

# **TOWN OF WAYLAND, MASSACHUSETTS**

Management Letter  
For the Year Ended June 30, 2021

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To the Select Board  
Town of Wayland, Massachusetts

In planning and performing our audit of the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Town of Wayland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonable possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Material weaknesses are noted in the table of content and comment headings.

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The other recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Select Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

Merrimack, New Hampshire  
\_\_\_\_\_, 2022

## **PRIOR YEAR RECOMMENDATIONS:**

### **1. Re-Establish Timely Cash Reconciliations (Material Weakness)**

#### ***Prior Year Comment:***

In the prior year, we recommended that the Town re-establish monthly cash reconciliations to improve the reliability of interim financial reports and accelerate the year-end closing process. This cash reconciliation comment has appeared on the management letters for the fiscal years 2018 and 2019, and has been elevated to a significant deficiency for the fiscal year 2020 audit, and elevated again to a material weakness for the fiscal year 2021 audit.

#### ***Current Year Status:***

Monthly cash reconciliations were not performed throughout the fiscal year. In February 2021, an outside consultant completed the reconciliation of all bank accounts, cash book, and MUNIS through December 31, 2021. In September 2021, the Town re-engaged with the consultant to complete the reconciliation of bank accounts to MUNIS through June 30, 2021. Per our review subsequent to year end, through March 2022, cash was not reconciled.

#### ***Further Action Needed:***

The Town must reconcile cash on a timely basis to ensure reliable interim reporting, a timely closing process, and overall control over cash balances.

#### ***Town's Response:***

*Town Management understands the importance of timely cash reconciliations. The cash reconciliation comment has been in numerous Management Letters and has not been resolved. The Town has engaged an audit firm to complete the Fiscal 2022 cash reconciliation. The audit firm will also implement procedures and train the next Town Treasurer in preparing timely cash reconciliations.*

*With the passage of the new Town Manager Act, there is an opportunity to restructure the finance departments in the town. This restructuring will increase the efficiencies and oversight of the cash reconciliation process. Additionally the Town Manager will review and report on the cash reconciliation process on an ongoing basis.*

### **2. Ensure Compliance with Uniform Guidance**

#### ***Prior Year Comment:***

In the prior year, we recommended that the Town implement enhanced policies and procedures and that all departments be made aware of Uniform Guidance (over federal

grants) requirements, including but not limited to: written procedures in accordance with the Committee of Sponsoring Organizations (COSO)'s internal control framework, enhanced capital asset accounting, and enhanced procurement procedures.

***Current Year Status:***

The recommendation has not yet been implemented.

***Further Action Needed:***

We continue to recommend that the Town adopt enhanced policies and procedures to ensure compliance with federal guidelines.

*Town's Response:*

*Town Management is aware of the requirements of Uniform Guidance related to Federal Grants and that this Audit Recommendation has been in previous Management Letters. Except for the CARES and ARPA Grants, the Town does not receive Federal Grants related to these requirements. The School Department has implemented enhanced policies and procedures related to this grant requirement. Town Management will strive to develop written policies and procedures for town departments.*

### **3. Improve Controls Over Payroll**

***Prior Year Comment:***

In the prior year, we recommended that the Town perform an internal audit of payroll to ensure all controls are adequately designed and operating effectively.

***Current Year Status:***

During our payroll and census data testing, we noted the following:

- Insufficient documentation was provided to support certain school employees' pay rates and times worked, therefore we were unable to conclude on the accuracy of school payroll-
- Inconsistency between certain census data documents and information provided to the actuary to calculate other post-employment benefits liability, therefore, we were unable to document whether controls over the census data are operating effectively

***Further Action Needed:***

We continue to recommend that the Town review all procedures surrounding payroll to ensure that internal controls are adequately designed and operating effectively.

*Town's Response:*

Pending- may be removed

*Schools response-*

*The School Department understands the importance of maintaining employee records. Recently due to staffing changes and restructuring staff responsibilities, the response to the audit inquiry was not completed. The requested information will be prepared and submitted.*