

Wachusett Regional School District

Management Letter

For the Year Ended June 30, 2019

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Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

To the School Committee
Wachusett Regional School District

In planning and performing our audit of the basic financial statements of the Wachusett Regional School District (the District) as of and for the year ended June 30, 2019, 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 District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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 reasonably 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.

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 material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The District'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 them.

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.

Melanson Heath

June 30, 2020

CURRENT YEAR ISSUES:

1. IMPROVE CONTROLS OVER VENDOR INVOICE PROCESSING

During our review of invoices charged to the fiscal year 2019 general ledger, we noted the following issues:

- Warrants are signed by the Director of Finance and the School Committee. We noted one instance where the warrant was only signed by the School Committee.
- Seven of the forty invoices reviewed were not approved for payment with a signature or initials on the invoice. All of the invoices were for typical monthly bills such as electric and telephone. In addition, there was no invoice submitted to support the payment for the postage meter.
- One invoice was only approved for payment by the same individual who made the payment.

We recommend that all warrants be signed by the Director of Finance before processing. We also recommend that all invoices be approved by an authorized individual, who is not involved in the purchasing process, prior to payment.

District Response:

The WRSD will create a new Warrant Schedule. The Warrant will be closed several days in advance of the Warrant date. The Director of Business and Finance will review the Warrant in detail prior to the Warrant date. Also, the assistant to the Director of Business and Finance will review/audit the completed Warrants on a monthly basis to insure all signatures have been secured. This person was selected because she has no part in the Warrant payment process.

2. UPDATE FEDERAL GRANTS MANUAL

The District's EDGAR manual which documents policies and procedures related to federal grants contains some outdated thresholds for procurement. The threshold for soliciting quotes should be for purchases between \$10,000 - \$49,999. The threshold for sealed bids or proposals should be \$50,000.

We recommend that the District's EDGER manual be updated to reflect the proper thresholds.

District Response:

The WRSD will update the procurement thresholds as noted in the auditor's report.

3. REVIEW OPEN BANK ACCOUNTS

The District maintains approximately 65 bank accounts. While some activities are required to be maintained in separate accounts in order to separately track funds or allocate interest, most are not. The maintenance, monitoring and reconciling of so many accounts is a tedious and time-consuming process.

We recommend the District consider closing accounts that are not required to be maintained separately and consolidate like accounts into one. Reducing the number of open bank accounts would increase efficiencies and would reduce the amount of time needed to reconcile and maintain so many accounts.

District Response:

The WRSD will review all existing accounts and will consolidate where possible.