



The Honorable Mayor Shaunna O'Connell

City of Taunton

Department of Revenue

Division of Local Services

Final Report

Presented by the Finance Department
Office of the Mayor
March 21, 2023

Update to City Officials and Residents

- ▶ Objectives
 - ▶ Overview of DOR DLS Report
 - ▶ Recommended Improvements
 - ▶ Explanation of Improvements
 - ▶ Identify Best Practices
 - ▶ Team Taunton Accomplishments



Overview



- ▶ 2013
 - ▶ DOR issues Financial Management Report Review
- ▶ 2020
 - ▶ O’Connell requests review from DLS of Financial Management Report Review
- ▶ 2021
 - ▶ DLS issues 22 findings to improve Taunton’s operations
 - ▶ O’Connell Administration takes action to begin implementing DOR DLS recommendations
- ▶ 2023
 - ▶ O’Connell Administration has completed 18 accepted changes in under 3 years

List of DOR Recommendations

- #1 - Empower Mayor's Office
- #2 - Establish Chief Financial Officer Position
- #3 - Establish Audit Committee
- #4 - Modify meeting schedule of City Council/Subcommittees
- #5 - Move Forward with Plans for Returning to City Hall
- #6 - Formalize Budget Process in City Charter
- #7 - Re-establish Capital Improvement Program
- #8 - Consider Selling Taunton Nursing Home
- #9 - Re-evaluate Part-time Elected Officials Benefits
- #10 - Hold Regular Meetings of Financial Team
- #11 - Expand Employee Professional Development
- #12 - Implement City-wide Performance Management System
- #13 - Reduce Paperwork and Redundancies
- #14 - Adhere to Monthly Schedule of Interdepartmental Reconciliations
- #15 - Improve Financial Reporting and General Ledger Maintenance
- #16 - Support Technology Improvements
- #17 - Maintain Records of Employee Leave Time in Single, Central Database
- #18 - Develop Policy and Procedure Manuals for Financial Operations
- #19 - Increase Frequency of Turnovers
- #20 - Process Payroll and Vendor Warrants Biweekly
- #21 - Resolve Tailings Backlog
- #22 - Organize All Contracts and Grants



Recommendation #1

Empower Mayor's Office



▶ Recommendations from DOR

- ▶ Revise Charter, file bill and monitor progress through Massachusetts legislative process
- ▶ Once enacted by legislature, place on City ballot for voter approval

▶ Actions Taken

- ▶ Charter committee formed, public input sessions held
- ▶ Updated Charter drafted, approved by City Council

▶ Status

- ▶ Passed by MA Legislature, signed by Gov. Baker
- ▶ Place on Nov '23 ballot for approval by Taunton Residents

Recommendation #2

Establish Chief Financial Officer Position



- ▶ **Recommendation from DOR**
 - ▶ Select best suited person who meets criteria of position and will oversee City's financial management operations going forward
- ▶ **Action Taken: Administration requests approval of Ordinance creating Chief Financial Officer**
 - ▶ Ordinance adopted by City Council
 - ▶ First in Taunton's history, provides oversight and recommendations on all financial matters
- ▶ **Status**
 - ▶ December 2022 the Administration hired its first Chief Financial Officer
 - ▶ CFO has implemented necessary program changes to ensure financial stability

Recommendation #3

Establish Audit Committee



▶ Recommendations from DOR

- ▶ Begin process of reviewing audit scope of services, seek proposals, and select qualified firm/individual
- ▶ Require comprehensive financial statement, Schedule of Expenditures of Federal Awards (SEFA) and management letter with each audit engagement
- ▶ Conduct exit audit conference in public session
 - ▶ Audit firm/individual presents results and discusses any concerns and need for corrective action plan
 - ▶ Monitor progress on corrective action plan with Mayor and CFO

▶ Action Taken: May 2022 - Finance Department Established Audit Committee

- ▶ Proposed Charter proposes 5-7 member board of individuals
- ▶ July 2022: City changed Audit Firm by unanimous vote of Audit Committee

▶ Status

- ▶ Recommendations completed in accordance with DOR recommendation

Recommendation #4

Modify Meeting Schedule of Council and Sub-Committees

- ▶ **Recommendation from DOR: Modify meeting schedule to bi-weekly**
- ▶ **Action Taken: Charter Updates**
 - ▶ Proposed Charter calls for regular full Council meetings to occur bi-weekly and sub-committee meetings in the intervening weeks as needed (Article 3)
 - ▶ Charter Bill has been passed by State Legislature and signed by Governor
 - ▶ Vote to approve Proposed Charter will be on ballot in November 2023
- ▶ **Status**
 - ▶ Completion is subject to approval by City-wide public ballot vote in November 2023



Recommendation #5

Formalize Plans to Move into City Hall



- ▶ **Recommendation from DOR**
 - ▶ Move forward with plans to move into City Hall
- ▶ **Action Taken: October 2020**
 - ▶ Staff began moving into City Hall
- ▶ **Status**
 - ▶ Complete

Recommendation #6

Formalize Budget Process



- ▶ **Recommendation from DOR**
 - ▶ Proposed Charter includes budget process (Article 7) that requires operating budget be submitted to City Council at least 45 days before beginning of fiscal year, enabling Council to hold hearings and discuss each year's financial plan
- ▶ **Action Taken: February 2022**
 - ▶ CFO installed streamlined and efficient budget process adopted by City Council
 - ▶ CFO and Budget Director conducted budget hearings and provided council information in advance of budget appropriation hearing with Council
- ▶ **Action Taken: May 2022**
 - ▶ City Council adopts Fiscal Year 2023 Budget with new efficient process implemented
- ▶ **Status**
 - ▶ Complete

Recommendation #7

Establish a Capital Improvement Program



▶ Recommendation from DOR

- ▶ Update detailed inventory of facilities, vehicles, real estate, and other assets (including details on condition, lifespan, utility, and maintenance schedule)
- ▶ Solicit, evaluate, and prioritize project requests
- ▶ Assess City's financial capacity (e.g., available reserves, borrowing limits, etc.)
- ▶ Develop financing plan and adopt long-term capital program
- ▶ Review and monitor status of previously-approved projects and funding
- ▶ Ensure Capital Improvement Program is maintained and funded annually

▶ Action Taken: March 2022

- ▶ Mayor O'Connell implements Project Accounting
- ▶ Provides Fiscal Year 2022 Capital Improvement Program
- ▶ Created five-year model in line with appropriate funding recommendations

▶ Status

- ▶ Completed - January 17, 2023 City Council Approved Five-Year CIP

Recommendation #8

Consider Selling Taunton Nursing Home



▶ Recommendation from DOR

- ▶ When Nursing Home was no longer self-sufficient and lost over \$3.2 million during prior to 2019 and the Municipal Council voted to close facility
- ▶ Taunton Nursing Home officially closed in June 2019

▶ Action Taken: 2019

- ▶ Taunton Nursing Home closes under the Hoye Administration
- ▶ City begins process of inventory surplus

▶ Action Taken: 2023

- ▶ City engages scanning expert to permanently archive stored material

▶ Status

- ▶ City has received grant to evaluate best use of property
- ▶ Study currently in process

Recommendation #9

Evaluate Providing Benefits to Part-Time Elected Officials



▶ Recommendation from DOR

- ▶ Monitor participation and provide annual cost of this policy until it is phased out

▶ Action Taken: Charter Updates

- ▶ Proposed Charter eliminates practice of providing insurance benefits to part-time elected officials (Section 8-10)
- ▶ No new enrollment will be allowed, and existing participating officials would be legacied until each departs office

▶ Status

- ▶ Completed - Finance Department has evaluated cost of providing benefits to elected officials

Recommendation #10

Hold Regular Meetings of Finance Team



▶ Recommendations from DOR

- ▶ Continue to meet at least monthly and pivot to using meetings for planning purposes for budgeting, capital improvements, revenue and expenditure forecasting, and debt issuances
- ▶ Plan meetings to ensure all Finance Team members are in attendance

▶ Action Taken: January 2022

- ▶ CFO implements bi-weekly Finance Team meetings including Auditor, Assessor, Treasurer-Collector, Budget Director, OECD Director, Director of Capital Projects, Procurement, Automation, Schools, Independent Auditor

▶ Action Taken: April 2022

- ▶ CFO implements bi-weekly Capital Budget Meetings

▶ Status

- ▶ Complete - Current system exceeds recommendation

Recommendation #11

Employee Professional Development



- ▶ **Recommendation from DOR**
 - ▶ In Auditor's and Treasurer-Collector's Offices, Depts have had assistants attend professional associations' trainings and meetings
 - ▶ City's financial offices acknowledge the need to make available support and training to assistants to enable them to function successfully in the absence of a Dept. Director and provide for succession planning
- ▶ **Action Taken: January 2022**
 - ▶ CFO requires cross-training amongst divisional leaders in appropriate circumstances
- ▶ **Action Taken: January 2023**
 - ▶ First multi-tiered cross-training of management schools implemented
- ▶ **Status**
 - ▶ Completed and ongoing - Current system exceeds recommendations

Recommendation #12

Implement City-Wide Performance Management



- ▶ **Recommendations from DOR**
 - ▶ City has negotiated with each collective bargaining union to conduct annual performance reviews
 - ▶ Annual reviews for Department Directors and staff are completed using template format to ensure consistency
- ▶ **Action Taken: 2019**
 - ▶ City successfully negotiated to include performance evaluations in all union contracts
- ▶ **Status**
 - ▶ Complete

Recommendation #13

Reduce Paperwork and Redundancies



▶ Recommendations from DOR

- ▶ With proposal to purchase new financial management system, work with new vendor to ensure all aspects of payroll (time and attendance, payroll type coding and calculation, and accrued absence balances) are centrally maintained
- ▶ Ensure new financial system can produce customized reports as needed
- ▶ Consider enabling Departments to directly enter turnovers and print out report to accompany amounts collected when brought to Treasurer-Collector's Office for verification and acceptance

▶ Action Taken: January 2022

- ▶ City Auditor implements new scanned voucher system
- ▶ Reduced 80% of paper work flow

▶ Status

- ▶ Complete - Current System exceeds recommended efficiencies

Recommendation #14

Monthly Department Reconciliations



- ▶ **Recommendation from DOR**

- ▶ Provide monthly reports to CFO, indicating reconciliation or an explanation and plan as to how differences will be resolved

- ▶ **Action Taken: February 2022**

- ▶ CFO requires monthly reconciliation mandate
- ▶ Ensures all accounts are reconciled in a timely fashion

- ▶ **Status**

- ▶ Complete - all accounts are now reconciled

Recommendation #15

Improve Financial Reporting and General Ledger Maintenance



▶ Recommendations from DOR

- ▶ Must stop voting on transfers after statutory deadline of July 15
- ▶ Have new CFO provide quarterly briefings to City Council
- ▶ Establish formal year-end policy clearly detailing tasks and procedures to be completed and setting deadlines that each Department must comply with
- ▶ Require Departments to provide complete, accurate, and timely invoices and other information for all budgetary expenditures, capital projects, grants, and special appropriations
- ▶ Failure to submit complete encumbrance requests before June 30 will be rejected and held over for payment from new fiscal year

▶ Action Taken: January 2022

- ▶ CFO establishes new Year-End Policy and Procedure Guideline

▶ Action Taken: July 2022

- ▶ City closes books on time for the first, addressing all recommendations from DOR

▶ Status

- ▶ Completed with new policy and procedures established by CFO

Recommendation #16

Support Technology Improvements



- ▶ **Recommendation from DOR**
 - ▶ Work with Department Directors to identify technology and/or software that will interface with existing applications and further streamline/otherwise make city operations more efficient
- ▶ **Action Taken: January 2022**
 - ▶ CFO and Automation Director recommend several improvements to City's IT Department to Mayor O'Connell
- ▶ **Action Taken: January 2023**
 - ▶ Permit Eyes is up and running
 - ▶ Chart of accounts project complete
 - ▶ Cyber security project complete
 - ▶ SCADA system up and running
- ▶ **Status**
 - ▶ Complete and always looking to improve and innovate

Recommendation #17

Digitalization of Compensated Absences



▶ Recommendations from DOR

- ▶ With proposal to purchase new integrated financial management system, make sure it is able to track and maintain time and attendance, payroll type coding and calculations, and accrued absence balances
- ▶ Have contractor determine accrued absences as of a particular cut-off date and load information into new system
- ▶ Run new system parallel to Harpers Payroll Service to verify accuracy of payroll and time accruals are properly maintained and tracked
- ▶ Move Police Department's payroll into new system, eliminating proprietary application

▶ Action Taken: July 2022

- ▶ Police and Fire Payroll moved to new software

▶ Action To Be Taken: January 1, 2024

- ▶ All accrued time and attendance City-wide to be installed in new software

▶ Status

- ▶ Complete and on-going

Recommendation #18

Develop Financial Policies and Procedures



- ▶ **Recommendations from DOR**
 - ▶ With proposal to purchase new integrated financial management system, revise procedure manuals and review cross-training of staff
 - ▶ Under direction of new CFO, review financial policies and make available to all Departments
- ▶ **Action Taken: June 2022**
 - ▶ Mayor O'Connell adopts formalized consolidated financial policies
- ▶ **Action Taken: September 2022**
 - ▶ S&P grants Bond Rating upgrade to AA+ due in large part to new policies
- ▶ **Status**
 - ▶ Finance Dept. is proud to report... Mission Complete

Recommendation #19

Increase Frequency of Department Turnovers



▶ Recommendations from DOR

- ▶ With proposal to purchase new integrated financial management system, enable Departments to directly enter amounts collected
- ▶ Have Departments print and present collection report with amounts taken in to be counted by Treasurer-Collector's staff before accepting
- ▶ Post accepted turnover reports entered by departments

▶ Action Taken: January 2022

- ▶ CFO requires all Department turnovers over \$100 to be submitted daily

▶ Status

- ▶ Complete - current system exceeds recommended efficiencies

Recommendation #20

Process Payroll and Vendor Warrants Bi-Weekly

- ▶ Rejected by City
- ▶ Not all proposals are best-suited to be implemented



Recommendation #21

Resolve Tailings Backlog



▶ Recommendations from DOR

- ▶ After check has been outstanding for one year, begin abandoned property process
- ▶ Notify bank to stop payment on checks and remove from Treasurer's outstanding check list
- ▶ Provide detailed list of checks to Auditor who will record them in unclaimed checks liability account
- ▶ Begin notification process by First Class Mail to last known beneficiary/person or post to City website for not less than 60 days
- ▶ Obtain funding for necessary legal advertising to comply with state requirements

▶ Action Taken: January 2022

- ▶ CFO mandates tailings be brought current by FY 2023

▶ Status

- ▶ Complete and resolved by Finance Team

Recommendation #22

Organize Contracts and Grants



- ▶ **Recommendations from Department of Revenue**
 - ▶ Centralized and Standardized contract forms and formats
 - ▶ Uniform Procurement Policies in Place
 - ▶ Set up shared computerized drive for all departments for read-only access
 - ▶ Work with Departments to ensure invoices comply with terms of contracts/agreements and are processed timely
- ▶ **Action Taken: June 2022**
 - ▶ CFO issues directive to have all contracts processed through standardized procurement template included inside Consolidated Finance Policies
- ▶ **Status**
 - ▶ Complete

Certification Directives



- ▶ **Assessor Clerical Issue**

- ▶ CFO has implemented improved process which includes tax rate being set in September

- ▶ **Software Conversion**

- ▶ Ongoing and is welcomed by all divisions

- ▶ **Ordinance Review**

- ▶ Ordinance review required in revised Charter

Summary and Sustainability of Improvements Team Taunton Accomplishments



- ▶ Mayor O'Connell has built a team which continually strives for success
- ▶ Taunton has succeeded in the review of all DOR Recommendations
 - ▶ Accepted and implemented 18 of 22 under O'Connell Administration
 - ▶ Will always look to improve and enhance efficiencies
- ▶ Finance Division is operating as a unit
 - ▶ Results speak for themselves

Taunton's Team has proven to be champions led by Mayor Shaunna O'Connell and with the support of City Council