

TOWN OF ASHBY, MASSACHUSETTS

Management Letter

For the Year Ended June 30, 2015

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

To the Board of Selectmen
Town of Ashby, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Ashby, Massachusetts as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommen-

mendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Board of Selectmen and others within the Town, and is not intended to be, and should not be, used by anyone other than these specified parties.

Melanson Heath

July 25, 2016

CURRENT YEAR ISSUE

1. CONSIDER MODIFYING COLLECTOR PAYROLL PROCESS

In our testing of payroll transactions we found that the salary paid to the Collector is adjusted to compensate for payments made to another Town employee who periodically acts as an assistant, covering for the Collector when she is out of the office.

The process appears to be that at the beginning of the year, the Collector's budgeted salary is reduced by the amount estimated to be paid to the assistant and the reduced amount is used to calculate the Collector's bi-weekly pay. During the year, the assistant is paid for the hours she covers for the Collector based on timesheets. Periodically the Accountant adjusts the Collector's bi-weekly pay to reflect whether the actual hours worked by the assistant are more or less than the original estimate. The final year-end pay to the Collector is calculated so that the grand total of all salary payments (to both the Collector and assistant) equals the amount appropriated for "Collector Salary".

While the amount paid to the assistant for fiscal year 2015 was not material (approximately \$1,000), the process used by the Town results in the Collector receiving less than what appears to be her authorized salary amount and due to the salary adjustments made during the year, there is no clear trail between the amount authorized and the amount being paid. Furthermore, it is our understanding that some of the time covered by the assistant (for which the Collector's salary is reduced) is to enable the Collector to perform job related tasks such as going to the bank.

We recommend the Town consider either increasing the budget to accommodate a nominal salary for an Assistant Collector or authorizing the Collector's salary at a lesser amount so that the salary paid to the Collector agrees to the amount authorized.

Town's Response:

This matter has already been addressed. The 2015 Annual Town Meeting, acting under an Article, amended the approved Town Budget for fiscal year 2016 to provide funding for an assistant in the Collector's Office, while funding the Collector *per se* at the amount voted as salary for the position. The fiscal year 2017 budget, as presented and voted, structurally broke out a "Wages" line (covering the "assistant" services), while leaving the traditional "Salaries and Wages Line" – in the amount voted as compensation for the Collector – to pay for services in the elected position.