



# Town of Wayland Massachusetts

## Finance Committee

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To: Operational Review Committee  
From: Finance Committee  
Date: September 27, 2011  
Re: Response to Part 1, Section II – Town Budget and Interim Financial Reporting

Thank you for your efforts to manage the review under Article 6 from the 2010 Town Meeting. From the start, the Finance Committee has supported this effort to improve reporting and identify operational efficiencies, even working with petitioners to revise the original article wording to make a more meaningful, cost effective review.

We have reviewed the sections of your June 27, 2011 report pertaining to the Finance Committee's responsibilities. Many of the items require implementation by the Finance Director. It should be noted that the Finance Director reports to the Board of Selectmen via the Town Administrator and not to the Finance Committee.

Our responses on The Abrahams Group Part 1, Section II findings and your subsequent findings and recommendations follow. This document should be reviewed in conjunction with your report:

Finding 1: Current budget request process provides expenditure numbers only to the Finance Committee

The Finance Committee supports the idea of budget areas reporting on key issues, staffing and performance indicators with their annual budget request, when adjusted for the materiality of Town budgets. We believe the recommended reporting requirements will be excessive for some of the smaller budgets. We will review and implement additional reporting for budgets of \$500,000 and larger with the FY13 budget guideline process. Areas with smaller budgets will be reviewed and considered for implementation in subsequent years.

Finding 2: The proposed revenue budget should provide more subcategories for enhanced understanding and monitoring and additional historical information

The Finance Committee agrees with this recommendation and it has already started to be implemented. The Finance Director provided three years of actuals (FY09, 10 and 11) for local receipts to give background to the FY13 budget guideline process during September 2011.

The Finance Committee will review the level of detail desired and request future reports based on a practical level of materiality.

Reporting at a detailed level (e.g. by specific fee type) is more appropriately reviewed at the departmental level.

Finding 3a: Record the revenue budget on General Ledger at inception of fiscal year and record the revised revenues at tax recapitulation

The Finance Director agreed to your recommendation and will enter the estimated revenues into MUNIS with the FY2012 budget. He will track changes on a separate Excel spreadsheet until the Tax Recap sheet is finalized. At that time, adjustments will be made to the revenue estimates on MUNIS with the spreadsheet as back-up documentation..

Finding 3b: Provide quarterly revenue reports to Finance Committee, Town Administrator and Community

The Finance Director agreed with your recommendation. The Finance Committee supports the idea of receiving high-level revenue reports to compare estimates to actuals, and this will begin with the FY2012 budget. However, we would like to review the frequency and level of detail of these reports after a year.

Finding 3c: Provide quarterly appropriation/expenditure reports

The Finance Director agreed with your recommendation. The Finance Committee supports the idea of receiving high-level reports on expenditures beginning with the second quarter of FY2012. However, we would like to review the frequency and level of detail of these reports after a year. Responsibility for more frequent review rests at the departmental and committee level rather than with the Finance Committee.

Finding 4: Capital project budgets are not recorded by categories on General Ledger and activity is not reported to Finance Committee

The Finance Committee supports the idea of regular financial reporting on capital projects. This was started in FY11 as a special project and will continue to support each budget cycle. For Finance Committee purposes, we prefer high-level MUNIS quarterly reports and then a detailed report should be produced each November 30 and again at fiscal year-end. This is underway for FY2011 year-end. The detailed report will need to be done jointly by the Finance Department and any town department with a capital expenditure, primarily Facilities.

Additionally, the Finance Committee is interested in implementation of a capital asset tracking system and would prioritize this to be done after other capital reporting is formalized. Since this cannot be done through MUNIS, an alternative method will need to be considered.

As you state, the directors of Finance and Facilities will need to develop a policy on how to record the detail of larger building projects.

Finding 5: Need other non-general fund Town funds reporting

The Finance Committee supports the idea of other non-general fund reporting on a semi-annual basis. The Finance Director will implement this in FY2012 or FY2013 depending on the workload associated with implementing the recommendations for Findings #1-4.

Finding 6: Consider comprehensive year-end budgetary basis reporting to Finance Committee and Town

This is under review by the Finance Director with timing and content to be discussed further.

Finding 7: Consider a CAFR as a future goal

The Finance Committee had already identified this goal. It had been delayed to coincide with hiring a new audit firm this year. The goal has been discussed with the firm and the timing of implementation will be determined in conjunction with the new audit firm, the Finance Director, and Town Administrator as to the pace and cost to achieve this goal.

Cc: Michael DiPietro, Finance Director  
Fred Turkington, Town Administrator  
Board of Selectmen