

TOWN OF WINCHESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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TOWN OF WINCHESTER, MASSACHUSETTS

GAO AND UNIFORM GUIDANCE REPORTS

JUNE 30, 2021

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**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**

Honorable Select Board
Town of Winchester, Massachusetts
Winchester, Massachusetts

We have audited, in accordance with the 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 Winchester, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Winchester, Massachusetts's basic financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Winchester, Massachusetts's internal control over financial reporting (internal control) as a basis for designing 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 the Town of Winchester, Massachusetts's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Winchester, Massachusetts'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Honorable Select Board
Town of Winchester, Massachusetts

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winchester, Massachusetts’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 financial statements. 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*.

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.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 20, 2021



**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 THE UNIFORM GUIDANCE**

Honorable Select Board
Town of Winchester, Massachusetts
Winchester, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Winchester, Massachusetts'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 Winchester, Massachusetts's major federal programs for the year ended June 30, 2021. The Town of Winchester, Massachusetts'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 Winchester, Massachusetts'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; and 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 Winchester, Massachusetts'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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Winchester, Massachusetts's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Winchester, Massachusetts 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 major federal programs for the year ended June 30, 2021.



Report on Internal Control Over Compliance

Management of the Town of Winchester, Massachusetts 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 Town of Winchester, Massachusetts'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 Winchester, Massachusetts'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 a 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 a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001.

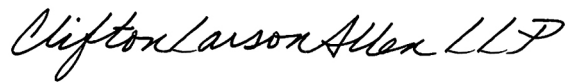
The Town of Winchester, Massachusetts's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Winchester, Massachusetts's response was not subjected to the auditing procedures applied in 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.

Honorable Select Board
Town of Winchester, Massachusetts

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, each major fund, and the aggregate remaining fund information of the Town of Winchester, Massachusetts as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Winchester, Massachusetts's basic financial statements. We issued our report thereon dated December 20, 2021, 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 basic 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 basic 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 basic financial statements or to the basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Boston, Massachusetts

February 17, 2022, except for the schedule of expenditures of federal awards,
which is dated December 20, 2021

**TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Awards to Subrecipients
U.S. Department of Agriculture				
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	09-344	\$ 41,240	\$ -
National School Lunch Program - Cash Assistance	10.555	09-344	347,170	-
COVID-19 - National School Lunch Program - Cash Assistance	10.555	09-344	8,158	-
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-344	<u>60,654</u>	<u>-</u>
Subtotal CFDA 10.555			<u>415,982</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>457,222</u>	<u>-</u>
U.S. Department of Treasury				
<u>Passed through the State Department of Administration and Finance</u>				
COVID-19 - Coronavirus Relief Fund	21.019	Not Available	1,824,450	-
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
COVID-19 - Coronavirus Relief Fund (School Reopening)	21.019	102-401459-2021-0344	<u>1,060,107</u>	<u>-</u>
Total U.S. Department of Treasury and Subtotal CFDA 21.019			<u>2,884,557</u>	<u>-</u>
U.S. Department of Education				
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Title I Distribution (fiscal year 2020)	84.010	305-292559-2020-0344	34,218	-
Title I Distribution (fiscal year 2021)	84.010	305-405570-2021-0344	<u>79,324</u>	<u>-</u>
Subtotal CFDA 84.010			<u>113,542</u>	<u>-</u>
<i>Special Education Cluster</i>				
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
SPED 94-142 Allocation (fiscal year 2019)	84.027	240-239301-2019-0344	12,690	-
SPED 94-142 Allocation (fiscal year 2020)	84.027	240-292547-2020-0344	64,801	-
SPED 94-142 Allocation (fiscal year 2021)	84.027	240-405567-2021-0344	712,691	-
SPED Program Improvement	84.027	274-484485-2021-0344	<u>18,220</u>	<u>-</u>
Subtotal Special Education Cluster and Subtotal CFDA 84.027			<u>808,402</u>	<u>-</u>
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Title III - English Language Acquisition (fiscal year 2019)	84.365	180-217723-2019-0344	4,275	-
Title III - English Language Acquisition (fiscal year 2020)	84.365	180-292558-2020-0344	<u>4,111</u>	<u>-</u>
Subtotal CFDA 84.365			<u>8,386</u>	<u>-</u>
Title IIA - Improving Teacher Quality (fiscal year 2019)	84.367	140-217140-2019-0344	18,468	-
Title IIA - Improving Teacher Quality (fiscal year 2020)	84.367	140-292557-2020-0344	<u>54,637</u>	<u>-</u>
Subtotal CFDA 84.367			<u>73,105</u>	<u>-</u>
Total U.S. Department of Education			<u>1,003,435</u>	<u>-</u>
U.S. Department of Health and Human Services				
<u>Direct Programs:</u>				
COVID-19 - Provider Relief Fund	93.498	Not Applicable	12,124	-
<u>Passed through the State Department of Health and Human Services:</u>				
School-Based Medicaid Reimbursement Program	93.778	1951262	63,183	-
<u>Subrecipient of Cambridge Health Alliance</u>				
Public Health Emergency Preparedness	93.074	Not Available	<u>2,916</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>78,223</u>	<u>-</u>
U.S. Department of Homeland Security				
<u>Direct Programs:</u>				
Staffing for Adequate Fire & Emergency Response (SAFER) Grant	97.083	Not Applicable	<u>114,408</u>	<u>-</u>
Total			<u>\$ 4,537,845</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

**TOWN OF WINCHESTER, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Winchester, Massachusetts and is presented on the modified accrual basis of accounting. 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COSTS

The Town of Winchester, Massachusetts did not elect to use the 10% de minimis indirect cost rate identified in §200.414 of the Uniform Guidance.

NOTE 3 – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

The amount reported for the National School Lunch Program – Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the School Breakfast Program – Cash Assistance and the National School Lunch Program – Cash Assistance represent cash receipts from federal reimbursements.

NOTE 4 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The amount reported for the School-Based Medicaid Reimbursement Program represents federal cash receipts related to Administrative Activity Claims.

This information is an integral part of the accompanying schedule of expenditures of federal awards.

**TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported

Noncompliance material to the financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes x None reported

Type of auditors' report on compliance for major programs: Unmodified

Were any findings disclosed that are required to be reported in accordance with the Uniform Guidance _____ x _____ Yes _____ No

Identification of Major Programs:

Name of federal program or cluster	Assistance Listing Number
COVID-19 - Coronavirus Relief Fund	21.019
COVID-19 - Coronavirus Relief Fund (School Reopening)	21.019

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? _____ X _____ Yes _____ No

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

2021-001

Federal Agency: U.S. Department of Treasury

Federal Program: COVID-19 - Coronavirus Relief Fund and COVID-19 - Coronavirus Relief Fund (School Reopening)

Assistance Listing Number: 21.019

Pass-Through Agency: Massachusetts Department of Administration and Finance and Massachusetts Department of Elementary & Secondary Education

Pass-Through Number(s): 102-401459-2021-0344

Award Period: July 1, 2020 – June 30, 2021

Type of Finding: Deficiency in Internal Control over Compliance

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria or Specific Requirement: The Code of Federal Regulations (CFR) section 200.303 requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. The 2 CFR section 200.514 requires auditors to obtain an understanding of the non-federal entity's internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk of noncompliance for major programs, and, unless internal control is likely to be ineffective, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program and perform testing of internal control as planned.

Condition and Context: For three of six payroll transactions in our statistically valid sample, documentation was not maintained to provide evidence that the rate of pay was properly authorized. The three transactions were School Department stipend payments associated with the Department's Remote Learning Academy, developed quickly at the start of the school year in response to the COVID-19 pandemic, Massachusetts Department of Elementary and Secondary Education (DESE) guidance and parent requests. Though the School Committee was aware of and approved the Remote Academy and its associated personnel costs in the aggregate, authorization for individual stipends were not found.

Questioned Costs: None

Cause: Procedures were not in place to document the authorization of the rate of pay for the School Department stipends.

Effect: Lack of documentation of control activities is a deficiency in internal controls.

Repeat Finding: No

**TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021-001 (Continued)

Recommendation: We recommend administrative procedures and/or School Committee policies be developed and implemented to require documentation of the authorization of the rate of pay for all School Committee stipends.

Views of Responsible Officials: Management agrees with the finding.