

# Malliet Human Resources Consulting

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## TOWN OF COLCHESTER INVESTIGATION

Mary Williamson, Town Finance Director

### SCOPE OF INQUIRY

Investigate the conduct of Mary Williamson, Town of Colchester Finance Director in 2023. Specifically,

- A. Mary Williamson's management of the Town of Colchester's Finance organization and responsibilities in accordance with her Finance Director position
- B. Mary Williamson's exercise of her position as Finance Director to authorize additional personal compensation and gain access to employee healthcare coverage without employee deductions

### ENGAGEMENT TIMELINE

January 2, 2024 - Malliet Human Resources Consulting engaged by Kainen, Escalera, and McHale PC - Attorney Daniel Murphy to complete investigation of Ms. Williamson professional conduct as Town Finance Director.

January 2 through February 14, 2024 – Interviewed eight Town of Colchester employees. Notably unavailable was Mary Williamson. Ms. Williamson was contacted via phone, email, and letters beginning January 8 and continuing through March 28 requesting an interview date, or to respond to submitted questions. In addition to email and phone outreach starting January 8, three in-person interview dates were scheduled – January 18, February 15 and March 1. Ms. Williamson, directly, or through Attorney Mark Balaban, refused to be interviewed.

### ALLEGATIONS of MISCONDUCT

In a letter to Ms. Williamson dated March 28 (Attachment 1), First Selectman Bernard Dennler outlined the allegations of misconduct related to Ms. Williamson's job performance and provided Ms. Williamson an opportunity to respond to specific allegation queries. Similar to previous outreach, Ms. Williamson refused to participate.

## BACKGROUND

The misconduct allegations outlined against Ms. Williamson focus on her performance deficiencies in executing her duties as Finance Director; and her receipt of unwarranted compensation for vacation, holiday and personal time as well as the receipt of health coverage benefits without making any employee contributions as required. The Town's Finance Director position description (Attachment 2) makes clear the requirements of the job. This position description has been used to evaluate Ms. Williamson's performance. Key elements of the role are:

### *Essential Duties and Responsibilities:*

Directs the operations of the Finance Department to evaluate, administer and oversee the financial management of the Town. Specific functions include, but are not limited to: accounting and financial reporting, general ledger, budgeting, financial and capital planning, financial software, cash/investment management, debt management, accounts receivable, accounts payable, purchasing, payroll and grants. Develops internal control policies, guidelines, and procedures for activities such as budget administration, cash/investment management, accounting and payroll. Interprets and enforces policies and procedures. Drafts and recommends policies, financial plans and goals

### *Required Knowledge, Skills and Abilities*

Thorough understanding of the principles of government finance. Knowledge of the practices and procedures used in governmental accounting, including generally accepted accounting principles (GAAP), pronouncements of the Government Accounting Standards Board (GASB), relevant CT General Statutes regarding Town finances, and State Office of Policy & Management (OPM) financial reporting requirements

## ALLEGATION DETAILS

Below are the five allegation articles contained in Attachment 1 and the relevant investigation discovery:

- 1. Failure to perform timely execution of core duties of the Director of Finance including:**
  - a. Failure to balance payroll cash accounts in a timely fashion:
    - i. As of December 15, 2023 (shortly before you were placed on administrative leave), the available cash balance after payroll was -13,746,036.68. (Attachment A)
  - b. Failure to post revenue in a timely fashion
    - i. Ambulance revenue had not been posted since May 2023
    - ii. STIF investment income revenue had not been posted since March 2023; and
  - c. Failure to perform bank reconciliations in a timely fashion
    - i. Despite the Town contracting with temporary help via Robert Half, bank reconciliations were not brought current and continued to fall behind.

## Discovery

Investigator reviewed the Town's Finance Director position description and reviewed Ms. Williamson previous professional Finance experience.

Ms. Williamson's role requires that she oversee Town "financial management including accounting and financial reporting, general ledger, budgeting, financial and capital planning, financial software, cash/investment management, debt management, accounts receivable, accounts payable, purchasing, payroll and grants." As noted above, per Munis (Town municipal Finance system) documentation and discussions with current Finance Department leadership, Michelle Marceau, Acting Director of Finance, and Maggie Cosgrove, former Chief Financial Officer and current Financial Department Advisor, the financial duty failures listed above are accurate. Ms. Williamson had not balanced the payroll cash accounts in a timely fashion, leaving a negative \$13,746,036.68 balance, Ambulance revenue had not been posted in a timely fashion, STIF investment income revenue had not been posted since March 2023 and bank reconciliations have not been brought current. In interviews with Ms. Marceau and Ms. Cosgrove, in addition to the failures referenced, they noted other gaps, including:

1. Not completing the assessment and reporting of imputed income for Town provided life insurance. Life insurance, above a federally prescribed amount, must be taxed. This deduction is generally made in the first pay period, and no later than the second pay period in December for the that year. This is required so employee tax information is accurate for the year. When Ms. Williamson left on December 28 these deductions had not been made.
2. Library employee deductions that should have been entered as not taxable were entered into the system as taxable.
3. Ms. Marceau noted that in contrivance of GAAP financial control rules (GAAP adherence is required as part of her job description) Ms. Williamson made bank deposits of Town funds without involving other Town employees, in violation of segregation of duties.
4. Ms. Williamson made Federal Tax payment via Dime Bank using the Board of Education Federal tax identification number (TIN). This led to overpayments to the Board of Education accounts and underpayments for the Town. Board of Education received a tax refund and turned the refund over to the Town. Ms. Williamson deposited the IRS check without investigating. The refund was then deposited into the general account. The Town still owed the IRS its tax payment.
5. Finance Director is responsible for providing Town Department Heads with monthly financial reports. Both Shannon Ramsey, former HR Director and Ms. Cosgrove learned that Department Heads were not receiving their budget reports.
6. Ms. Cosgrove noted that "because the 2022 Town Audit had not been issued, Moody's sent Town of Colchester a notice that their rating was in danger of being pulled." This is in sharp contrast to the Moody evaluations during her 17 year tenure.

Mary Williamson may have misstated her professional finance background. Ms. Williamson submitted an application cover letter and resume (Attachment 3) when applying for the Finance Director role. She noted in her cover letter to former First Selectman Bisbikos that she

had “22 years of Finance experience, 4 years which is related to government accounting”. However, her resume, submitted at the same time and including her recent role with the Town, stated that she had “16+ years of experience overseeing projects in financial and accounting operations...”. On review of her resume, Ms. Williamson lists only 7+ years of financial roles between 2006 and 2023, of which approximately two and third quarter years relate to government accounting (2 years, 4 months in Texas and her months at the Town of Colchester).

**2. Your compensation for unused vacation, holiday, and personal time hours between November 12, 2023 and November 25, 2023:**

- a. For the payroll date December 1, 2023, you submitted a signed timesheet showing 80 hours of straight time worked. This was signed by yourself and by me as First Selectman and given to your payroll assistant. However, you were paid for 80 hours of straight time, plus 120 hours vacation, 8 hours floating holiday, and 8 hours personal time. Records show that your payroll assistant entered the time as submitted. However, records also show that your user account was used to modify the submission to add the additional time. (Attachment B)

**Discovery**

Investigator found, as outlined above, Ms. Williamson did pay herself an additional 136 hours, additional \$8,022.69 gross compensation, for payroll date December 1, 2023 (Attachment B). Payroll documentation confirms that First Selectman Dennler approved only 80 standard work related hours to the Nov 12 to 25, 2023 time period. Attachment B includes the Munis system audit that captures Ms. Williamson’s entry changing her deductions. This additional payment entry was made outside of the First Selectman review. Notably, no documentation was found authorizing this additional payment.

Andrea Weber, Finance Department Accountant, a direct report to Ms. Williamson and Rafayel Wassef, Payroll & Accounts Payable, another direct report to Ms. Williamson provided statements regarding this extra payment.

Mr. Wassef stated that he did not enter the additional payment. Per Mr. Wassef, at the time of the final payroll review and processing for that period, Ms. Williamson told Mr. Wassef that she had entered the additional payment. Ms. Williamson explained “I added vacation time and Andreas approved it. It’s per Andreas’ agreement”. Andreas is Andreas Bisbikos, the former Town First Selectman who had left office earlier in November 2023. Mr. Bisbikos was no longer responsible for Town payroll at the time of this extra payment. Mr. Wassef stated that he was uncomfortable questioning his boss.

Ms. Weber, when doing the payroll review, questioned Rafayel Wassef regarding the additional payment to Ms. Williamson. Ms. Weber stated that “Rafy explained that Ms. Williamson had told him it was a buy back”. Ms. Weber then spoke to Ms. Williamson who told her she was “buying back vacation”.

Investigator reviewed the *Town of Colchester Employee Handbook* Vacation and Personal Day, Leave Policies (Attachment 4). There is no reference to current employee “buy back” options.

The relevant Vacation Policy passage states “Employees may carry over no more than one year’s worth of allotted vacation leave. Carryover of more than one’s annual vacation allotment per year must be approved by the employee’s supervisor and the First Selectman. Upon termination or retirement, each employee will be paid for accrued vacation at his/her current base of pay.” The Personal Day Policy states “Employees must use their personal days in the year earned. Under no circumstances will employees be permitted to accumulate personal days from one year to the next. The Town of Colchester does not reimburse, or in any other manner compensate employees for unused personal leave days upon termination of employment. Employees forfeit all unused personal days at the expiration of each calendar year.” The Investigator also reviewed the Town’s current *Administrative Collective Bargaining Agreement* (Attachment 5). The *Administrative Collective Bargaining Agreement* Article 16, Section 2 states that “Employees will be allowed to carry over accrued but unused vacation days to a maximum accumulation of 30 days”. Section 4 notes that “Upon termination or retirement each employee will be paid for accrued vacation based at his/her current base rate of pay.” There is no mention of vacation buy back for current employees. Article 17 Personal Leave policy also makes no provision for buy back for current employees. Neither the Town *Employee Handbook* nor the *Administrative Collective Bargaining Agreement* allow current employees to buy back Vacation or Personal Day time.

Note: Investigator is aware that there is a dispute regarding whether Ms. Williamson is a member of the Administrative Collective Bargaining group and therefore reviewed both the Town’s *Employee Handbook* and the *Administrative Collective Bargaining Agreement*.

3. **The circumvention of the Town’s Purchasing Policy and practices by authorizing purchases for the Fire Department between May and June 2023 without the knowledge or approval of the department head (Fire Chief):**
  - a. Purchases shown in Attachment C were made on behalf of Fire Lieutenant Chris Bellantone. These purchase orders appear to have been created by you or at your direction - rather than at the direction or involvement of the Fire Chief or his administrative assistant. Mr. Bellantone’s position did not authorize him to make purchases

### **Discovery**

Investigator confirmed Purchase Order documentation found in Attachment C. Investigator reviewed *Town of Colchester Purchasing Policy* (Attachment 6) to better understand documented Purchasing Order process, and the Fire Lieutenant position description (Attachment 7) to see if this position has authority to approve department Purchase Orders.

On January 8, 2024 Investigator spoke first with Fire Chief Steven Hoffman, and then Fire Lieutenant Chris Bellantone to learn the circumstances surrounding the department’s purchase orders for gear lockers, tanker swivel dump, and headsets referenced in Attachment C.

Per Fire Chief Hoffman, the purchase order process was communicated to all Fire Officers when the Chief requested the officers submit budget requests for the upcoming year using a Budget Request Form. Per Chief Hoffman, the process is “requisition requests require approval from me prior to moving on to Finance. Finance then needs to approve it for the requisition to become a PO for ordering of items/service”. Neither Chief Hoffman, nor Department Assistant Ruby York,

sent an approval for the three Budget Requests initiated by Lt. Chris Bellantone. They did not create or see the requisitions. Finance approved and paid for the equipment requested by Lt. Chris Bellantone without Chief Hoffman's signature in contradiction of published Purchase Order policy and Town standard practice. Chief Hoffman stated that he "knew the purchase orders had been funded and items purchased when the equipment arrived".

Lt. Bellantone stated that he "assumed that communication starts with the Town" and did not question when he received a call from Finance regarding his three budget requests. He stated that he thought the call was to "skip the middleman", "it was a verbal communication". In hindsight this is "out of the normal process". Lt. Bellantone "assumed Chief [was] in the conversation". Lt. Bellantone explained "I'm not authorized to issue PO".

The investigation found that these purchases did not comply with either Town policy or Fire Department practice. No documentation was found indicating that Ms. Williamson sought or received approval from Chief Hoffman, or his assistant Ruby York, before processing the three purchase orders and purchasing the equipment.

**4. Your failure to pay the employee portion of the health insurance contribution:**

- a. You never paid any share of the employee portion of the health insurance contribution throughout your employment with the Town, until this was rectified while you were on paid administrative leave.

**Discovery**

Investigator reviewed Ms. Williamson Benefits Election documentation (Attachment 8) in detail. Documentation includes Ms. Williamson's benefit elections, including for Medical, Dental & Vision coverage effective January 1, 2023 at a cost of \$66.66 biweekly. Also included in Attachment 8 is a record of Ms. Williamson's payroll deductions. There are no recorded Benefit deductions in 2023. Deductions commenced in April 2024.

Emails documents from April and May 2023 (Attachment 9) point to issues regarding some employee benefit deductions. April 24, 2023 there is communication between Ms. Williamson, former HR Director Shannon Ramsey, and the Town's Benefits vendor, PPI, regarding the unexpected termination of Ms. Williamson's benefit coverage on April 1, 2023. Ms. Williamson requested the benefits be reinstated.

Per a February 14, 2024 interview with Ms. Weber, Ms. Williamson and Ms. Weber discussed that Ms. Williamson had no 2023 benefit deductions. This was part of a larger discussion regarding six other employees not having deductions taken. At that time Ms. Williamson told Ms. Weber that she "didn't have to worry about Ms. Williamson's deductions as she was cancelling her coverage". There is no record that Ms. Williamson used the Benefits self-service function to cancel her benefits coverage, there is also no documentation that she requested anyone else to do this on her behalf. Ms. Williamson used her benefits from April 30, 2023 to August 21, 2023, and then December 4, 2023 to February 9, 2024 (Attachment 10).

In other documentation, Ms. Williamson wrote on March 6, 2024 to Rafayel Wassef - "Rafy can you check with HR about my benefits? These were supposed to be stopped in May or June but it looks like I'm still being charged. I'm not sure if it's because Shannon never stopped them or

because he never told you to stop charging me.” This email misdirects. As noted above, Ms. Williamson requested her benefits reinstated in May 2023 (Attachment 9) and used her benefits in 2023 (Attachment 10), and had no deductions taken in 2023 (Attachment 8). In addition, Shannon Ramsey was not responsible for managing Ms. Williamson’s benefits elections. On April 5, 2024 Ms. Williamson wrote to Lori Marker-Chapman, current Town HR Director, in response to a request that Ms. Williamson pay for 2023 benefit coverage that was not deducted from her salary. Ms. Williamson declared coverage had been cancelled. That Ms. Williamson thought benefit coverage had been cancelled is contradicted by her claim history.

## 5. IRS Payroll Tax Issues

- a. On August 28, 2023, the IRS sent notice to the Town of Colchester Finance Department regarding the underpayment of employee tax deposits by the Town of Colchester. The notice included warning that the Town may owe \$5,054 as a failure-to-pay penalty, \$28,429 as a failure to make a proper tax deposit penalty, and \$5,904 in interest charges. (Attachment D)

As the Town continued to receive notices regarding these payments and met with IRS Investigators in March 2024 to correct these issues, it is clear that you did not correct the issues noted by the IRS. Further, at no point since I took office did you alert me as First Selectman to this serious outstanding issue which was only discovered when going through papers on your desk after you were placed on administrative leave in December 2023.

### Discovery

Along with a review of the IRS documentation noted in Attachment D the investigator spoke to Ms. Marceau and Ms. Cosgrove regarding the IRS notices. Ms. Marceau noted that the August 28, 2023 IRS notice referencing non-payment penalties was found in Ms. Williamson’s letter Inbox in mid-January 2024 along with several other IRS notices. No apparent follow up or actions had been taken. This inaction exposed the Town to possible tax penalties and interest charges. Mr. Dennler noted that Ms. Williamson had not made him aware of the IRS notices.

## SUMMARY

Based on materials referenced, including Finance Director Job Description, Mary Williamson’s Job Application Cover Letter and Resume, Payroll records, Benefits records, Purchase Order documentation, emails, and interviews with Town employees, the following are the two investigation conclusions as outlined in the **Scope of Inquiry**:

### **A. Mary Williamson’s management of the Town of Colchester’s Finance organization and responsibilities in accordance with her Finance Director position**

The Town’s Finance Director job description is clear and complete. Ms. Williamson job performance did not meet the minimum standards for the job including basic Financial Controls and Compliance. As detailed above, Ms. Williamson did not complete or oversee the completion of ordinary, expected, and legally required Finance Department tasks. Regarding

the Fire Department purchases requested by Lt. Bellantone, the Purchase Order Policy was not followed.

Since beginning to review accounts for audit and budget, Michelle Marceau, Acting Director of Finance, questioned if “Mary was qualified to do the job?” Maggie Cosgrove, former Town Chief Financial Officer and current Financial Department Advisor, questioned whether Ms. Williamson was “unfamiliar, unable to perform, or indifferent to the basic job responsibilities?”

**B. Mary Williamson’s exercise of her position as Finance Director to authorize additional personal compensation and gain access to employee healthcare coverage without employee deductions**

In a misuse of her authority as Finance Director, Mary Williamson paid herself \$8,022.69 gross compensation in November 2023. Ms. Williamson surreptitiously entered the payment into the payroll system knowing it was not a legitimate payment, and against published Town employee policies. When questioned, Ms. Williamson misled her subordinates, declaring it was an approved payment. By entering and authorizing the \$8,022.69 payment Ms. Williamson subverted the Town’s Financial Controls which she, as Finance Director, was specifically employed to enforce.

Mary Williamson made 2023 medical coverage elections and knew in 2023 she was not making the requisite payroll deductions. Ms. Williamson, as Finance Director, had an obligation to rectify the error. Insurance documentation confirms she used her medical coverage in 2023 and 2024. No documentation was found that Ms. Williamson cancelled her insurance. The only known statement made in 2023 by Ms. Williamson regarding benefits cancellation was made to Ms. Weber when Ms. Williamson told Ms. Weber not to worry about updating her deductions, “she was cancelling her insurance”.

## **RECOMMENDATION**

Mary Williamson should be terminated from her position as Town of Colchester Finance Director. From the findings of this investigation, taken separately, or together, it is concluded that Ms. Williamson does not meet minimum job performance requirements.

## **APPENDIX**

### **Investigation Interviews Conducted**

January 2 through February 14, 2024 – Interviewed Town of Colchester employees pertinent to the investigation with the exception of Ms. Williamson who declined to participate. In some cases, follow up discussions were held with employees. Employees interviewed, in chronological order, were:

- January 2 – Bernard Dennler, First Selectman



- January 5 – Shannon Ramsey, outgoing Human Resources Director
- January 8 – Steven Hoffman, Fire Chief
- January 8 – Chris Bellantone, Fire Lieutenant
- January 12 – Michelle Marceau, interim Finance Director
- January 12 – Maggie Cosgrove, former Finance Director
- January 18 & February 14 – Andrea Weber, Accountant, Finance Department
- January 18 – Rafayel Wassef, Payroll & AP, Finance Department

## **Attachments**

Attachment A – December 2023 Payroll Cash Balance documentation

Attachment B – Mary Williamson December 1, 2023 Vacation, Holiday and Personal Time payment documentation

Attachment C – Fire Department May and June 2023 Purchase Orders for gear lockers, tanker swivel dump, and headsets

Attachment D – Town of Colchester 2023 IRS Notices documentation

Attachment 1 – Bernard Dennler March 28, 2024 letter to Mary Williamson - Investigation of Allegations of Misconduct and Opportunity to Respond

Attachment 2 – Town of Colchester Finance Director position description

Attachment 3 – Mary Williamson Finance Director application Cover Letter and Resume

Attachment 4 – Town of Colchester Employee Handbook

Attachment 5 – Town of Colchester Administrative Collective Bargaining Agreement

Attachment 6 – Town of Colchester Purchasing Policy

Attachment 7 – Town of Colchester Fire Lieutenant position description

Attachment 8 – Mary Williamson 2023 Benefit Coverage elections and payroll deduction records

Attachment 9 – Town 2023 benefit coverage emails between Town employees and PPI.

Attachment 10 – Mary Williamson benefits claim history April 2023 through February 2024