

TOWN OF WEYMOUTH

MANAGEMENT LETTER

JUNE 30, 2009

TOWN OF WEYMOUTH

Management Letter

June 30, 2009

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To the Honorable Mayor and Town Council
Town of Weymouth, Massachusetts

We have audited the basic financial statements of the Town of Weymouth, Massachusetts for the year ended June 30, 2009.

In planning and performing our audit of the basic financial statements of the Town of Weymouth, Massachusetts for the year ended June 30, 2009, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. We have, however, noted the following comments based upon our inquiries and observations, which are presented in the following letter.

Overall, the timeliness of recording activity, closing of the books and records as well as reconciling key accounts including cash has improved dramatically over the past fiscal year. As you may recall, due to the turnover of key employees in the past year and the process of segregating the Treasurer's Department from the Collectors function, the Town fell behind in recording and reconciling activity in fiscal year 2008. There was no indication of this problem based upon our audit for fiscal year 2009.

1) Internal Audits:

Recommendation

Management should either reassess the internal audit process established in the Town's policies and procedures manual or ensure internal audits of the accounting cycles are being performed on a regular basis.

Current Situation

The Town's policies and procedures manual requires internal audits of the cash receipts procedures to be done at least annually and on a regular basis for cash disbursements, and other accounting cycles. Due to the change in role of the internal auditor over the years from full-time to part-time, this has not been occurring.

Proposed Benefit and Improvement

Reassessing and changing policies and procedures if deemed necessary will ensure that controls established by the Town are both appropriate and are being followed.

Managements Response

With the internal auditors position currently being a part time position, time constraints may make it difficult to comply with the current policies and procedures manual. Changes to this manual should be made to ensure the requirements of internal audits are within the realm of the position.

2) Personnel Files:

Recommendation

Management should ensure that all personnel files are complete with required documentation and forms.

Current Situation

During our audit and testing of the payroll processes, we noted three individual personnel files that were missing the required W-4 and I-9 forms.

Proposed Benefit and Improvement

Maintaining proper documentation for all employees will result in better control of employee records and will ensure the Town is in compliance with Federal and State regulations.

Managements Response

The auditor has stated that, as a general rule, the files for employees hired on or after passage of the Federal and State Statutes regarding W-4 and I-9 requirements are complete. The Auditor is concerned with those employee files housed in Human Resource who began employment prior to the enactment of the pertinent legislation. The Human Resource Department will strive to review all such files and begin compilation of the required documents.

3) Performance Bonds (Agency Funds):

Recommendation

Interest earned on the Agency fund established for performance bonds should be recorded on a regular basis.

Current Situation

During our audit we noted that the Agency funds cash account established for maintaining performance bonds was not updated for interest earned of \$1,062 on the account during fiscal year 2009.

Proposed Benefit and Improvement

Although the amount of interest earned is not material and does not affect the Town's net asset position, it should be recorded to present a more accurate financial presentation of the Town's books and records.

Managements Response

There are two performance bonds which were required under Planning Board order of conditions but which do not stand in the name of the Town of Weymouth. The Town of Weymouth in conjunction with the Planning Board will undertake a review of both accounts and make the necessary changes in order that the Town of Weymouth may access the interest information

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under the various privacy laws. The total amount of interest accumulated to these two accounts is less than \$500 per year and has no effect on the cash position of the Town.

Status of Prior Years Comments:

Reconciliation of Cash:

Comment

The reconciliation of cash between the Treasurer's Department and the Accounting Department needs to be performed in a timely manner and all unreconciled amounts should be researched and resolved.

Status

The reconciliation of cash was done in a timely manner and reconciling items are being resolved and issued.

Cash Reports:

Comment

The cash reconciliation reports prepared by the Accountant and Treasurer's office should be filed with the Department of Revenue within ninety days of the end of the fiscal year.

Status

Cash reports were filed with the Massachusetts Department of Revenue in a timely manner.

Monthly Closings:

Comment

Management needs to close and reconcile the books and records in a timely manner and resolve any discrepancies within a reasonable time after the closing.

Status

This has improved in fiscal year 2009 and the closing of the books and records are being done in a timely manner.

Procedures Manual:

Comment

We recommend that an internal audit be done on the receipts and collection processes for the period subsequent to the end of fiscal year 2008.

Status

This audit was completed as of the time of our fieldwork.

Document Scanning:

Comment

The town should have procedures in place to ensure all scanned documents are reviewed and properly indexed before destroying the original document.

Status

Better procedures were put in place and the process was made more efficient for the fiscal year ended June 30, 2009.

Fixed Assets:

Comment

Management should review the life assigned to fixed assets placed in service to ensure they are reasonable.

Status

This comment was resolved and procedures were put in place and the process made more efficient for the fiscal year ended June 30, 2009.

New Accounting Pronouncements

In June 2007, GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which will be effective for periods beginning after June 15, 2008. This Statement requires the capitalization of intangible assets and provides guidance on the recognition and amortization of these intangible assets.

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting for Government Fund Type Definitions, which will be effective for periods beginning after June 15, 2010. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

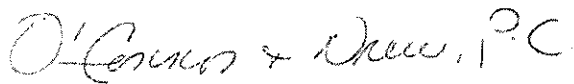
In March 2009, GASB issued Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement will improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.

Conclusion:

This report is intended solely for the information and use of the Mayor and Town Council and applicable agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We will be available to aid management in implementing the controls in these areas and to answer any other questions that may arise. We appreciate the courtesy and cooperation of the various personnel who assisted us during the course of our audit engagement.

Very truly yours,


O'Connor & Drew, P.C.