

TOWN OF WESTERLY, RHODE ISLAND
REPORTING UNDER *GOVERNMENT AUDITING STANDARDS*
AND
OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF WESTERLY, RHODE ISLAND

CONTENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs.....	9-12
Summary Schedule of Prior Year Audit Findings.....	13
Corrective Action Plan	14 -15

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable President and Members of the Town Council
Town of Westerly, Rhode Island

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westerly as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Westerly's basic financial statements and have issued our report thereon dated February 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Westerly's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Westerly's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Westerly'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 significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Westerly's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Westerly's Response to Findings

The Town of Westerly's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Town of Westerly's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Providence, RI
February 15, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

The Honorable President and Members of the Town Council
Town of Westerly, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Town of Westerly's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Westerly's major federal programs for the year ended June 30, 2018. The Town of Westerly's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Westerly's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Westerly's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Town of Westerly's compliance.

Basis for Qualified Opinion on CFDA 14.269 Community Development Disaster Recovery Grants Pub. L. No. 113-2

As described in the accompanying schedule of findings and questioned costs, the Town of Westerly did not comply with requirements regarding CFDA 14.269 Community Development Disaster Recovery Grants Pub. L. No. 113-2 as described in finding number 2018-003 for Allowable Costs / Allowable Activities. Compliance with such requirements is necessary, in our opinion, for the Town of Westerly to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.269 Community Development Disaster Recovery Grants Pub. L. No. 113-2

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of Westerly complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.269 Community Development Disaster Recovery Grants Pub. L. No. 113-2 for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town of Westerly complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Town of Westerly is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Westerly's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Westerly's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control

over compliance that we consider to be material weaknesses. However, we did identify one deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be significant deficiencies.

The Town of Westerly's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Town of Westerly's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Westerly, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Westerly's basic financial statements and have issued our report thereon dated February 15, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Providence, RI
March 29, 2019 except for the report on the
schedule of expenditures of federal awards
as to which the date is February 15, 2019

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures Incurred</u>
<i>U.S. Department of Agriculture</i>				
Passed through State Department of Education:				
Child Nutrition Cluster				
National School Lunch Program	10.555	N/A	\$ --	\$ 430,391
School Breakfast Program	10.553	N/A	--	109,659
Summer Food Service Program for Children	10.559	N/A	--	18,119
<i>Total Child Nutrition Cluster</i>			--	558,169
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	--	24,375
Passed through Rhode Island NRCS:				
Emergency Watershed Protection - Winnapaug Pond	10.927	68-1535-17-201	--	659,110
<i>Total U.S. Department of Agriculture</i>			--	1,241,654
<i>U.S. Department of Housing and Urban Development</i>				
Passed through Rhode Island Division of Planning, Office of Housing and Community Development:				
Community Development Block Grants/Entitlement Grants Cluster				
Community Development Block Grants	14.228	12/36/31, 14/36/33, 16/36/35	--	80,555
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			--	80,555
CDBG-Disaster Recovery Grants Pub. L. No. 113-2 (Disaster Recovery Cluster)	14.269	13/38-DR-02, 13/38-DR-04, 13/38-DR-05	--	1,539,611
<i>Total U.S. Department of Housing and Urban Development</i>			--	1,620,166
<i>U.S. Department of Education</i>				
Passed through the State Department of Education:				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	2725132.02.02	--	759,306
Special Education - Preschool Grants	84.173	2725135.02.02	--	46,877
<i>Total Special Education Cluster</i>			--	806,183
Adult Education	84.002	2720-12201-1301	--	46,585
Improving Teacher Quality State Grants	84.367	2725-16402-02	--	132,052
English Language Acquisition State Grants	84.365	2725-16502-02	--	25,823
Title I Grants to Local Education Agencies	84.010	2725-11702-02	--	501,070
<i>Total U.S. Department of Education</i>			--	1,511,713

See notes to schedule of expenditures of federal awards.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures Incurred</u>
<i>U.S. Department of Health and Human Services</i>				
Passed through the State of Rhode Island Department of Health:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		--	116,893
<i>Total U.S. Department of Health and Human Services</i>			<u>--</u>	<u>116,893</u>
<i>U.S. Department of Interior</i>				
Passed through Rhode Island Department of Environmental Management:				
Fish and Wildlife Cluster				
Sport Fish Restoration Program - Chapman Boat Launch	15.605	FW-14-D-32	--	242,558
Passed through Connecticut Department of Energy & Environmental Protection:				
Clean Vessel Act Program - Pumpout Boat	15.616	2018-100	--	44,410
<i>Total National Endowment for the Arts</i>			<u>--</u>	<u>286,968</u>
<i>U.S. Department of Homeland Security</i>				
Passed through the State of Rhode Island:				
State Homeland Security Grant Program - various projects	97.045	41-04-FY2015 SHSP	--	16,717
Emergency Management Performance Grants	97.042	41-04-FY2015 EMPG	--	10,963
Hazard Mitigation Grant	97.039	HMGP-4027-DR/1894-14-R	--	237,487
<i>Total U.S. Department of Homeland Security</i>			<u>--</u>	<u>265,167</u>
<i>U.S. Department of Transportation</i>				
Passed through the State of Rhode Island:				
Highway Planning and Construction	20.205	N/A	--	516,302
State and Community Highway Safety Cluster	20.600	N/A	--	18,279
<i>Total U.S. Department of Transportation</i>			<u>--</u>	<u>534,581</u>
<i>U.S. Environmental Protection Agency</i>				
Direct Programs:				
Brownsfield Assessment & Cleanup Cooperative Agreements	66.818		--	20,884
Passed through the New England Interstate Water Pollution Control Commission:				
Narragansett Bay Estuary Program Support - TMDL Implementation	66.456	84813534	--	45,782
<i>Total U.S. Environmental Protection Agency</i>			<u>--</u>	<u>66,666</u>
<i>U.S. Department of Justice</i>				
Direct Programs:				
Equitable Sharing Program	16.922		--	14,581
Edward Byrne Memorial Justice Assistance Grant Program	16.738		--	15,890
<i>Total U.S. Department of Justice</i>			<u>--</u>	<u>30,471</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ --</u>	<u>\$ 5,674,279</u>

See notes to schedule of expenditures of federal awards.

TOWN OF WESTERLY, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the Town of Westerly under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town of Westerly, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the Town of Westerly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SCHOOL LUNCH COMMODITIES

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the cost of commodities provided to the School Lunch Program. The total federal share of these commodities was \$14,198 for the year ended June 30, 2018. The amounts have been included in the schedule of expenditures of federal awards under CFDA 10.555.

4. MATCHING REQUIREMENTS

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on this schedule.

5. INDIRECT COST RATE

Town of Westerly, Rhode Island has elected not to use the 10-percent de Minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes X No

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal awards program:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? X Yes None reported

Type of auditors’ report issued on compliance for major federal awards programs:

Modified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of Major Federal Programs:

CFDA Number

Name of Federal Program

14.269	Community Development Disaster Recovery Grants Pub . L. No. 113-2
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee? Yes X No

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS

CURRENT YEAR FINDINGS:

MATERIAL WEAKNESS IN FINANCIAL REPORTING

2018-001-Segregation of Duties:

Criteria:	Management is responsible for maintaining an adequate segregation of duties to mitigate risk of material misstatement whether due to error or fraud.
Condition:	During our procedures on internal control we found segregation of duties issues regarding payroll processing and preparation and recording of journal entries to the financial records.
Context:	During our audit testing, we reviewed payroll documentation noting that there is only one person involved in payroll processing. This individual has access to make modifications to payroll system data, and there is no current documented review procedure in place. In addition, we reviewed general journal entries as part of our testing, noting that there is no documented review as part of the current process for preparing and posting entries to the accounting system.
Cause:	Management has invested a significant amount of time in analyzing, reconciling and adjusting prior years activity and has had insufficient time and personnel to address all internal control matters relating to segregation of duties.
Effect:	The lack of segregation of duties, monitoring and reconciliations increases the risk of material misstatement due to error or fraud.
Questioned Costs:	None
Prior Year Finding:	No
Recommendation:	We recommend that management establish adequate segregation of duties over the payroll and journal entry process, ensure that these transactions are independently reviewed, reconcile the information to underlying data, and establish written policies and procedures ensuring that these controls are clearly communicated to all personnel.
Views of responsible officials:	See corrective action plan.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

CURRENT YEAR FINDINGS:

MATERIAL WEAKNESS IN FINANCIAL REPORTING

2018-002-Financial Reporting:

Criteria: The Town should have internal controls in place to ensure that timely and accurate financial reporting is achieved. Monthly and year end closing procedures should be documented, communicated and monitored by the Finance Department.

Condition: During fiscal 2018, the Town operated with a poorly defined and documented financial closing and reporting process. There was no internal control policies and procedures manual which would have provided the finance team with a roadmap to effectively perform these procedures.

Context: Certain funds and accounts were not adequately analyzed and reconciled prior to 2018 resulting in a significant number of adjusting journal entries, prior period adjustments and delays in accurate financial reporting. Based on the significance of adjustments required, we conclude that a material error could have occurred and not been identified in a timely manner by management.

Cause: Change in personnel and lack of documented internal control procedures.

Effect: Accurate reconciliations were not performed timely for financial closing and reporting process.

Questioned Costs: None

Prior Year Finding: Yes - 2017-002

Recommendation: We recommend that management take the opportunity to de-brief in the aftermath of the current year audit process and take the time to formally document the internal control process developed this year over the financial closing and reporting process to eliminate the possibility that these issues will recur in subsequent years.

Views of responsible officials: See corrective action plan.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION III FINDINGS – MAJOR FEDERAL AWARD PROGRAMS

CURRENT YEAR FINDINGS:

Significant Deficiency

**2018-003-CFDA 14.269 Community Development Disaster Recovery Grants Pub. L. No. 113-2
– Allowable Costs/Allowable Activities:**

Criteria:	The Town is required to be in compliance with the requirements of Allowable Costs / Allowable Activities under the Uniform Guidance. Expenses being charged under the grant must meet the specific requirements of the grant and must be properly supported with underlying invoice detail or time card support.
Condition:	During our testing, we found one instance of payroll being overcharged on the grant by \$2,390.36 due to using an incorrect rate on the payroll charges that were submitted for reimbursement.
Context:	The Town must ensure that all costs charged to the grant are allowable and fully supported with invoices or payroll information.
Cause:	The Town did not have an adequate review process to ensure the propriety of costs charged to the grant.
Effect:	Resources are at risk of being used for unallowable purposes.
Questioned Costs:	\$ 2,390.36
Prior Year Finding:	No
Recommendation:	We recommend that the Town enhance their internal controls over the allowable costs / allowable activities requirement relating to the CDBG program to ensure that funds are expended and reimbursed in accordance with the requirements of the Uniform Guidance.

TOWN OF WESTERLY, RHODE ISLAND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION IV FINDINGS – PRIOR YEAR

PRIOR YEAR FINDINGS:

Identifying Number:

Finding 2017-001 Pooled cash account reconciliation

Condition:

During the audit process, it was noted that the pooled cash account had not been reconciled in a timely manner subsequent to year-end.

Current Status: Corrected

Identifying Number:

Finding 2017-002 Financial Reporting

Condition:

The Town was unable to close their financial reporting system within a reasonable time frame subsequent to year end. Financial information was found to contain misstatements that had to be corrected during the audit process. As a result, management did not have accurate financial data available in a timely manner.

Current Status: Repeated as Item 2018-002

Identifying Number:

Finding 2017-003 Capital Asset Recordkeeping

Condition:

In conjunction with audit procedures, it was determined that certain capital assets were still being accounted for as construction in progress and were also included in depreciable asset categories.

Current Status: Corrected

Identifying Number:

Finding 2017-004 Paid Lunch Equity

Condition:

In conjunction with audit procedures, it was determined that the prices being charged for school lunch did not meet the federal paid lunch equity guidelines.

Current Status: Corrected

Town of Westerly
Rhode Island

Dyann J. Baker, CPA, MBA
Finance Director



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AUDIT FINDINGS CORRECTIVE ACTION PLAN

Town of Westerly, Rhode Island
June 30, 2018

Finding 2018-001 Segregation of Duties
Corrective Action Planned
<p>Payroll Processing: We are proposing hiring a third-party consultant to assess the Payroll and Human Resources workflows and make recommendations to adhere to best practices. This will include the segregation between Human Resources and Payroll. Currently the Payroll functions are under the Human Resources management but, as part of the workflow recommendations, consideration will be given to move the reporting to the Finance Director. In addition, we will utilize the Position Control feature in the MUNIS software. This facilitates management of individual employee records, from budgeting to actuals and gives visibility into the changes.</p> <p>General Journal Entries: During the 2018 fiscal year, the Town began requiring segregating the journal entry processing with approvals at one level above the preparer. Our goal is to move to a workflow within our financial accounting software like the purchasing system whereby preparers will submit their journal entries online, attach the support, and approvers would then post. These must be separate individuals.</p>
Person Responsible for Corrective Action
<p>Payroll Processing: Human Resources Director, Nancy Markey Finance Director, Dyann Baker Director of Finance and Operations, Barbara Perino</p> <p>General Journal Entries: Finance Director, Dyann Baker Director of Finance and Operations, Barbara Perino</p>
Anticipated Completion Date
Fiscal Year 2020
Finding 2018-002 Financial Reporting
Corrective Action Planned
We recognized this issue earlier in the year as new staff did not have documentation to rely upon. The Town began building a schedule of duties and deadlines, that includes assigning specific accounts to the staff who are responsible for documentation of the procedures and applicable checklists. Monthly meetings to assess progress began immediately following the FY2018 audit completion.
Person Responsible for Corrective Action
Dyann Baker, Finance Director Barbara Perino, Director of Finance and Operations
Anticipated Completion Date
Fiscal Year 2020

Town of Westerly
Rhode Island

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SINGLE AUDIT FINDINGS CORRECTIVE ACTION PLAN

Town of Westerly, Rhode Island
June 30, 2018

Finding 2018-003 Allowable Costs/Allowable Activities
Corrective Action Plan
Payroll Processing: The timesheet procedure will require that employees supporting grant related programs will record their time on the timecards when the service are provided. The supervisor will be responsible for obtaining the grant accounting codes to facilitate timely recordings.
Person Responsible for Corrective Action
Human Resources Director, Nancy Markey Finance Director, Dyann Baker Director of Finance and Operations, Barbara Perino
Anticipated Completion Date
Fiscal Year 2020