

CITY OF WEST HAVEN AND ITS BOARD OF EDUCATION

**Assessment and Evaluation
Phase 2 and Phase 3**

March 21, 2025



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

March 21, 2025

State of Connecticut
Office of Policy and Management
450 Capitol Ave
Hartford, CT 06106

We were engaged by the Office of Policy and Management (“OPM”)’s Municipality Accountability Review Board (“MARB”) to provide an assessment and evaluation of the City of West Haven (the “City”) and its Board of Education’s (the “BOE”) financial organizational structure and its policies and procedures, practices, and internal controls as it relates to its fiscal management and administrative processes and financial systems.

The terms and scope of the work and services to be provided by us are outlined in Contract Number 16PSX0081 and Work Order Number 01 dated September 29, 2022 (“Work Order”). The services described in the Work Order are scheduled to be performed in multiple phases from the commencement of the Work Order through the anticipated completion date of March 31, 2025.

The attached report contains a summary of considerations regarding Phases 2 and 3 of a 4-phase engagement. Phase 2 and 3 work was performed from May 1, 2023 through December 2024. A draft of the attached report was shared by Whittlesey PC with the MARB, OPM, the City, and the BOE in Executive Session on December 19, 2024.

The assessments and evaluations completed in Phases 2 and 3 are as follows:

1. Governance Practices
2. Hiring and Employment Practices
3. Grants Management
4. Tax Assessor and Tax Collector
5. Tax Filings
6. General Ledger Expenditure Analysis

Issuance of the Phase 2 and Phase 3 report was delayed and presented in executive session, allowing the City and the BOE time to address areas of vulnerability. This report is based on assessments, evaluations, and relates to information provided to us through the date the work was performed.

A handwritten signature in black ink that reads 'Whittlesey PC'.

Whittlesey PC
Hartford, Connecticut

EXECUTIVE SUMMARY

Our engagement with OPM involved extensive collaboration between the Municipal Accountability Review Board (“MARB”), the City of West Haven, and its Board of Education.

Phases 2 and 3 of our engagement included areas that represented a lesser degree of risk than the areas addressed in our Phase 1 engagement. Phases 2 and 3 of the engagement were completed through inquiries of management and employees at the City of West Haven and its Board of Education as well as review of documentation and other data, and performance of walk throughs.

During Phases 2 and 3, we identified areas in addition to those identified in Phase 1, and present recommendations that will assist the City of West Haven and its Board of Education in implementing best practices. As with our Phase 1 report, certain considerations focus on centralizing functions across the City of West Haven and its Board of Education.

We reiterate from our Phase 1 report that in order to effectively apply the considerations in our Phase 2 and 3 reports, the City of West Haven requires adequate staffing of individuals who are qualified for their positions, are consistent in their employment, and embrace change. It is imperative that the City of West Haven’s employees are provided with supervision and guidance, as well as being held accountable for their actions and performance. Further developing a team of qualified staff will enable the City of West Haven and its Board of Education to continue improving their current operating environment and to continue closing gaps between existing procedures and best practices. During Phase 2 and 3, we observed that the City of West Haven has made significant progress in these areas.

We are very thankful for all the efforts of the City of West Haven and its Board of Education staff as well as all the OPM staff and the MARB members that we have interacted with during Phases 2 and 3 of our engagement. We acknowledge the willingness of the new administration to continue the work we had previously begun. Our efforts have been very collaborative and have been met with passion for seeing the City of West Haven and its Board of Education close gaps between existing procedures and best practices.

METHOD FOR PRIORITIZATION OF CONSIDERATIONS

All considerations have been prioritized in accordance with the following ratings:

- High:** The matter poses a significant risk to the integrity of the internal controls and should be addressed prior to matters considered of moderate or low priority.
- Moderate:** The matter may not pose a significant risk on its own but is considered a weakness in internal controls and should be addressed after matters of high priority.
- Low:** The matter poses a minimal risk and is considered to be a best practice in internal controls and should be addressed as feasible.

Defined Terms:

City – City of West Haven

BOE – West Haven Board of Education

STATUS OF CONSIDERATIONS

In response to the considerations presented in Executive Session, the City took action on many of the items noted. As part of our collaborative process with the City, we met with the Mayor and key City personnel and performed additional inquiries which enabled us to note the status of considerations in the manner defined below.

- * Whittlesey has met with management and determined that this consideration has been addressed.
- ** Whittlesey has met with management and notes that progress has been made towards addressing this consideration.
- *** Whittlesey notes that addressing this consideration would need to take place through a Charter Revision and a subsequent vote of the electorate. This process is estimated to take upwards of 18 months to complete.
- **** As of December 19, 2024, management has not yet addressed this consideration.

1. Governance Practices

(See page 3 for status of considerations)

We were engaged to review the City's governance practices. To accomplish this review, we performed inquiries and walk-throughs with relevant personnel, testing and reviewing various supporting documents, and a review of the City's charter. Below summarizes our considerations related to the observations we had during the work we performed.

High

Charter Revisions

- Amending the Charter to reflect having the Mayor and City Council member terms changed from 2-year terms to 4-year terms. ***
- Updating the Charter to create a non-appointed City Manager position where the City Manager will be operationally focused and having the Mayor be a forward "focused force" with limited powers. ***
- Revising the Charter to reflect the removal of the following appointed positions: ***
 1. Director of Personnel and Labor Relations
 2. Director of Finance
 3. Assistant Director of Finance
 4. Assistant Corporation Counsel
- Putting language in the Charter regarding the circumstances in which an elected official or council member may be removed from their position (i.e. misconduct, misfeasance, malfeasance, failure to perform or fulfill duties, etc.) and the removal process. ***

Review of Committees

- Developing a building committee to assist in evaluating the current use of buildings and implementing and overseeing of construction projects. Further consider whether members of the committee should include specialized third parties in addition to City Council members. *

Policies and Internal Control Procedures

- Developing and implementing a conflict-of-interest policy that is completed yearly. This policy should be considered for City Council members, elected officials and key employees or for all employees. Consider having oversight of the policy by the Board of Ethics. *

Other Considerations in Governance

- Providing the City Council with the ability to access advisors for situations that warrant separate advisors from the City management. *

Medium

Review of Committees

- Establishing an Information Technology Governance Committee to provide structure for sharing and implementing of best practices across the City. *

Business Incentives

- Developing and promoting business incentives in line with the City's long-term vision and/or 5-year plan. *

Medium (continued)

Training and Education

- Providing first time City Council members with orientation/training on responsibilities and expectations of being on the City Council. *
- Recommending all City Council members and requiring key employees attend Connecticut Conference for Municipalities (“CCM”) annual training. (CCM training is free since the City is a member. 168 towns/cities in CT are members of CCM.) ****
- Providing ethics training to all City employees and officials on a periodic basis. *
- Providing sexual harassment training to all City employees and officials on a periodic basis. (Currently sexual harassment training is provided upon hire.) **

Other Considerations in Governance

- Evaluating if there is adequate communication between the City Council, the Departments, and the Mayor. Department heads should participate as specialists in committees, where applicable. *
- Creating organizational charts for each department with a chart indicating all the departments reporting to the Mayor, including vacant positions. Create organizational charts for each Board or Committee, if applicable, and to whom the Boards/Committees report. *

2. Hiring and Employment Practices

(See page 3 for status of considerations)

We were engaged to review the City's hiring and employment practices. To accomplish this review, we performed testing, walkthroughs of the hiring practices, and the review of personnel files. Below summarizes our considerations related to the observations we had during the work we performed.

High

Job Descriptions

- Each position within the City should have a written job description and be kept in a centralized location, preferably in the Personnel office and eventually within the HRM system pending adoption. *

Job Requisitions

- The Director of Personnel and Labor Relations or the HR Generalist should encourage the hiring manager to evaluate job vacancies to determine if the position should be filled or if the work can be distributed amongst other employees. *
- The City should consider revamping external job advertising to attract external talent. The job descriptions should be used as a guideline for external job advertising. External job advertising should be written to attract candidates for the organization to stand out from other perspective employers and municipalities. ****
- A comparative analysis should be performed annually of budgeted, but unfilled positions. If a budgeted position has not been filled, an analysis should be performed to determine the cause, and what additional steps should be taken to resolve the vacancy, or determine if the position is no longer needed. *

Market Analysis Survey

- A market salary survey should be conducted annually to ensure that the current salary ranges for positions remain competitive. *

On-boarding

- A plan should be developed to fully implement and effectively utilize the Human Resources Management (HRM) system for on-boarding of employees and continued maintenance of any updated documentation. **

Employment Applications

- All employment applications should be prepared in accordance with state and federal laws and be utilized by all departments. The Personnel and Labor Relations Department should require all applicants to complete an employment application and a copy be placed in the personnel file until the HRM system is utilized to store documents. *

Personnel Files

- Every personnel file should contain all documents that are related to everyone's employment with the City. *
- Documentation of the employees' starting wages and all subsequent adjustments should be kept in their personnel file and eventually the HRM system. **
- All documents should be reviewed by the Personnel and Labor Relations Department for accuracy and completeness before they are placed into personnel files. *
- I-9 Forms should be kept in a separate file which is separate from other employment documents, as was previously recommended in the Whittlesey PC Phase I Report. *

Fair Credit Reporting

- A Fair Credit Reporting Statement should be provided to any prospective candidate to comply with federal law regarding background checks. *

High (continued)

Documentation of Wages

- All employees should be given documentation that provides their current wages and the salary range for their position at the time of hire and/or promotion. **

Drug Testing, Background Checks and Physical Assessments

- A policy should be written specifying which positions, including volunteers*, should or should not be required to obtain a drug test, background check or physical assessment as required by federal, state or other regulations. Furthermore, any employee, including volunteers, who are hired with an adverse finding from one of these assessments should have documentation in their personnel file of how the adverse finding was overcome to permit the hiring of that individual. **

Interview Process

- The Personnel and Labor Relations Department should do initial screenings and initial interviews for most positions to ensure that the candidates meet the minimum requirements of the position before interviews are conducted by other City departments or agencies. *
- The Personnel and Labor Relations Department should extend all verbal and written offers on behalf of the respective City departments or agencies. *

Performance Management

- Implementing a performance management system that documents employee performance on a periodic basis. ****

Medium

HRM System

- A plan should be developed to upload all personnel employment information into the HRM system. **
- The Personnel and Labor Relations Department should consider utilizing the HRM system for internal job postings, in addition to required manual postings. ****
- A workforce analysis for departments should be performed to project future employment needs, including a data analysis of retirements, current workforce, turnover, and plans for future workload distributions and staffing levels. **

3. Grants Management

(See page 3 for status of considerations)

We were engaged to review the City's grants management practices. To accomplish this review, we performed inquiries and walk throughs with relevant personnel, testing and reviewing various supporting documents, and a review of the City's Charter. Below summarizes our considerations related to the observations we had during the work we performed.

High

City of West Haven

Office of Grants - Departmental Structure and Key Vacancies

- Under the City's Charter, the Commissioner of Planning and Zoning is responsible for the Office of Grants (or in their absence, a Director of Planning and Zoning). This role has been vacant since 2022 and should be filled as soon as possible with a leader who can build consensus around strategies and plans to address community needs, economic development and sustainability. This will enhance the ability of the Office of Grants to pursue grant funding opportunities in support of the City's plans. ****
- The Office of Grants was managed by a Grants Coordinator until this position was vacated in March 2023. The City subsequently elevated the vacant Grants Coordinator position to a Director of Grants level position, a non-appointed union position under the Department of Finance. However, as of December 2024, this position remains vacant. To attract qualified applicants, the City should revise this job posting to include a salary range and a more compelling job description that speaks to the leadership, cross-departmental communication, and motivational skills that would be required for an individual to succeed in this key role. ****
- The City should continue to centralize responsibility for grants management under an Office of Grants led by a Director of Grants (as this vacant position is filled) who reports to both the Director of Planning and Development as outlined in the City Charter and reports to the Mayor's office. The Grants Accountant should report to the Finance department. The City should also consider restructuring the Community Development Administration (CDA) under the Grants Office. **

Office of Grants – General Procedures

- All City grant proposals should be submitted through the Office of Grants. A centralized Office of Grants can help ensure that procedures used to track grant funding opportunities, applications, awards, budgets, compliance requirements, expenditures, drawdowns, and reporting, are implemented consistently across all grant awards managed by the City. ****
- The City should continue to implement software to aid in tracking open grant awards, for example using the MUNIS grants module. Additionally, the City should implement accounts payable and purchasing procedures to ensure that the Office of Grants reviews and approves all grant-related expenditures. **
- The City should formalize in writing its policies and procedures related to grants management, including checklists as to what information and documents are to be retained for each grant award, and how this information is to be filed and made accessible across departments. **

High (continued)

ARPA State and Local Fiscal Recovery Funds (SLFRF)

- Volunteer committee members should submit new disclosure forms annually (it is not clear whether this was done since January 2022). ****
- If the volunteer committee chairperson recuses themselves from a vote due to a financial interest which may create a conflict, perceived or actual, in accordance with the City Charter's Code of Ethics, the chair should not only abstain from voting, but also ensure that the proceedings for that matter are turned over to the vice chair. ****

Technical Expertise and Resources

- The City should continue to build its capacity to administer large grant awards and manage grant-funded projects internally or with the assistance of paid contractors. While the work and involvement of volunteers to date on the ARPA SLFRF grant has been commendable, as a general principle, reliance on volunteers to manage large projects presents certain unavoidable risks. **

Board of Education

Departmental Structure and Key Vacancies

- The Board of Education should consider adding a new grants employee that reports to the Finance Director. This would provide additional capacity and allow for greater oversight and segregation of duties with respect to grants management. **

General Procedures

- The Board of Education should also consider formalizing its policies and procedures related to grants management. ****

Medium

City of West Haven

Technical Expertise and Resources

- The City should perform an inventory of subject matter experts and contractors needed to help plan and manage potential grant projects (building, traffic, flood, wetlands, etc.) and assess what resources are available internally through the City's various departments and committees, what resources need to be bolstered internally, and what resources need to be sourced externally. Then, assemble a list of vetted and pre-approved experts and contractors who can be tapped to assist with grant-funded initiatives on short notice as those opportunities become available. **

Medium (continued)

City of West Haven Charter

- The City should consider revisions to its Charter regarding grants management to:
 - Consolidate responsibility for grants management, which is currently dispersed among the Department of Finance, the Office of Grants, the Community Development Administration, and the Department of Planning and Zoning. ***
 - Eliminate appointed positions (such as an administrator of Grants-in-Aid) that may be unnecessary and/or difficult to fill with qualified candidates and restructure as non-appointed positions where necessary. ***
 - Clarify the Department of Finance’s responsibilities with respect to grants management. None are mentioned explicitly. ***
 - Clarify the structure, role, and responsibilities of the Office of Grants. *Chapter XIV, Part A* contains the Charter’s only reference to an Office of Grants, which are in passing. *Part E* of this chapter refers to a “division of Grants-in-Aid”, but only offers a limited list of responsibilities of an “administrator of Grants-in-Aid”, a position to be appointed by the Mayor (in contrast to the historical and current structure of this position as a union, non-appointed). ***

Cost Allocation Plans

- The City should consider developing a cost allocation plan. A cost allocation plan would help the City understand the true cost of managing its grant-funded programs, and possibly allow it to be reimbursed with a greater share of administrative or indirect costs to cover staffing needs and/or resources (particularly for federal awards through an indirect cost rate proposal).

Board of Education

Cost Allocation Plans

- The Board of Education should consider developing a cost allocation plan. A cost allocation plan would help the Board of Education to understand the true cost of managing its grant-funded programs, and possibly allow it to be reimbursed with a greater share of administrative or indirect costs to cover staffing needs and/or resources (particularly for federal awards through an indirect cost rate proposal).

Low

Cash Management

- As a best practice, for any grant awards over a predetermined amount where funds are received in advance of expenditures, and when those expenditures are expected to occur over a period greater than a year, the City should consider establishing a separate bank (or STIF) account that segregates the grant funds from any other funds. Although the Treasury has clarified that interest earned on ARPA SLFRF payments is not subject to program requirements or cash management requirements that would require interest earned above \$500 to be remitted, any grants with such requirements should also be segregated from other funds. ****
- Chapter X, Part A, Section 3 of the Charter states, “with the exception of those monies collected by the West Haven Water Pollution Control Commission, all monies received by the City from whatever source shall be deposited in the City Deposit Fund.” However, the City Deposit Fund is not clearly defined. The City should consider clarifying this language in the Charter. ****

4. Cash Receipts - Tax Assessor and Tax Collector

(See page 3 for status of considerations)

We were engaged to review the City's cash receipts practices performed by the Tax Collector and the Tax Assessor. To accomplish this review, we performed inquiries and walkthroughs with relevant personnel, testing and reviewing various supporting documents. Below summarizes our considerations related to the observations we had during the work we performed.

High

- We recommend that only the Tax Assessor and Tax Collector have level 1 access in the municipal software used by the City for maintenance of the Grand List and collection of taxes, and that an evaluation be made to determine whether the Finance Department requires level 1 access. *
- We recommend that any changes within the municipal software by department staff be submitted to the Tax Collector or Tax Assessor for approval and be verified against the municipal software's user logs. **
- We recommend that all users have access only to the municipal software's functions necessary to perform their duties. *
- We recommend that the municipal software user list be reviewed periodically for accounts that should be removed due to termination or staff changes. *
- We recommend systematic and periodic review of audit trail reports from the municipal software by the Tax Assessor and the Tax Collector against required supporting documentation for the following transactions:
 - Adjustments to assessed values *
 - Application of real estate tax exemptions*
 - Adjustments to invoiced amounts for taxes, penalties, or interest. *
 - Any voided transactions. *
 - Payments processed manually from the lockbox via overnight mail to the Tax Collector. *

We note that the Tax Assessor's office processes a very high level of transactions related to adjustments to assessments both through the appeal process as well as by judicial order, property transfers, automobile property tax bills, personal property tax declarations, a variety of tax abatements such as freezes and discounts for veterans, the disabled, seniors, and low-income individuals, in addition to the regular maintenance and preparation of the Grand List. Much of this process is manual and paper based. Although the financial effect of these transactions is recorded within the municipal software system, many processes themselves are paper based, and hard copies are kept in paper files. We recommend that an evaluation of systems be undertaken to implement improvements that reduce paper and manual approvals, thereby improving internal controls and reducing risk. **

Medium

- We recommend that the Tax Collector establish a maximum dollar threshold at which time the vendor used for secured cash in transit will be called for an unscheduled pick up. *
- We recommend that the City's IT department maintain oversight of the municipal software on an ongoing basis to monitor adherence to the City's IT internal control policies. ****
- We recommend that an evaluation be made whether the municipal software currently in use is the appropriate software, given the lack of internal control functions available. **

5. Tax Filings

(See page 3 for status of considerations)

We were engaged to review the City's tax filing practices. To accomplish this review, we performed inquiries and walkthroughs with relevant personnel, testing and reviewing various supporting documents. Below summarizes our considerations related to the observations we had during the work we performed.

High

Escheatment Tracking and Reporting

- Written policies and procedures should be developed for outstanding disbursements over six months to have them researched to determine why they remain outstanding and to determine if they need to be adjusted through a journal entry, revised or reissued. Additionally, outstanding disbursements should be reviewed to make sure they are managed in accordance with CT Unclaimed property laws. **
 - Many of these outstanding disbursements relate to reimbursement checks for retirees' Medicare expense where recipients did not report an address change. Management should consider evaluating if these funds can be sent through ACH versus through a manual check.
- A written policy should be developed regarding the reissuance of checks to vendors and for payroll. **
 - West Haven should incorporate into the policies and procedures to not approve any checks for payment that had previously had a stop payment issued on them and are now beyond the six-month period where the stop payment is no longer in effect.

W-9s

- Management should store all W-9 forms electronically and update the vendor database as the forms are received. *
- W-9s should be requested anytime there are changes to the vendor information such as legal name, Tax ID, and Tax Address. West Haven management has developed a "Vendor Form" to accomplish this task going forward. *
- Written policies and procedures should be developed for implementing the Vendor Form to periodically update all vendor info and W-9 forms. *

1099s/1096s

- Management should file for and obtain a Transmitter Control Code. *
- Management needs to file the 1099s and 1096s forms for 2023. **

Independent Contractor or Employee Classification

- Policies and procedures should be put in place for review of independent contractor classification. *
- Upon entering a new vendor into Munis or updating an existing vendor's information, management should follow a multi-step process in Munis that requires a finance department level approval and an approval by the Finance Director or Assistant Finance Director. *
- During review of invoices, payment patterns and invoice descriptions should be considered for triggering a more in-depth independent contractor classification review. *

6. General Ledger Expenditure Analysis

(See page 3 for status of considerations)

We were engaged to assess expenditures recorded in the general ledger with a focus on vendors and transactions of higher risk based on our professional judgement. To accomplish this assessment, we obtained a general ledger, a listing of vendors from the Munis database, and a list of City employees with home addresses. We analyzed the vendors for duplication, related parties, and determined whether any vendor's addresses corresponded to City employee addresses. We also made a selection of vendors and analyzed for duplicate check numbers, payments, warrant or voucher numbers, and other unusual activity or memo descriptions. Finally, we vouched selected transactions to supporting documentation to test the propriety of the expense. Below summarizes our considerations related to the observations we had during the work we performed.

High

Vendor contracts

- The City should consider implementing a process by which the City prepared and approved contracts are utilized in place of vendor contracts to ensure terms are approved prior to entering into an agreement. *****

Purchases

- The City should consider processing all purchases through MUNIS with restrictions that will prevent entering into agreements without meeting the required policies (i.e. authorization of expense, obtaining quotes, incurring expense without required purchase order in place, etc.) *****

Medium

Municipal utility expense

- The City should consider implementing a process to review an approved meter listing and comparing to utility bills received to ensure bills are only paid for valid municipal utility services. *****

Headquarters

280 Trumbull Street, 24th Floor
Hartford, CT 06103
860.522.3111

One Hamden Center
2319 Whitney Avenue, Suite 2A
Hamden, CT 06518
203.397.2525

14 Bobala Road, 3rd Floor
Holyoke, MA 01040
413.536.3970

WAdvising.com

