

CITY OF NEWTON

FINANCIAL AUDIT ADVISORY COMMITTEE

ACCOUNTING and AUDIT SUB-COMMITTEE REPORT

TUESDAY, JUNE 12, 2012

Present: Ald. Fuller (Chair), Gail Deegan and Ald. Danberg

Absent: Howard Merkwowitz

City Staff: Dave Wilkinson (Comptroller), Maureen Lemieux (Chief Financial Officer), Lt. Hugh Downing (NPD), Lt. Eddy Aucoin (NPD), Susan Dzikowski (Director of Finance; School Department), Sandy Guryan (Asst. Superintendent Business & Finance; School Department), Trish Guditz (Housing Program Mgr.; Planning Department), Mary Walsh Rines (Accounts Specialist; Planning Department), Ann Marie Belrose (Community Development Mgr.; Planning Department), Donnalyn Khan (City Solicitor) and Julie Ross (Assistant City Solicitor)

The Police, School and Planning Departments responded to the requests in the auditor's management letter.

POLICE DEPARTMENT

The Police Department addressed the auditor's concerns regarding overtime pay and detail work assignments. Unfortunately, the department is not being reimbursed for all detail work assignments, although the officers are being paid by the City for their overtime.

Accomplishments

A database has been created to track detail work assignments. After 90 days, unpaid bills are referred to the Law Department for collection. The policy of not providing details to companies/individuals who have not paid for past work has been implemented.

Goals

It is the Police Department's intention to make necessary changes and create a formal policy requiring detail work requests be pre-paid. The Police, Law, Treasury, Executive and Information Technology Departments will meet with Citizens Bank to institute a program that will allow businesses to pre-pay for detail work assignments using a credit card with a four-hour minimum requirement. The department also hopes to implement a program that will allow detail work requests to be paid on line. The Law Department understands there will be issues to work out in the case of emergencies, short notice or people without credit cards.

Another goal is to create a policy for the uncollectibles already on the books about when to write-off the receivables and how to fund these write-offs.

The Police Department will report to this Committee in January 2013 with relevant information on the implementation of a program requiring detail work assignments be pre-paid.

SCHOOL DEPARTMENT

The School Department addressed the auditor's concerns regarding annual audits of student activity accounts.

Accomplishments

Student activity accounts have been implemented in the middle schools and high schools. Twelve elementary schools have implemented student activity accounts. Three elementary schools student activity accounts remain the responsibility of the PTO. Written policies and procedures have been implemented giving school secretaries the authority to deposit funds, reconcile accounts and credit the proper account for students' school activities.

Goals

It is the School Department's intention to have a formal procedure for audits. Most likely, they will implement an internal auditing process as follows:

Two High Schools – Audit annually.

Four Middle Schools - Audit each school every two years.

Fifteen Elementary Schools – Choose one or two schools per year to audit. (Note: The student activity accounts in the elementary schools are substantially smaller than those in the high schools and middle schools.)

The School Department also plans to research how school districts in other cities and towns audit their student activity funds.

The School Department will report to this Committee in September 2012 with an update on the procedures they will implement for conducting internal audits.

PLANNING DEPARTMENT

The Planning Department addressed the auditor's concerns regarding the Newton Community Development Authority (NCDA) and the request for implementing authorizations, recordings and reconciliations of NCDA loan activity. Candace Havens, Director Planning & Development is the sole member of NCDA.

Accomplishments

Procedures manual and spreadsheets have been created for their complex loan/grant portfolio. The department has started the implementation of docketing authorizations, recordings and reconciliations regarding loan activities. The department noted that keeping the information in Excel spreadsheets is functional and affordable and that loan amortization software does not seem necessary.

Goals

It is the Planning Department's intention to create spreadsheets that include NCDA loans and home values. The Planning Department and the Executive Office will also review the purpose and authority of the NCDA.

The Planning Department will provide a written update to Committee members by July 2012.

Comptroller Wilkinson provided Committee members with additional material, attached to this report.

Respectfully submitted,

Ruthanne Fuller, Chairman

CITY OF NEWTON, MASSACHUSETTS
 AGENCY FUND
 STUDENT ACTIVITY FUNDS

SCHEDULE OF RECEIPT AND DISBURSEMENT ACTIVITY

July 1, 2011 - May 31, 2012

	July 1, 2011	(less petty cash)	July 1, 2011	Receipts	Disbursements	May 31, 2012
Angier	2,312.78	(1,000.00)	1,312.78	16,414.93	(13,452.14)	4,275.57
Bowen	3,021.54	(2,500.00)	521.54	6,308.43	(4,330.18)	2,499.79
Burr	100.21	-	100.21	66.62	-	166.83
Countryside	898.96	-	898.96	1.71	-	900.67
Franklin	100.21	-	100.21	0.19	-	100.40
Mason-Rice	373.79	-	373.79	4,762.82	(2,897.14)	2,239.47
Mem-Spaldg	2,012.92	-	2,012.92	11,150.63	(5,578.14)	7,585.41
Peirce	2,115.97	(55.38)	2,060.59	3,034.88	(1,679.00)	3,416.47
Underwood	97.04	-	97.04	2,401.69	(1,978.00)	520.73
Ward	198.93	-	198.93	0.39	-	199.32
Williams	100.36	-	100.36	0.19	-	100.55
Zervas	521.09	(410.00)	111.09	0.29	-	111.38
Bigelow	52,521.55	(1,927.39)	50,594.16	112,497.24	(132,133.75)	30,957.65
Brown	40,197.96	(8,847.88)	31,350.08	99,808.66	(113,133.10)	18,025.64
Day	124,828.93	(6,974.24)	117,854.69	202,507.37	(218,292.00)	102,070.06
Oak Hill	21,954.25	(14,042.42)	7,911.83	68,360.05	(50,892.60)	25,379.28
North High	210,368.57	(57,297.72)	153,070.85	388,817.83	(299,932.09)	241,956.59
South High	188,502.88	(33,346.91)	155,155.97	478,476.38	(484,650.50)	148,981.85
Total	650,227.94	(126,401.94)	523,826.00	1,394,610.30	(1,328,948.64)	589,487.66

School Dept.
 06/12/12

School Dept.
06/12/12

expended from an appropriation or from the separate fund authorized by this section except

upon the approval of the school committee, or of the selectmen in towns and of mayors in cities, for travel to other states.



Notwithstanding the provisions of the preceding paragraph or section fifty-three of chapter forty-four, the school committee of a city, town or district may authorize a school principal to receive money in connection with the conduct of certain student activities and to deposit such money, with the municipal or regional school district treasurer, into an interest bearing bank account, hereinafter referred to as the Student Activity Agency Account, duly established by vote of the school committee to be used for the express purpose of conducting student activities. Interest earned by such Student Activity Agency Account shall be retained by the fund and the school committee shall determine for what purpose such earnings may be used. In addition to such Student Activity Agency Account, the school committee may authorize the municipal or regional school district treasurer to establish a checking account, hereinafter referred to as the Student Activity Checking Account, to be operated and controlled by a school principal and from which funds may be expended exclusively for student activity purposes for the student activities authorized by the school committee. Such account shall be used for expenditures only and funds received for student activities may not be deposited directly into such account.

The school committee shall vote to set the maximum balance that may be on deposit in such Student Activity Checking Account. The principal designated to operate and control such Student Activity Checking Account shall give bond to the municipality or district in such amount as the treasurer shall determine to secure the principal's faithful performance of his duties in connection with such account. To the extent that the funds are available in such Student Activity Agency Account, funds up to the maximum balance set by the school committee shall be transferred from the Student Activity Agency Account through the warrant process to initially fund such Student Activity Checking Account.

Periodically, to the extent that funds are available in such Student Activity Agency Account, the municipal or regional school district treasurer shall reimburse such Student Activity Checking Account, through the warrant process, to restore the limit set by the school committee. The principal shall adhere to such administrative procedures as the municipal or regional school district treasurer or accountant may prescribe. There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the school committee and the auditor based upon guidelines issued by the department of education.

Police Dept.
06/12/12

CITY OF NEWTON, MASSACHUSETTS
MUNICIPAL REVOLVING FUND
POLICE AND FIRE PRIVATE DUTY DETAIL ACCOUNT MONTHLY ACTIVITY
July 1, 2011 - May 31, 2012

<u>Police Private Duty Details</u>	Beginning <u>Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending <u>Balance</u>
July	\$ (481,588.19)	\$ 112,451.80	\$ (179,924.78)	\$ (549,061.17)
August	(549,061.17)	260,905.28	(353,778.81)	(641,934.70)
September	(641,934.70)	229,664.40	(280,869.83)	(693,140.13)
October	(693,140.13)	459,069.30	(329,526.87)	(563,597.70)
November	(563,597.70)	345,678.07	(389,792.59)	(607,712.22)
December	(607,712.22)	265,345.94	(267,033.71)	(609,399.99)
January	(609,399.99)	267,633.61	(100,380.85)	(442,147.23)
February	(442,147.23)	145,078.28	(127,129.68)	(424,198.63)
March	(424,198.63)	162,552.14	(112,482.56)	(374,129.05)
April	(374,129.05)	106,020.27	(202,115.18)	(470,223.96)
May	(470,223.96)	84,016.75	(282,091.40)	(668,298.61)
June		-	-	
		<u>\$ 2,438,415.84</u>	<u>\$ (2,625,126.26)</u>	

<u>Fire Private Duty Details</u>	Beginning <u>Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending <u>Balance</u>
July	\$ (11,732.71)	\$ 10,272.92	\$ (3,943.42)	\$ (5,403.21)
August	(5,403.21)	16,277.20	(7,160.93)	3,713.06
September	3,713.06	7,167.70	(9,173.66)	1,707.10
October	1,707.10	25,507.67	(14,023.37)	13,191.40
November	13,191.40	15,757.91	(27,815.12)	1,134.19
December	1,134.19	6,900.00	(24,390.67)	(16,356.48)
January	(16,356.48)	24,275.67	(12,105.00)	(4,185.81)
February	(4,185.81)	-	(50,130.67)	(54,316.48)
March	(54,316.48)	16,965.67	(3,960.00)	(41,310.81)
April	(41,310.81)	7,183.00	(9,467.01)	(43,594.82)
May	(43,594.82)	29,897.11	(8,370.00)	(22,067.71)
June		-	-	
		<u>\$ 160,204.85</u>	<u>\$ (170,539.85)</u>	