

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

R. E. BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 230 - 25 CEMETERY STREET
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

To the Honorable Board of Selectmen
Town of Stoughton, Massachusetts

In planning and performing our audit of the financial statements of the Town of Stoughton for the year ended June 30, 2010, we considered the Town's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Town's internal control in our report dated April 14, 2011. This letter does not affect our report dated April 14, 2011, on the financial statements of the Town of Stoughton.

The accompanying comments and recommendations are intended solely for the information and use by the management of the Town of Stoughton, Massachusetts, and are not intended to be used by anyone other than the specified party.

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

Sincerely,

R. E. Brown & Company

Certified Public Accountants

April 14, 2011

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

TOWN TREASURER/SCHOOL DEPARTMENT

STUDENT ACTIVITY FUNDS

Finding

The Town/School is not in compliance with Chapter 71, Section 47 of the Massachusetts General Laws with respect to student activity funds.

Recommendation

Chapter 71, Section 47 was amended relative to Student Activity accounts and was effective 7/17/96. We recommend that the Treasurer, School Department, and Town Accountant review this law change. This law institutes major changes in the custody of student activity funds, processing of revenues, maintenance of bank accounts and the payment of vendors.

Management Response

All departments are aware of the law change. The planning for the transition to this change is expected to be addressed during FY2012.

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

DISASTER RECOVERY PLAN

Finding

The Town does not have a disaster recovery plan for financial operations.

Recommendation

The Town should consider implementing a disaster recovery plan. This plan would coordinate how the Town business would operate if faced with a major computer failure or natural disaster.

- Identify critical functions and personnel for continued operations and recovery.
- Planning for alternative worksites for critical operations.
- Identify and document manual procedures required in the event of loss of data processing systems.

Management Response

The Administrator of Educational Technology addressed the data storage and backup issues in the 2008 management letter. A significant investment was made in the technology infrastructure to improve the disaster recovery capacity. Management is aware of the need to plan and identify feasible alternative worksites and intends to address this during FY2012.

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

INTERDEPARTMENTAL RECONCILIATIONS –
WATER, SEWER & TRASH ACCOUNTS RECEIVABLE

Finding

The interdepartmental reconciliation between the accounting department and the Public Works department for water, sewer and trash accounts receivable balances were not performed on a periodic and timely basis. The cash activity is reconciled and reviewed during the year.

Recommendation

The reconciliation of accounts receivable balances is an important internal control. The Public Works control accounts for each accounts receivable balance should be reconciled to the Town Accountant's general ledger on a monthly and timely basis. Any monthly variance should be located and adjusted for in a timely manner.

Management's Response

The utility billing system and the financial management system are non-integrated systems. Commitments, adjustments and collections are reported by way of paper memo to the Accountant for posting to the general ledger, which can make reconciliation cumbersome. Variances have since been discovered in some areas and corrected, such as committing of forfeited discounts and adjusting of overpayments. Monthly reconciliations of receivables for FY2011 have begun and are expected to be completed prior to closing the books in the fall of 2011.

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

INTERDEPARTMENTAL RECONCILIATIONS – TAX TITLE

Finding

The interdepartmental reconciliation between the Treasurer's office and the Accounting department for the tax title accounts receivable balance was not performed on a periodic and timely basis. The cash activity is reconciled and reviewed during the year.

Recommendation

The reconciliation of accounts receivable balances is an important internal control. The Treasurer's control accounts for each accounts receivable balance should be reconciled to the Town Accountant's general ledger on a monthly and timely basis. Any monthly variance should be located and adjusted for in a timely manner.

Management's Response

The tax title module in the KVS financial management system was implemented during late FY2006. We are the first community to implement this system for tax title, and KVS has been making enhancements and upgrades to the system since that time. Consequently, variances have existed between the unpaid report and the general ledger however, the variance at the end of FY2010 was smaller than at the end of FY2009. Investigation of these variances has begun with an expected resolution during FY2012.

**TOWN OF STOUGHTON, MASSACHUSETTS
MANAGEMENT LETTER
JUNE 30, 2010**

WRITEOFF OF UNCOLLECTIBLE ACCOUNTS –
AMBULANCE, WATER, SEWER & TRASH

Finding

Currently, the write-off for uncollectible ambulance accounts receivable is initiated by the Fire Chief. The write-off for uncollectible water, sewer and trash accounts receivable is initiated by the Public Works Superintendent. The person authorizing the write-off of any accounts receivable balance should not be involved, or have authority over any person that is involved in the billing, collection or maintenance of the related accounts receivable balance.

Recommendation

The Fire Chief should recommend the write-off for uncollectible ambulance accounts receivable and submit them for approval to the Board of Selectmen. The Superintendent of Public Works should recommend the write-off for uncollectible water, sewer, and trash accounts receivable and submit them for approval to the Board of Commissioners.

Management's Response

Management expects to undertake discussions during FY2012 to determine the most appropriate method for write off of receivables.