



## **TOWN OF WAYLAND, MASSACHUSETTS**

Management Letter  
For the Year Ended June 30, 2022

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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, 2022, 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.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire  
February 28, 2023

## **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. An outside consultant completed the reconciliation of all bank accounts, cash book, and MUNIS through June 30, 2022. Some reconciling items identified at year-end, totaling approximately \$47,000, were due to timing and were resolved in the subsequent fiscal year. However, there are unresolved reconciling items related to Student Activity Funds accounts, totaling approximately \$129,000. The School Department reconciles these accounts to their activity ledgers but not to MUNIS.

#### ***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:***

The Town agrees that cash reconciliations were not completed timely and accurately. The Town has implemented new controls and managerial oversight of the Treasurer's Office as well as the cash reconciliation process. As a result of these changes and with the committed effort of the new Town Treasurer, cash reconciliations are being completed on a timely basis. We are committed to maintaining the monthly cash reconciliations. The Town Manager will provide the Select Board quarterly updates on the progress of the cash reconciliations.

### **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:***

The Town understands that this citing has occurred in prior audits. The Town Manager's Office will be publishing and implementing the Town's procedure manual on Federal Grants and Procurement in March 2023.

**CURRENT YEAR RECOMMENDATIONS:**

**3. Reconcile Guaranteed Deposits Account to Detailed List**

The Town receives deposits from various conservation, building, planning, and health permits. These deposits are refundable at the completion of the projects when specifications are met. At June 30, 2022 the amount of deposits in the general ledger was approximately \$666,000 but no detailed listing of individual deposits was provided.

We recommend the Town reconcile these deposit accounts to ensure that the amount of the deposits in the general ledger accurately represents the total liability to the Town and is appropriately tracked by individual account. This includes researching whether the individual balances should still be outstanding, or action is required to clear out the balances.

***Town's Response:***

The Town agrees that a detailed listing of each guaranteed deposits account is not maintained. The departments involved include Planning, Conservation, Board of Health and Building. The Town Manager will meet with each department manager and develop a plan to reconcile all receipts and disbursements related to their guaranteed deposits accounts. This reconciliation will be completed in Fiscal 2023. Each department will be required to submit to the Town Manager a quarterly report detailing all deposits and disbursements, as well as a reconciliation to the bank balances and general ledger balances.

#### **4. Prepare for Governmental Accounting Standard Board (GASB) Statements Number 94 and 96**

The GASB has issued Statement No. 94 “*Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*”. The primary objective of this Statement is to improve accounting and financial reporting of PPPs and APAs. PPP is an arrangement in which the Town contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. APA is an arrangement in which the Town compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The GASB has issued Statement No. 96 “*Subscription-Based Information Technology Arrangements*” (SBITAs). This Statement provides guidance on the accounting and financial reporting of SBITAs for the Town as an end user. GASB 96 results in a right-to-use subscription intangible asset, which is primarily offset by a corresponding subscription liability for accrual funds, as well as government wide financial statements, and requires new note disclosures.

These Statements are effective for fiscal 2023 and have similarities with Statement No. 87, *Leases*, that the Town implemented for fiscal year 2022.

#### ***Town’s Response:***

The Town is aware of GASB Statement 94 and GASB Statement 96 and will ensure compliance with all financial requirements.