

TOWN OF CARVER, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2019



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To the Honorable Board of Selectmen
Town of Carver, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carver, Massachusetts, as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Carver, Massachusetts' internal control over financial reporting (internal control) as a basis for designing our auditing 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'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 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 were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, during our audit we became aware of several matters that represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Town of Carver, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC".

February 11, 2020

TOWN OF CARVER, MASSACHUSETTS

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Cash Collections

Prior Year Comment

Overall we have found controls over cash to be fairly strong. However, we are aware that several departments are responsible for issuing license and permits that have a fee associated with it and that that fee is usually collected by the department and later turned over to the Collector.

In order to further strengthen internal control over cash the Town may want to consider two avenues: 1) stress that it is preferable that payment be made by check or 2) if payment is made by cash that the payee first pay the collector, receive a receipt confirming payment, and present the receipt to the department that they are interacting with.

This will eliminate cash being handled at the department level.

Current Status – There is a plan in place so that all Town Hall departments will no longer collect cash. This plan is expected to be implemented in FY2020. After that, cash collections at outside departments will be addressed.

North Carver Water District User Charges Receivable

Prior Year Comment

User charges receivable are committed and collected in the Planning Department. At one point a couple of years ago, the reconciliation of the general ledger to the Planning Department's QuickBooks was nearly complete. However, due to personnel changes that have occurred in the Planning Department the reconciliation process appears to have stopped completely.

Additionally, we also noted that: 1) the Planning Department is unable to produce an accurate list of accounts receivable outstanding as of any particular date; 2) during FY17 and 18 the Planning Department did not consistently provide commitments to the Accounting Department and 3) the Planning Department did not communicate when receivable balances were written off.

Current Status – The billing process has been moved to the Treasurer/Collector's office. The Finance Department is in the process of developing a system to breakout interest, penalties and demands from the original receivable.

Housing Loan Receivable

Prior Year Comment

The housing loan receivable was established by the Planning Department as part of a program to help home owners who were facing impending foreclosures. The Planning Department has failed to keep track of who these loans were given out to. Due to this lack of support we cannot trace the general ledger balance to the collector's balance.

Current Status – This matter remains unresolved.

School Department Invoices

Prior Year Comment

We found that when entering invoices into SoftRight, the School Department will enter several invoices for the same vendor with one invoice number or will enter a range of invoice numbers. This bypasses the software's internal control to detect a specific invoice number that has already been processed.

Current Status – This matter is considered resolved.

Documentation of Internal Controls for Federal Grants

Comment

In December 2013, the U.S. Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in an effort to (1) streamline guidance for federal awards while easing the administrative burden and (2) to strengthen oversight over the expenditure of federal funds and to reduce the risks of waste, fraud and abuse.

The Uniform Guidance supersedes and streamlines requirements from eight different federal grant circulars (including OMB Circular A-133) into one set of guidance. Local governments are required to implement the new administrative requirements and cost principles for all new federal awards and to additional funding to existing awards made after December 26, 2014 (fiscal year 2016).

Management should evaluate and assess the government's internal control system to determine whether: each of the five essential elements of a comprehensive framework of internal control is present throughout the organization; whether each element addresses all of the associated principles; and whether all five elements effectively function together.

Current Status – This matter is considered resolved.

Plymouth County Retirement Association Assessment

Comment

During discussions with management of the Town it was expressed that maybe the Plymouth County Retirement Association's appropriation would be lower if the Town was assessed as an individual entity and not part of an overall pool. In other words, could the Town be paying more than its fair share due to another member community's mortality experience or enrollment data? For example, if Carver's annual COLA is 1% and other communities award an annual 3% COLA, could this be leading to the Town to paying a disproportionate share of the annual assessment? Furthermore, is this disproportionate share compounding over time?

The only way to determine if this were true would be for the System's actuary to determine each members contribution based on an individual actuarial report. There are other systems that do this. However, it must be done in its entirety or not at all

Current Status – There has been no change regarding this matter.