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Staffing and Operational Assessment of the Treasurer-Collector's Office: Town of Sheffield, Massachusetts

Edward J. Collins, Jr. Center for Public Management, University of Massachusetts Boston

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STAFFING AND OPERATIONAL ASSESSMENT OF THE TREASURER-COLLECTOR’S OFFICE

TOWN OF SHEFFIELD, MASSACHUSETTS

JULY 2013
BACKGROUND

The Town of Sheffield engaged the Collins Center (the Center) to conduct an analysis of the Treasurer/Collector’s office. This analysis was to focus on work practices, staffing, management systems, information technology use, policies and procedures, as well as other facets of operations.

The Treasurer/Collector’s Office has, in recent years, been staffed with an appointed Treasurer/Collector, an Assistant Treasurer/Collector and a Clerk. Earlier in the calendar year, the Clerk resigned to take a position outside Town government, and the Town wished to engage an outside consultant to determine whether the workload of the Treasurer/Collector’s office warranted filling the recently-vacate position of Clerk. At the same time, the analysis was to focus on other areas of potential improvement as well.

INTRODUCTION

The Treasurer/Collector’s Office is currently staffed with an appointed Treasurer/Collector and an Assistant Treasurer/Collector. The position of Clerk is vacant, however the Center consultant did interview the previous incumbent in the position during the course of the study. The incumbent Treasurer/Collector serves also as a part time Police Officer and Volunteer Firefighter/First Responder for the Town. Additionally, the Treasurer/Collector serves as a member of the Town’s Parks and Recreation Commission and as chairman of the Berkshire County Retirement Board and the Sheffield representative for the Berkshire County Insurance Group.

The primary duties of the Treasurer/Collector are to collect taxes, motor vehicle excises, betterments and special assessments in accordance with the commitment list and warrant prepared by the assessors, to receive turnovers from Town Departments that collect money and to deposit these monies in a timely manner. There are many other duties of the Treasurer/Collector, however, and these are provided as reference for the reader in the Appendix to this report. The primary duties of the Assistant Treasurer/Collector and the vacant Clerk are provided in the table below.

<table>
<thead>
<tr>
<th>Asst. Treasurer/Collector</th>
<th>Clerk</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Send real estate tax bill, municipal liens</td>
<td>• Handle motor vehicle excise tax, obtaining commitments from the Asst. Treas/Collect.</td>
</tr>
<tr>
<td>• Receive and respond to phone calls related to questions on tax payments</td>
<td>• Print demands, post-ups, add-ons, subsequent commitments</td>
</tr>
<tr>
<td>• Send notices on delinquent taxes</td>
<td>• Run retirement report monthly for retirement deductions; reconcile and</td>
</tr>
<tr>
<td>• Assist the public at counter with multiple issues, primarily relating to real estate and motor vehicle tax questions and</td>
<td></td>
</tr>
</tbody>
</table>

Staffing & Operational Assessment of the Treasurer-Collector’s Office, Sheffield, MA
<table>
<thead>
<tr>
<th>Asst. Treasurer/Collector</th>
<th>Clerk</th>
</tr>
</thead>
<tbody>
<tr>
<td>payments</td>
<td>prepare for Town Accountant to cut checks</td>
</tr>
<tr>
<td>• Mail quarterly tax bills</td>
<td>• Balance vendor and payroll bank statements</td>
</tr>
<tr>
<td>• Make deposits</td>
<td>• Log interest and ending balances for all</td>
</tr>
<tr>
<td>• Make transfers of real estate and motor vehicle taxes from</td>
<td>• Print payroll and vendor checks each</td>
</tr>
<tr>
<td>Collector’s account to Treasurer’s account</td>
<td>week; distribute to vendors, employees</td>
</tr>
<tr>
<td></td>
<td>• Make state and federal tax payments on line</td>
</tr>
<tr>
<td></td>
<td>and over phone</td>
</tr>
<tr>
<td></td>
<td>• Balance postage meter</td>
</tr>
</tbody>
</table>

The Office serves a population of 3,257 as of the 2010 census. There are a reported 2,550 real estate parcels in the Town which are assessed and billed quarterly for taxes.

**APPROACH**

The Center consultant spent parts of two days on site conducting interviews, collecting data and making observations. The Center project staff interviewed all three Selectmen, the Town Administrator, the Treasurer/Collector, the Assistant Treasurer/Collector, the former Clerk in the Treasurer/Collector’s Office, and the Town Accountant. Other activities included the following:

- Observed public interactions at the counter. The second of the two days of on-site activity was one day prior to the deadline for the submission of quarterly tax payments, so the activity was likely somewhat heavier that day than on a normal day.

- Collected and analyzed data.

- Conducted phone survey of similarly-sized towns in Massachusetts regarding staffing and operation of their Treasurer/Collector offices.

In addition, as will be discussed later in the report, the Center consultant visited the Town of Ashby to observe the use of the electronica lockbox function in the Collector’s Office. This feature allows for the scanning and electronic processing of tax receipts.

**FINDINGS**

Although the findings below focus on improvement opportunities in the Treasurer/Collector’s Office, it is important to note that the Center found positive aspects of the Office as well. The staff of the Office are extremely conscientious with the overall accuracy of the Office. Further,
the Treasurer/Collector serves the Town in multiple capacities and provides value to the Police, Fire and Parks Departments in addition to the Treasurer/Collector’s Office. The staff also, in the Center consultant’s observations, interact very well with members of the public who visit Town Hall, and the public seems to genuinely enjoy their interactions with the staff as well.

This report’s findings are broken into three broad topical areas. These are the areas of staffing, operations and information technology use.

1. **Staffing**

As noted above, one of the precipitating factors for this study of the Treasurer/Collector’s Office was the resignation of the Clerk earlier in the year. The duties and responsibilities of the Treasurer and Collector are generally defined statutorily, so these duties are performed in each jurisdiction irrespective of its size or population. It is true that there may be other duties assigned to the Office, and it is equally true that there may be factors in each jurisdiction that cause the workload to be greater in one than in another of similar or the same size. In Sheffield, for example, the Office of Treasurer/Collector has been historically responsible for the sale of transfer station stickers, as well as the accounting for these sales. However, as of the date of the Center consultant’s on site activities, this responsibility was transferred from the Treasurer/Collector to the Town Administrator’s Office, so this particular consumption of time has been eliminated from the Treasurer/Collector’s Office. There may also be more or fewer real estate parcels in one town than in another of similar population.

Another area which may differ from one municipality to another is the degree to which Collector staff interact with the public. This interaction is generally greatest as the quarterly tax filing due dates approach. This was the case during the on-site visit, when taxes were due the day following the Center consultant’s observations. The Center consultant observed activity at the Treasurer/Collector’s counter from 8:30 am through 10:50 am, a total of 2 hours and 20 minutes. During this time, there were 17 visits to the counter by 19 individuals. The breakdown of these visits was as follows:

<table>
<thead>
<tr>
<th>Number</th>
<th>Purpose</th>
<th>Total Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Payment of Real Estate Tax</td>
<td>6 minutes, 50 seconds</td>
</tr>
<tr>
<td>3</td>
<td>Fellow Town employee asking question</td>
<td>15 minutes, 45 seconds</td>
</tr>
<tr>
<td>1</td>
<td>Student from Berkshire School asking survey questions</td>
<td>2 minutes</td>
</tr>
<tr>
<td>1</td>
<td>Resident needing to pay motor vehicle tax (lacked bill)</td>
<td>4 minutes, 20 seconds</td>
</tr>
<tr>
<td>1</td>
<td>Resident asking question; was directed to Assessor</td>
<td>10 seconds</td>
</tr>
<tr>
<td>1</td>
<td>Resident wanting “dump sticker” for new truck</td>
<td>2 minutes</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>31 minutes, 5 seconds</td>
</tr>
</tbody>
</table>

As can be seen, the total engaged time of staff during these 140 minutes of observation was slightly more than 31 minutes, or about 22% of the total time. This represents a relatively great amount of time, and given that the visits to the counter were sporadic, this prohibited the staff
from accomplishing any meaningful work at their desks between visits. If this were considered the norm, it would likely require a third employee in the office. Again, however, there was a relatively heavy volume of visits to the counter given that the timing of the observation was the day before taxes were due. This is evident by the fact that 10 of the 17 visits were for the purpose of paying real estate taxes. Further, three of the visits to the counter were made by fellow employees of the Town, one of which lasted 13 minutes, accounting for about 42% of the total engaged time by Treasurer/Collector staff.

The observation of the activity at the counter for the Treasurer/Collector’s Office was, while instructive to some degree, inconclusive in determining the actual staffing requirements, as it was somewhat of an unusual time period. To gain a potentially better perspective, the Center conducted a phone survey of other Massachusetts towns with similar populations to that of Sheffield. The table below summarizes the results of this survey.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Northfield</th>
<th>Ashby</th>
<th>Dunstable</th>
<th>Cheshire</th>
<th>Sheffield</th>
<th>Essex</th>
<th>Great Barrington</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>1 Treasurer-Collector</td>
<td>1 Treasurer (20 hrs/wk)</td>
<td>1 Collector (32 hrs/wk)</td>
<td>1 Tax Collector-Treasurer</td>
<td>1 Treasurer-Collector</td>
<td>1 Treasurer-Collector</td>
<td>1 Treasurer-Collector</td>
</tr>
<tr>
<td>R.E. Parcels</td>
<td>2,289</td>
<td>1,670</td>
<td>1,350</td>
<td>1,800</td>
<td>2,550</td>
<td>2,050</td>
<td>4,586</td>
</tr>
<tr>
<td>Tax Frequency</td>
<td>Semi-annual</td>
<td>Quarterly</td>
<td>Quarterly</td>
<td>Semi-annual</td>
<td>Quarterly</td>
<td>Quarterly</td>
<td>Semi-annual</td>
</tr>
<tr>
<td>Elected or Appointed</td>
<td>Elected Treasurer</td>
<td>Elected Collector</td>
<td>Elected Treasurer</td>
<td>Elected Collector</td>
<td>Elected Collector</td>
<td>Appointed Treasurer-Collector</td>
<td>Appointed Treasurer-Collector</td>
</tr>
<tr>
<td>Remote Lock Box?</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Payroll</td>
<td>Weekly</td>
<td>Bi-weekly</td>
<td>Bi-weekly</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Biweekly</td>
</tr>
</tbody>
</table>

1 The Dunstable Treasurer/Collector nominally is assigned an Assistant Treasurer/Collector, however the employee’s primary position is Secretary to the Board of Selectmen, and works only about two hours per month for the Treasurer/Collector’s Office.
Notably, none in the survey has more than two employees staffing the offices of the Treasurer and Collector, and three (Cheshire, Dunstable and Northfield) have only a single employee in their respective Offices.

The survey would indicate that Sheffield’s Treasurer/Collector’s Office requires only two employees to handle the workload for which it is responsible.

**Recommendation:** Staff the Office of Treasurer/Collector with the two positions of Treasurer/Collector and Assistant Treasurer/Collector. The Center does not recommend that the Town fill the vacant Clerk position. The offices of Treasurer and Collector in similarly-sized towns, and larger, staff their offices of Treasurer and Collector with either one or two employees. There are operational efficiencies that the Office and the Town should consider that should ease the workloads of the two employees, and these will be discussed below.

2. **Operations.**

The following sections address operational issues found during the Center’s on-site interviews, observations and analysis.

**Standard Policies and Procedures**

The Sheffield Treasurer/Collector is a long-tenured employee, as is the Assistant. It is not uncommon in these situations to operate without a formal set of policies and procedures, however there are many benefits to documenting these. They include the following:

- They provide a benchmark of continuity and standards
- They allow for a more efficient means of training and cross-training
- They eliminate any existing or potential confusion with regard to how to carry out a task

A policy is a predetermined course of action which is established to provide a guide toward accepted business strategies and objectives. Policies identify key activities and provide a general strategy to decision-makers on how to handle issues as they arise. This is accomplished by providing the reader with limits and a choice of alternatives that can be used to guide their decision making process as they attempt to overcome problems.

The goal of every procedure is to provide employees with a clear and easily understood plan of action required to carry out or implement a policy. A well-written procedure will also help eliminate common misunderstandings by identifying job responsibilities and establishing boundaries for the job holders. A well-written procedure will also allow managers to control events in advance and prevent employees from making costly mistakes. In other words, well-written policies and procedures allow employees to understand their roles and responsibilities
within predefined limits, and allow management to guide operations without constant intervention.

The Center recommends that the Treasurer/Collector draft a set of operating policies and procedures for the major duties and responsibilities of the Office. The major topics should be defined by the Office and the Town, with appropriate text describing the actual policies and procedures themselves. The Center proposes the following broad topics for consideration:

- **Reconciliation**
  - Reconciliation of bank statement
  - Reconciliation of Cashbook to Ledger

- **Operations**
  - Cash book
  - Cash receipts
  - Disbursements
  - Required reports
  - Unclaimed checks
  - Preparation for audits
  - Investment logs

- **Tax Titles and Foreclosure**
  - Maintaining records on tax title accounts
  - Redeeming tax title
  - Assignment of tax title
  - Foreclosures in Land Court
  - Filing an appearance or objection
  - Non-contested cases
  - Issuance of Foreclosure Decree
  - Tax Possessions
  - Collection procedures
  - Disputed tax title accounts
  - Abatement of tax titles

- **Trust Funds and Grants**
  - Gifts to the Town
  - Distinguishing between Trust Funds and Gifts
  - Authority of the Town to Hold Trust Funds
  - Administration of Trust Funds
  - Investment of Trust Funds
  - Accounting for Trust Funds
  - Accounting for Federal and State Grants
• Payroll
  - Enrolling a new employee
  - New Hire reporting
  - Preparation of payrolls
  - Deductions and Reconciliation of Deductions
  - Reporting and Payment Transmittal Requirements
  - Filing Requirements
  - State Tax Deposit Requirements for Employment Taxes
  - COBRA
  - HIPAA
  - TEFRA
  - Unemployment Compensation
  - FMLA
  - Massachusetts Maternity Leave Act
  - FLSA
  - Sexual Harassment

• Borrowing
  - Debt limitations
  - Issuing debt
  - Short-term debt policy
  - Use of Revenue Anticipation Notes
  - Grant Anticipation Notes
  - State Aid Anticipation Notes
  - Federal Aid Anticipation Notes
  - Bond Anticipation Notes
  - Procedures for Short-term Borrowing
  - Procedures for Long-term Borrowing
  - Refunding of Existing Debt

• Cash Management
  - Bank relations
  - Cash flow statements
  - Estimating collection receipts
  - Forecasting disbursements
  - Analyzing case flow and preparing a budget
  - Effective investment of available case

Recommendation: Develop and adopt a set of operating policies and procedures in the Treasurer/Collector’s Office. The Center has provided a set of topics for initial consideration, above.
**Tax Taking**

Interviews with staff and with management indicate that the Treasurer/Collector’s Office has not initiated tax taking for some time. The Treasurer/Collector cites mitigating circumstances in several cases, one in particular, which relates to an owner of a local business desiring to sell property which is behind on tax payments. Other reasons given by the Treasurer/Collector relate to reticence in initiating tax title on homes belonging to long-term residents.

The Center consultant requested and was provided a listing of all delinquent properties since 2006. The software package utilized by the Treasurer/Collector is reportedly incapable of providing a summary of delinquent properties summarized for multiple years, however the Center consultant endeavored to summarize these properties and the delinquent amounts by year, and placed these in an electronic spreadsheet for analysis.

As of FY 2012, the data provided to the Center consultant indicate that there are 95 properties with at least some amount of delinquent taxes, with six of these properties being delinquent since 2006. The 95 properties represent about 3.7% of the total parcels in the Town. The delinquent taxes reportedly total more than $800,000, including taxes, fees, interest and other charges.

Interviews with members of the Board of Selectmen indicate a clear interest in pursuing these delinquent taxes, and the Center recommends that the Treasurer/Collector formulate a plan to collect these taxes. It is suggested that the Treasurer/Collector categorize these in order to facilitate their differing processes. A suggested plan may include the following:

- Land of low value – these may be pursued outside of Land Court
- Multiple parcels under single ownership
- Accounts with invalid addresses and/or deceased owners
- Existing partial payment agreements
- Remaining accounts – perhaps requiring outside legal assistance

The Town’s policy regarding the pursuit and collection of delinquent accounts must be one that involves multiple parties, including the Treasurer/Collector, Town Administrator and the Board of Selectmen. The Center recommends that this policy be formulated in the immediate future in order both to maximize property tax revenues, and to formally advise and convince current

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2 It is possible that these six properties were delinquent prior to 2006. The Center’s information extended only to that year.
and potential delinquent taxpayers of the Town’s seriousness of intent to collect these taxes. If the Town wishes to develop a plan whereby delinquent taxpayers are placed on individually-designed payment plans, the Treasurer/Collector’s Office should be authorized to develop such payment plans as necessary.

**Recommendation:** Formulate Town policy regarding the collection of delinquent taxes. The Board of Selectmen have indicated that this is a priority, and the Treasurer/Collector should act to reduce the current outstanding tax amounts, which are reportedly in excess of $800,000. As a part of this policy, the Town may consider the development of individually-designed payment plans for delinquent taxpayers. If so, the Treasurer/Collector’s Office should be authorized to develop such plans and report them to the Town Administrator and Board of Selectmen.

**Reporting**

During interviews on site, the Center consultant heard reports of multiple instances in which requests for reports had been made to the Treasurer/Collector, but that they had been delivered late, compliant with the request, or not delivered at all. While the Center cannot verify these reports and has no first-hand experience with this issue, it is, nonetheless, symptomatic of the need for a formal performance evaluation plan. While the Center’s scope of services included only the Office of the Treasurer/Collector, it is advisable to institute such a performance evaluation plan for all employees in the Town.

In order to truly evaluate performance, there must be established measures by which performance can and should be evaluated. The Center recommends that the Town Administrator, working with the Treasurer/Collector, develop a set of such measures that instill accountability for performance, and also allow Town management and the public to determine the efficiency and effectiveness of the use of Town resources. A suggested initial set of performance measures for the Treasurer/Collector may include some or all of the following:

- The Treasurer/Collector and Accountant will reconcile cash as recorded in the Cashbook within 15 days of the close of the prior month.
- Requested reports from the Board of Selectmen will be produced and delivered within 48 hours of request unless a time extension is formally negotiated.
- All motor vehicle commitments will be mailed within 15 days of receipt of the Assessor’s Warrant.
- Property Tax demand notices will be mailed within 30 days past the due date.
- The Treasurer/Collector will collect 98% of all eligible taxes each year.
• The average time for bank statement reconciliations is no more than four days.

The above measures are intended as suggestions, and may be altered to suit the desires of the Town. There may also be others that the Town wishes to add to the list. The overall intent, however, is to convey the performance expectation of the Treasurer/Collector, and to instill a sense of accountability for meeting these expected performance objectives.

However, overall performance should not be limited to a set of quantitative measures, but should incorporate other qualitative evaluation factors as well. These may include the following:

<table>
<thead>
<tr>
<th>Performance Evaluation Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of Job</td>
</tr>
<tr>
<td>Quantity of Work</td>
</tr>
<tr>
<td>Quality of Work</td>
</tr>
<tr>
<td>Initiative</td>
</tr>
<tr>
<td>Enthusiasm</td>
</tr>
<tr>
<td>Judgment</td>
</tr>
<tr>
<td>Planning</td>
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<tr>
<td>Staffing</td>
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<tr>
<td>Controlling</td>
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<tr>
<td>Decision-making</td>
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<tr>
<td>Policy Implementation</td>
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<tr>
<td>Cooperation</td>
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<tr>
<td>Attendance</td>
</tr>
<tr>
<td>Relationships with Co-workers and the Public</td>
</tr>
<tr>
<td>Coordination of Work</td>
</tr>
<tr>
<td>Safety and Housekeeping</td>
</tr>
<tr>
<td>Reliability</td>
</tr>
<tr>
<td>Organizing</td>
</tr>
<tr>
<td>Leadership</td>
</tr>
<tr>
<td>Delegating</td>
</tr>
<tr>
<td>Creativity</td>
</tr>
<tr>
<td>Policy Formulation</td>
</tr>
</tbody>
</table>

**Recommendation:** The Town Administrator and the Treasurer/Collector should develop a reasonable set of performance measures for the Office that reflects the primary duties and responsibilities of the Treasurer/Collector. This set of performance measures should be concise enough to facilitate reporting, but should be lengthy enough to provide management with a sense of the efficiency and effectiveness of the Office. The Treasurer/Collector should be required to report on performance at least quarterly, with explanations for deficiencies noted in the summary of the report. Further, it is suggested that the Town consider the implementation of a performance evaluation system for all employees of the Town, however given that this report’s focus is on the Treasurer/Collector, the Center recommends that the above list of evaluative criteria, or some variation thereof, be applied to the Treasurer/Collector.

**Payroll**

The Town’s payroll is processed by the Treasurer/Collector after electronic spreadsheets and manual time cards are forwarded from Town departments. The Treasurer/Collector then enters the information submitted by departments into the Lawrence Braverman software program utilized to process payroll.
The redundancy in entering payroll data into the payroll software program undoubtedly adds time to a process that is performed each week. If it is possible to allow departments to enter this information and upload it to the Treasurer/Collector, the Center recommends that the Town initiate this enhancement, as it will reduce the total committed time of the Treasurer/Collector’s Office in processing the payroll.

The Treasurer/Collector reports that the weekly payroll process requires only about two hours per week, however in the experience of the Center, this may be an under-estimation of the total review, data entry and processing time. Whatever the committed time is, it could be reduced by allowing direct entry by departments into the system to avoid double-entry by the Treasurer/Collector. Further, given that the Treasurer/Collector is, himself, processing payroll, this represents a relatively costly expenditure of hours. In the Center’s experience, this function is most economically-performed by Office staff in those offices with more than a single employee.

Another time-saving measure that the Center recommends that the Town consider is the transition to a bi-weekly payroll for all departments. The Library currently is on a bi-weekly pay period, with all other departments being paid weekly. The transition to a more lengthy pay cycle is one that typically causes initial tension among employees, however given that the Library currently is paid bi-weekly, this should serve as a model for other departmental employees, and should relieve some of the tension associated with the transition. From the perspective of the Treasurer/Collector, although processing the payroll bi-weekly does not translate into expending only half the time that a weekly payroll requires, it does substantially reduce the overall time expended every two weeks, and should allow the Treasurer/Collector to reallocate time to more critical activities.

Recommendation: Train the Assistant Treasurer/Collector to process payroll in order to maximize the utility of the position of Treasurer/Collector.

Recommendation: The Town should investigate the potential for allowing departments to access the Payroll software program in use in the Treasurer/Collector’s Office in order to minimize the time consumed in transcribing manually-submitted time reporting data.

Recommendation: Consider making the transition from a weekly to a bi-weekly payroll process. This will not result in the completion of payroll in half the time spent currently, but should result in a significant time savings over the course of a year.

Filing and Housekeeping

In conducting interviews in the Treasurer/Collector’s Office, it was clear that the filing of records had not been accomplished in a coordinated manner in some time. There were many files, articles, data and correspondence placed on tops of file cabinets, desks and even the floor.
Aside from the potential fire hazard this represents, the fact is that few could readily locate needed records in the absence of the Treasurer/Collector.

The Center consultant requested the current year’s turnovers during on site observations. The Treasurer/Collector found these on top of a file cabinet in a loose manila folder, from which several records fell to the floor in the transition. Mistakes such as this may occur under the best of circumstances, however the records were not found in any logical filing location, such as being contiguous to prior years’ turnover sheets. In short, there does not appear to be a logical filing system in place in the Treasurer/Collector’s Office that would be understandable to any employee other than the Treasurer/Collector, himself.

In point of fact, the Treasurer/Collector reported that he had begun the process of clearing the office of unnecessary data, and had begun filing needed records in a more coordinated fashion. The Center wholly concurs with the need for this initiative, and recommends that the effort continue, with the Assistant Treasurer/Collector being a part of the process of filing and understanding the filing system.

**Recommendation:** Continue the initiative of removing unnecessary data, files, and correspondence from the Treasurer/Collector’s office. Involve the Assistant Treasurer/Collector in the filing process so that needed records may be easily located in the Treasurer/Collector’s absence.

**Treasurer/Collector’s Outside Commitments**

As noted earlier in the report, the Center believes the Town receives considerable value from the Treasurer/Collector’s involvement as a part time Police Officer, Volunteer Firefighter, member of the Parks and Recreation Commission, and as chairman of the Berkshire County Retirement Board and the Sheffield representative for the Berkshire County Insurance Group. However, these commitments come at some cost to the time committed to the Treasurer/Collector’s Office, and given that the Center has recommended that the Office eliminate the position of Clerk in the Treasurer/Collector’s Office, it is imperative that the two staff members dedicate as much time as possible to the fulfillment of the mission and objectives of the Office of Treasurer/Collector.

The Treasurer/Collector, in his role on the Parks and Recreation Board, receives calls from the public interested in reserving parks for their events. These calls come into the Office of Treasurer/Collector, and parks are reserved by the Treasurer/Collector, or the information is taken by the staff in the Office.

The Center does not possess data to indicate the volume of these calls, however, the volume is likely especially heavy during the seasons of spring and summer. Given the sporadic nature of these calls, and depending upon the volume, these calls may be disruptive to staff in answering them. The Center recommends that the Treasurer/Collector designate another member of the...
Parks and Recreation Commission to answer calls related to parks reservations and other unrelated inquiries in order to devote the maximum amount of time to the Office of Treasurer/Collector.

Outside commitments necessarily consume time, and the Town must weigh the opportunity costs of these commitments of time by the Treasurer/Collector. The position of Treasurer/Collector requires personal interactions with Town management, Selectmen, fellow employees and, importantly, the general public, in addition to the daily activities associated with conducting and supervising the work of the Office. The Treasurer/Collector clearly is dedicated to the performance of the work of the Office, and can reportedly be found in Town Hall frequently well after normal business hours. While commendable, though, there is value in being available for personal interactions in the office during normal business hours.

Recommendation: The Treasurer/Collector should transfer the responsibility for answering Parks and Recreation calls for reservations and other inquiries to another member of the Parks and Recreation Commission in order to maximize the time devoted to the Office of Treasurer/Collector. Further, the Town should weigh the value gained through the Treasurer/Collector’s involvement in other outside commitments against loss of time in the Office of Treasurer/Collector during normal business hours.

3. Information Technology

The following sections address information technology issues found during the Center’s on-site interviews, observations and analysis.

Property Tax Processing

Like many Offices, the Sheffield Treasurer/Collector has a very manual process of sorting and accounting for property tax bills. Much of the property tax revenue comes to the Office of Treasurer/Collector via electronic transfer from banks and other financial institutions, however most residents reportedly pay via mail or in person. The staff in the Office sort the checks and stubs manually according to the type of tax being paid, and match the amounts of the checks to the stubs. The process relies heavily on manual processes and can result in lengthy time periods spent by staff if manual errors are made.

The Center recommends that the Sheffield Treasurer/Collector consider the transition to an electronic lock box with a bank that will provide processing software that is essentially free from human error, and will result in a near-immediate deposit into an interest-bearing account, as opposed to the current method of making physical transfers of payments to the bank after reconciliation, and then waiting for checks to clear. The process requires little sorting, but requires the purchase of a scanner, and a partnership with a financial institution, which will retain records for a negotiated period of time. The scanner fits on a desk top, as is shown in the photograph below.
The processing of tax payments using the electronic lockbox can be seen in the process flow diagram below.

**Electronic Lockbox Process**

As can be seen from the process flow diagram, there is clearly a human element involved in the utilization of the remote electronic lockbox. This is particularly true in the identification of tax bills that need to be transmitted to the Deputy Collector, as well as in the investigation of
payments that cannot be read by the scanner. However, in the Center consultant’s observation of this process, these represent only a small percentage of the tax bills, and almost none of the electronically-submitted payments, which are typically forwarded by financial institutions.

The major costs involved in the transition to the electronic lockbox relate to the scanner, which may be purchased for approximately $1,000, and the time spent in training staff. The transition would be transparent to Town residents, who would continue to make their payments as they currently do. However, there are, in the Center’s estimation, advantages that outweigh these costs, which include the following:

- The immediate identification of errors by the financial institution’s software
- Immediate deposit of payments
- Increased accuracy. The Sheffield Treasurer/Collector’s Office is always accurate, however the accuracy achieved through the electronic lockbox process is generally accurate in far less time.
- Posting of payments is simplified, and is made to the correct line item in the General Ledger once programmed.

The Center has no data to estimate any potential time savings that would accrue from the transition to an electronic lockbox described above. However, several interviewees described instances for which multiple hours of staff time have been expended in tracking down relatively minor discrepancies. If the electronic lockbox reduces these errors to any degree, there is a potential to free many staff hours for other activities.

**Recommendation:** Investigate the feasibility of making the transition to an electronic lockbox for payments of property tax and motor vehicle taxes.

**Separation of Treasurer/Collector from the Accountant**

Observations by the Center consultant indicate that the Treasure/Collector not only share office space, but share a computer as well. It is true that each employee has a separate user identification and password, and nominally at least, should not be able to access each other’s accounts. However, the Town should take precautions to avoid even the appearance of any improprieties by separating the two employees. Further, the Town should provide a separate computer for each.

In general, sound accounting practices dictate that no one person should:

- Initiate a transaction
- Approve a transaction
• Record a transaction
• Reconcile balances
• Handle assets
• Review financial reports

Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions. In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among employees. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

Specific examples of segregation of duties are as follows:

• The employee who maintains and reconciles the accounting records should not be able to obtain custody of checks.
• The employee who opens the mail and prepares a listing of checks received should not be the employee who makes the deposit.
• The employee who opens the mail and prepares a listing of checks received should not be the employee who maintains the accounts receivable accounting records.

The Center has no reason to suspect any impropriety in the dealings of the Treasurer/Collector and the Accountant. However, good business practices dictate a clear separation of duties as well as physical location in order to avoid any perceptions of unethical behavior on the part of either Office.

**Recommendation:** Separate the Offices of Treasure/Collector and Accountant. Provide both Offices with separate computers in order to avoid any perception of impropriety.
APPENDIX

CORE DUTIES OF THE POSITION OF TREASURER/COLLECTOR
Treasurer/Collector Core Duties

- Recording town funds from various sources including town officers and committees.
- Making payments of town bills as approved and requested by the Board of Selectmen through signed warrants.
- Recording the budgeted amounts for each article and notifying Selectmen should any payments create account overdrafts.
- Ensuring that charges to accounts appear to be appropriate to the town meeting articles and notifying Selectmen of any questions.
- Processing and completing payroll and making necessary tax payments (in accordance with Selectmen's warrants).
- Making calculations to ensure salaries and hourly wages are in accordance with Selectmen's notices regarding wages.
- Collecting payments from taxpayers after a tax lien has been placed on the property
- Monitoring all outstanding balances in the various receivable accounts.
- Verifying the outstanding tax balance at the end of each month.
- Preparing and transmitting required letters & notices before automatic foreclosure
- Preparing and recording tax lien discharges once full payment is received.
- Maintaining accounts and communicating with banking personnel to assure town funds are maintained in appropriate accounts.
- Maintaining accounting records for the town funds following accepted accounting procedures and guidelines.
- Preparing end of month bank reconciliations for each account and generally reviewing all accounts at end of month.
- Maintaining bank accounts and CD accounts, and balancing monthly.
- Preparing various financial reports for the town's officers, Board of Selectmen and to meet any federal or state requirements.
- Preparing financial reports as needed for articles in regard to any borrowing of funds by the town.
- Assisting the auditors hired by the town to perform the annual post audit required by statute and to prepare the financial statements by supplying records and information on the years activity and answering any questions.
- Maintaining custody of all municipal funds and has the responsibility for the deposit and disbursement of these monies.
- Overseeing the reconciliation of bank statements as well as the monthly reconciliation with the Town Accountant’s cash ledger balances.
- Developing and implementing efficient cash management procedures, including forecasting of cash flow, monitoring cash receipts and maintaining internal control procedures.
- Monitoring cash levels in the treasury and arranges temporary or long-term borrowing of funds as necessary for town needs; pays interest and maturing debt; signs bonds, notes and other papers of credit for the town.
• Overseeing the issuance of municipal debt and ongoing debt management. Works
directly with outside bond counsel and financial advisors to achieve compliance with all
state and federal statutory requirements for bond issuance.
• Investing town funds including trust and enterprise funds in such a manner as to assure
the payment of investment income at the highest rate reasonably available, taking into
account safety, liquidity and yield.
• As custodian of tax title properties, overseeing the tax title and foreclosure process in
order to protect the town’s interest in outstanding tax revenues.
• Working closely with the Assessor on the import and reconciliation of Tax Commitment
information from Assessor’s software into the Tax Collection software.
• Billing and collecting all real estate, personal property and excise taxes.
• Preparing financial reports relating to collection and revenue activity. Reports all cash
receipts to the Town Accountant on a monthly basis. Preparing and monitoring
department budget.
• Directing the collection of delinquent accounts. Issuing municipal lien certificates.
Responding to inquiries from taxpayers, attorneys, financial institution.