change
- Location of property
- Age of property
- Style of property
- Water view

Once these items are updated for each property, the assessor sends the results to the Department of Revenue (DOR) DLS for review and approval.

The Town's procedures state that the assessors will aim to perform cyclical inspections of a quarter of the properties in the town every year. The Assessor uses the Vision database to track the visit history to determine which properties to select for inspection each year. The inspection process is important because it helps to ensure fair and equitable valuation of properties. These cyclical inspections allow the Town to identify any changes to the properties that may not have been reported by the owner. In fiscal year 2021, the Town conducted a physical inspection of all properties and outsourced this to Vision Government Solutions. Once the Town conducts the assessment and a new property value is determined, the assessor updates the Vision software and maintains physical documentation.

If the property owners disagree with the value assigned to their property, the property owner can file an abatement with the Board of Assessors on or before the date that the first installment

payment is due. The owner must provide written information about the property and allow the Town to conduct an inspection. The assessor then has three months to inspect the property and determine what recommendations are to be made to the Board of Assessors. The Board of Assessors then determines if an abatement is warranted. Typical reasons for abatement are: overvaluation, disproportionate assessment, incorrect usage classification, and erroneous information on the property record card.

The assessor told BerryDunn during an interview that the DLS storage requirement for all assessing-related procedures is that everything must be maintained in physical copy and not discarded without DLS permission. The assessor currently maintains all assessing documentation in physical storage and inputs the results onto the property record card within the Vision Government Solutions software. BerryDunn reviewed the DLS requirements and did not find where it says documentation must be physically maintained.

When there is a new property owner in the Town, the Town sends a Sale Verification Letter. This letter requests verification of the sale, including the price, any concessions made during the sales process, and property information and conditions. The Town also requests the owner allow the Board of Assessors to inspect the property. The assessor reviews a list of all properties sold in the previous year, and then the properties are inspected by the assistant assessor to verify that the property record card information is still accurate for the new sale.

If a property owner needs a permit for changes to their property, the assessor reviews and approves permits. The assistant assessor sends letters to the property owners to inspect the properties, and updates the property record card.

### 2.4.3 Challenges

BerryDunn identified the following challenges related to the tax title process:

- The documented assessment procedures were informal, and there is a concern that the procedures are inconsistent with the process the assessors follow.
- The Assessing Department is small; therefore, a significant amount of the assessing is outsourced to a third-party contractor. Given the variability in processes, there is a concern that not all properties are selected and assessed consistently and in a manner that is consistent with DLS requirements.

### 2.4.4 Areas for Testing

BerryDunn obtained a listing of all properties in the Town with their assessed value within the last three years to identify any large changes in property values. BerryDunn also obtained a listing of all properties and the date of the most recent inspection to confirm that each property had an inspection consistent with the Town and state requirements.

### 2.4.5 Testing Procedures

BerryDunn requested all documented policies and procedures from the Town's assistant assessor to better understand the Town's procedures for assessing. BerryDunn also asked for

the most recent Revaluation Workplan that includes a written workplan of the Town’s assessing procedures. This workplan is required to be submitted to the Bureau for Local Assessors (BLA) prior to the revaluation. The Revaluation Workplan provided by the assistant assessor did not include a detailed workplan as outlined in the BLA certification standards.

BerryDunn obtained a list of all properties in the Town for 2019, 2020, and 2021 tax years that included their assessed value. BerryDunn compared each property's value from year to year, and selected a sample of properties which had large variances to obtain supporting documentation for the change in value. We selected five properties that had a substantive increase in value from the 2020 to 2021 tax assessment years, six that had a substantive increase in value from the 2019 to 2020 tax assessment years, and three that had a significant decrease in value between the 2020 and 2021 tax assessment years. Of the 14 properties selected, four properties had permits during the period showing a change to property value BerryDunn inquired about the variance for the remaining ten properties and received the following responses, shown in Table 4.

**Table 4: Summary of Sample Testing Results of Tax Assessment**

Location	2019 Parcel Value	2020 Parcel Value	2021 Parcel Value	Last Cyclical Inspection Prior to 2021	BerryDunn Question	Town Assessor Response
MILK & MENDON STS	\$339,900	\$287,300	\$449,300	#N/A	We can see solar panel permit in 2020, but any explanation for decrease in value from 2019 to 2020?	Land area was split from 146 acres to 61.98 between 2019 and 2020.
136 MAIN ST	\$226,500	\$236,700	\$309,700	8/6/2009	Explanation for significant increase in value from 2020 to 2021?	Commercial property valued by Vision based on sales in 2020 caused increase.
MILK ST	N/A	\$294,000	\$147,000	1/22/2020	Explanation of why value went up in 2020 then down in 2021?	Abatement of \$147,000 because of proof of wetlands and no paved access road.

Location	2019 Parcel Value	2020 Parcel Value	2021 Parcel Value	Last Cyclical Inspection Prior to 2021	BerryDunn Question	Town Assessor Response
202 MENDON ST	\$200	\$123,000	\$5,800	#N/A	Explanation of why value went up in 2020 then down in 2021?	Changed from buildable lot to potentially buildable.
87B MILK ST	\$735,000	\$763,000	\$714,800	5/23/2013	Explanation of why value went up in 2020 then down in 2021?	Unclear of value difference – due to Vision inspection and removal of a clerk.
29 FEDERAL ST	\$473,000	\$473,000	\$427,600	8/18/2009	Explanation of why property value went down between 2020 and 2021?	Unclear of value difference – due to Vision inspection and removal of a clerk.
6 REILLY AVE	\$309,600	\$318,800	\$278,100	11/1/2016	Explanation of why property value went down between 2020 and 2021?	Unclear of value difference – due to Vision inspection and removal of a clerk.
18 KANATHA ST	\$317,100	\$292,100	\$256,000	7/3/2018	Explanation of why property value went down between 2019, 2020, and 2021?	Unclear of value difference – due to Vision inspection and removal of a clerk.
BELLINGHAM RD	\$423,000	\$448,900	\$415,400	10/31/2006	Explanation of why property value went down between 2020 and 2021?	Unclear of value difference – due to Vision inspection and removal of a clerk.
7 HOWARD ST	\$231,600	\$271,600	\$240,300	2/20/2020	Explanation of why property value went up then down	Unclear of value difference – due to Vision inspection and

Location	2019 Parcel Value	2020 Parcel Value	2021 Parcel Value	Last Cyclical Inspection Prior to 2021	BerryDunn Question	Town Assessor Response
					between 2019 and 2021?	removal of a clerk.

BerryDunn asked the assessor why the properties had such a large variance in property value, and the response to most of them was that the inspection was outsourced to Vision due to COVID-19 and because of the removal of a clerk.

In the assessing procedures provided to BerryDunn, it states that a physical inspection is performed on a quarter of the Town's properties every year. The BLA requires each town to have a physical inspection every 10 years. BerryDunn learned that in 2021, the Town hired Vision to conduct physical inspections of all properties in the Town; therefore, we obtained the listing of when those inspections were conducted along with the most recent inspections that were conducted prior to 2021. We first reviewed the current list of property inspections and identified seven properties that were not inspected by Vision for the 2021 tax year. It is unclear why these seven properties were excluded from this inspection list. We inquired about this from the assessor, and the response we received was that they were unaware of why the seven properties were excluded and claimed they may have missed them. We then reviewed the list of inspections prior to the 2021 tax year. This data showed the following number of properties had not had an inspection in over four years, demonstrating that the cyclical inspection process was not consistently followed at the Town.

**Table 5: Number of Properties that Did Not Receive an Inspection in Over Four Years**

Land Type	Number of Properties
0 Multi-Use	18
1 Residential	2092
2 Open Space	0
3 Commercial	74
4 Industrial	52
5 Personal Property	0
6 Forest Property	2
7 Agriculture	1
8 Recreational Property	0
9 Exempt Property	57

We then reviewed the data to see the number of properties that had not had an inspection in over 10 years, showing that the BLA requirement was not consistently followed at the Town.

**Table 6: Number of Properties that Did Not Receive an Inspection in Over Ten Years**

Land Type	Number of Properties
0 Multi-Use	3
1 Residential	97
2 Open Space	0
3 Commercial	35
4 Industrial	48
5 Personal Property	0
6 Forest Property	2
7 Agriculture	0
8 Recreational Property	0
9 Exempt Property	55

BerryDunn also obtained a listing of all abatements in 2020 and 2021. BerryDunn selected a sample of nine properties: four from 2020 and five from 2021. We requested support for how each abatement was handled. The properties had the following abatement explanations:

- Changed class code from developable (130) to potentially developable (131) class type under BLA requirements
- Included demolished structures
- The business closed
- Transferred ownership to the Town
- When the lot was subdivided, the 50% wetlands discount was inadvertently removed

All properties we reviewed had one of the explanations above. BerryDunn reviewed each case to verify the validity of the explanation provided. BerryDunn also reviewed the property record card alignment with the changes documented in the abatement support.

## 2.4.6 Observations

As noted in the testing procedures, BerryDunn noticed many inconsistencies in the property assessing process. The lack of formally documented procedures and a consistently followed process made it difficult to identify and follow test procedures. We noted that property values in

2019, 2020, and 2021 had significant variances over the three years and many of the variances did not have a clear explanation of why the value changed. For some of these properties, the change in value was because of an inspection in 2020; however, there was a significant gap in time between the last inspection and the recent Vision inspection. BerryDunn also noted the inspection process was inconsistent and many properties did not meet either the Town procedures or the state inspection requirement.

### 2.4.7 Risks

BerryDunn identified the following risks related to assessing.

- **Insufficient support for changes in properties assessed values.** Property values are changing without a clear explanation or support, which creates a risk to the Town and to property owners that the valuation of their properties may not be accurate. If the Town does not do inspections regularly, the property values may not be changing in a consistent manner. This could lead to revenue loss to the Town and cause the Town to be out of compliance with state requirements.
- **Assessing procedures not consistently followed.** There is a risk that properties are not being assessed when there are new owners or when current owners receive building permits. The Assessing Department must be notified of these changes and then an inspection should be performed of the property to confirm the updated value.
- **Assessing procedures not formally documented.** Without having a detailed Revaluation Workplan to send to DLS, the Town does not have a consistent process that is documented, approved, and followed, which leads to inconsistent assessing procedures.

### 2.4.8 Recommended Action Plan

BerryDunn recommends the Town update the tax assessing procedures, including the Revaluation Workplan, to reflect a process that is consistent with the actual procedures that are taken annually and to help ensure they comply with what is reported to, and required by, DLS.

BerryDunn also recommends the Town create a consistent process and schedule that documents and tracks the inspection of each property, so that the selection process is consistent, and so that properties are not excluded from or chosen at random for the annual inspection.

BerryDunn recommends the Town follow policies to inspect a property and update the value after permits are requested and issued by the property owner.

BerryDunn recommends the Town evaluate the process used for storing and maintaining support for the assessing process and look toward digital storage of records.

## 2.5 Procurement

### 2.5.1 Systems and Tools in Use

The following systems and tools are used for procurement process.

- **CommBuys:** This is Massachusetts' online procurement platform that lists statewide contracted vendors.

### 2.5.2 Functional Area Summary

The TA also serves as the procurement officer for the Town. The current TA is in the process of implementing policies and procedures related to procurement; however, no written policies and procedures seem to have existed. While developing the policy and procedures, the TA is requiring the department heads to abide by the following procedures:

In order to procure goods and services that are estimated to cost:

- Over \$5,000, a PO must be created.
- Over \$10,000, the Town must seek at least three quotes and create a PO when procured.
- Over \$50,000, the Town must have an open bid and create a contract when procured.

The Town currently does not have a formal evaluation committee to evaluate proposals.

For large-scale technical projects such as water treatment services, the Town hires a consultant to prepare a Request for Proposal (RFP). The consultant may help with the selection of a vendor.

The Town also has several contracts where the Town is a payee. These contracts include:

- A contract with Kimball Sand for earth removal since the 1990s
- Two contracts with marijuana vendors
- Two contracts with neighboring towns for leaf and yard waste removal

While BerryDunn was conducting this assessment, the Town became aware that there was no record of payment receipt from Kimball Sand for the earth removed for the duration of the contract. The Town billed Kimball Sand for the estimated amount of earth removed since 2018, which was worth \$305,739. Kimball Sand promptly made the payment. The Town is currently trying to estimate the amount of earth removed by Kimball Sand prior to 2018 for further billing.

### 2.5.3 Challenges

- The Town currently does not have written policy and procedures for procurement.

- The Town was not able to provide a clear record of how some of the existing contracted services were procured.
- The Town does not have a process in place to verify the accuracy and appropriateness of an invoice for a contracted service according to the contracted obligations.

#### 2.5.4 Areas for Testing

**Procurement:** BerryDunn selected a sample of vendors that received a certain amount of payments from the Town in FY2021 to determine whether the vendors' services were procured appropriately based on the amount of payments received.

#### 2.5.5 Testing Procedures

BerryDunn requested and obtained a list of all entities/individuals that received any payments from the Town and year-to-date paid amounts for FY2020 and FY2021. BerryDunn sorted and grouped the vendors by the year-to-date purchased amounts:

1. Vendors that received more than \$50,000
2. Vendors that received more than \$15,000 and less than \$50,000
3. Vendors that received more than \$5,000 and less than \$15,000

BerryDunn excluded the following types of vendors from the list before selecting samples:

- The three vendors selected for the purchase testing
- Individuals who were not a supplier of goods or services
- Government entities such as the Commonwealth and the Town\

BerryDunn discretionally selected five vendors from each of the three groups for testing, and requested further information as listed below for all 15 samples:

- Purchase description – the descriptions of services/goods the Town needed and sought
- Proof of soliciting written quotes (i.e., an email to vendors)
- Quotes/proposals received
- Any record relating to the selection of a vendor (for example, if it was a competitive bid, a record of how the winning vendor was selected)
- Contract or PO obtained

#### 2.5.6 Observations

Out of the 15 samples BerryDunn tested, the Town regarded seven vendors as exempt from Chapter 30B due to the types of services they provided. Some of these vendors were appointed by the Board of Selectmen. Out of these seven vendors:

- Five did not have any purchase descriptions, quotes, contracts, agreements, or POs

- One had an agreement that covered from 2016 to 2018, but no updates had been made
- One had a valid agreement

A breakdown of the remaining eight samples is shown in Table 7 below.

**Table 7: Eight Samples that were Not Exempted from Chapter 30B**

Vendor Name	Purchase Made in FY2021	Written Purchase/ Service Description?	Record that At Least Three Quotes Were Sought?	PO?	Not-To-Exceed Amount in the Contract
FUSS & O'NEILL, INC	\$106,674	Yes	No	Yes	\$65,000
PAUL R JACOB	\$90,002	Yes	No	Yes	\$35,490
BORDEN & REMINGTON CORP	\$56,964	No	No	No	N/A
HARBOR CONTROLS INC	\$42,801	Yes	No	Yes	\$7,500
U.S. BANK NATIONAL ASSOCIATION	\$38,178	Yes	No	Yes	\$29,520
PIONEER GLASS & WINDOW FASHIONS INC	\$19,370	Yes	No	Yes	\$11,806
K5 CORPORATION	\$11,933	No	Yes	Yes	\$9,673.85
XEROX CORPORATION	\$8,959	No	No	No	N/A

Although six out of these eight samples had a valid PO to provide services in FY2021, all of them received more payment than the not-to-exceed dollar amount described in the PO. The PO for Paul R Jacob was for \$35,490 plus overtime work for \$68.25 per hour. Based on the fact that the vendor received \$90,002, approximately \$55,000 seemed to be spent for overtime work that was not clearly defined in the contract. BerryDunn did not receive any documentation that showed how the overtime work was requested and approved.

### 2.5.7 Risks

BerryDunn identified the following risks associated with the procurement process:

- **Non-compliant procurement practices:** BerryDunn’s testing results showed that the Town’s procurement practices did not always follow Chapter 30B. Particularly, we found these areas had higher risks:
  - a. Non-compliant with Chapter 30B – No written purchase/service description: Out of the eight samples listed in Table 7, three samples did not have a service description. The lack of a clear description of services/goods that were needed might result in payments for unnecessary services/goods.
  - b. Procurement fraud risk – No competitive procurement: Out of the eight samples that are listed in Table 7, seven samples received more than \$5,000 in FY2021. Of those seven samples, only one had a record of receiving three quotes prior to the vendor selection. By not soliciting a quote from more than one vendor, the Town might have lost the opportunity to procure better services for a better price.

In addition, for the six vendors that were procured without a competitive bidding process, there was no documentation of how those vendors were selected. In order to help ensure that tax money was spent appropriately and to minimize procurement fraud risk, the Town should at least document why and how the service was sole-sourced and make sure there is no conflict of interest with the awarded vendor.
  - c. Unclear payment terms: The existing POs do not clearly describe payment milestones. The POs should clearly describe:
    - Deliverables – description of services/goods to be provided
    - Due dates – by when the deliverable should be delivered
    - Cost – how much the vendor should invoice for each deliverable
- **Inadequate vendor management:** Another area that our testing results show as high risk is the vendor management after the services were procured. All of the six samples that are listed in Table 7 that had a PO with a not-to-exceed contract amount received more than the not-to-exceed amount. The Town did not seem to have a process in place to review and approve invoices from vendors against valid contract terms prior to making payments. The lack of invoice approval process may cause overpayment for the services that the Town did not seek or receive.

### 2.5.8 Recommended Action Plan

BerryDunn recommends that the Town implement procurement policy and procedures that are compliant with Chapter 30B as soon as possible to make best-value procurements. At minimum, any contract that is estimated to cost over \$10,000 should have:

- A detailed and clear description of supplies/services the Town seeks.
- Proof that the Town solicits written quotes from at least three qualified vendors. For the services that cost over \$50,000, the Town should publicly issue a Request for Proposals.

- A contract that includes sufficient information, including the purchase description, terms, start and end dates, cost, deliverables, etc.
- Vendor selection process should be clearly documented. The Town should confirm that there is no conflict of interest with the winning vendor prior to the award.

BerryDunn recommends that the Town implement clear procedures for invoice review prior to making payments to vendors. As mentioned above, some of the vendors had been paid more than the agreed-upon contract amount in the PO. We recommend reviewing an invoice from a vendor against the contract term prior to making payments, and if a payment over the contracted amount needs to be made, the justification should be noted and approved by the appropriate department head and/or the TA.

Chapter 30B says the Town “may elect to use Chapter 30B to procure supplies or services that are not subject to Chapter 30B”. BerryDunn recommends using Chapter 30B whenever possible, even for exempt contracts, to obtain the best-value supplies or services.

BerryDunn recommends that the Town review the terms of those contracts where the Town is a payee and verify that the Town had been paid for the services/goods provided. We also recommend that the Town review those contracts through the lens of Chapter 30B to help ensure the Town is receiving the best value.

## 2.6 Payroll

### 2.6.1 Systems and Tools in Use

- **Timepays:** This is a time-entry system for hourly employees.
- **Harpers:** This is a payroll system.
- **Munis:** This is accounting software.
- **Earnings Worksheet:** This is an MS Excel document customized for each full-time Town employee that is used as a timesheet. After manually entering sick/vacation/holiday hours, the department head prints this out for all their employees, signs, and sends the printed timesheets to the accountant.
- **Overtime Request Form:** This is an MS Word document that contains fields such as employee's name, department, date of overtime worked, the number of hours, and the reason for overtime.
- **Payroll Data Sheet:** This is an MS Excel document that summarizes the time-entry information using VLOOKUP by account number.
- **Personal/Sick/Vacation Time Tracking Spreadsheet:** This is an MS Excel document that tracks the usage of personal, sick, and vacation time for each Town employee for each fiscal year. The starting balance at the beginning of the year is subtracted by the hours used, which are manually entered, to calculate the remaining balance.
- **Physical Calendar:** The police chief creates and posts a paper calendar on a wall of the Police Department that has all employees' shifts.
- **Overtime Card:** These are index cards used at the Police Department to report overtime worked.
- **A Book of Schedule:** The fire chief keeps everyone's schedule in a book called "bible".
- **Call Log:** This is a log of emergency calls to be used to verify overtime for firefighters.

### 2.6.2 Functional Area Summary

#### Police and Fire Departments:

All employees, either full-time or hourly, report sick/vacation/holiday time they used and/or plan to use to the department heads. The department heads manually enter the sick/vacation/holiday hours reported into each employee's Earnings Worksheet and submit them to the accountant. For full-time employees, the regular hour line is formulated to subtract the hours manually entered for sick/vacation/holiday time from their full-time hours (e.g., 33.5 hours/week).

- **Police Department:** As of May 2022, the department had 18 full-time police officers and four full-time dispatchers, one part-time animal rescue officer, and two part-time dispatchers. All police officers work a minimum of 40 hours per week. The animal rescue

officer works full-time and does not incur overtime. Each police officer is assigned to one of three shifts. The shifts are pre-determined, and all officers' work schedules are written down on a paper calendar that is prepared and posted by the department head in the Police Department's office. Employees who plan to take any days off need to mark it on the calendar in advance. Officers from different shifts are allowed to swap shifts, but the swap needs to happen on the same week.

The calendar does not include overtime. When someone works overtime, the employee needs to write down the hours worked on the overtime index card and submit it to the department head. The department head reviews the overtime cards biweekly.

Based on the information on the paper calendar and the overtime index cards, the department head updates the Earnings Worksheet and submits it to the accountant.

- **Fire Department:** As of May 2022, the department had 12 full-time employees and 10 on-call firefighters. Three people are on each shift. The full-time employees work a minimum of 42 hours per week. The department head has been recording all employees' shifts in a book, which is called "bible", since 1994. The employees need to submit a request form to use vacation or personal time.

When an off-duty full-time firefighter responds to an emergency call, the firefighter receives a minimum of two hours of overtime regardless of the actual time spent. On-call firefighters receive the hourly wage for the number of hours actually worked. All emergency calls are logged.

Based on the information in the "bible" and the call log, the department head updates the Earnings Worksheet and submits it to the accountant.

#### **All other departments:**

- **Full-time employees** report sick/vacation/holiday time they used biweekly to the department head. The department head manually enters the sick/vacation/holiday hours reported into each employee's Earnings Worksheet and submits them to the accountant. The regular hour line is formulated to subtract the hours manually entered for sick/vacation/holiday time from their full-time hours (e.g., 33.5 hours/week).
- **Hourly employees** punch in and out on their timecard every day. The timecard record is logged automatically in the Timepays system. When they wish to use sick/vacation/holiday time, they notify the department head and the department head manually enters it in the timecard report. However, these entries are checked against the actual punched in hours in Timepays. Any overtime work needs to be requested using the Overtime Request Form and signed by both the department head and the TA.

#### **All departments:**

The accountant verifies the accuracy of time entries in the Earnings Worksheet for each Town employee. If any questions arise, the accountant works with the appropriate department head to resolve them. When all questions are answered and resolved, the timesheet information is shared with the treasurer. The accountant also exports the information in the Earnings

Worksheet into the Payroll Data Sheets, which summarize the amount to be paid by funding account.

The treasurer manually enters the information in the Earnings Worksheet into the Harpers payroll system, and runs Payroll Register Report.

The accountant compares the Payroll Data Sheet and the Payroll Register Report to verify that the payments are made from correct funding accounts.

#### **Onboarding of new employees:**

When a new employee is hired or any change to an existing employee that affects payroll needs to be administered, the Payroll Data Revision Form must be filled in by the employee and signed by the appropriate department head and the TA. After the form is signed by the TA, a copy will be distributed to the accountant, the treasurer, and the department head.

The accountant makes the approved change to the payroll.

#### **Termination of employees:**

The Town implemented an Employee Exit Policy in July 2021. The policy outlines the step-by-step process when a Town employee resigns, retires, or is terminated. After the Employee Exit Form is signed by an appropriate department head and the TA, and the TA sends a resignation acceptance letter to the departing employee, the treasurer terminates the employee on Harpers and the accountant removes the employee from the pay sheet.

### **2.6.3 Challenges**

**Multiple manual entries and verification of timesheets:** The responsible department head enters timesheet information in the Earnings Worksheet manually; the accountant manually verifies the information; and the treasurer manually enters the Earnings Worksheet information into Harpers. Although the process has checks and balances, manual processes increase the risk of human errors and inefficiency.

At the Police and Fire Departments, the department heads manually maintain the shift schedule, and manually enter overtime hours worked and sick/vacation/holiday hours used into an Excel spreadsheet for each of their employees, including hourly employees.

### **2.6.4 Areas for Testing**

No testing was performed in this area.

### **2.6.5 Observations**

The biggest challenge BerryDunn observed was the labor-intensive time entries and approvals process.

### **2.6.6 Risks**

- **Incorrect payroll amount:** The risk BerryDunn identified with the payroll procedures is potential incorrect payment to employees due to human errors. Particularly, the

department heads of Police, Fire, and Public Safety Departments have enormous responsibilities of manually keeping track of all employees' shift schedules and time off. There is room for human errors which can cause over- or under-payments to employees.

### 2.6.7 Recommended Action Plan

BerryDunn recommends that the Town fully utilize the functionalities of the existing systems such as Timepays and Harpers to eliminate manual entries as much as possible. During the interviews, it was mentioned that there were some modules of Timepays that were accessible to the Town but had not been utilized. We recommend that the Town seeks a way to lighten the responsibilities of the department heads who are manually tracking shifts and entering timesheets for all of their department's employees.