

TOWN OF WINCHESTER, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

JUNE 30, 2015

TOWN OF WINCHESTER, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

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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**

To the Honorable Board of Selectmen
Town of 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 fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Winchester, Massachusetts' basic financial statements, and have issued our report thereon dated February 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Winchester, Massachusetts' 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 the Town of Winchester, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Winchester, Massachusetts' 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Winchester, Massachusetts' 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*.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
February 1, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Selectmen
Town of Winchester, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Winchester, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Winchester, Massachusetts' major federal programs for the fiscal year ended June 30, 2015. The Town of Winchester, Massachusetts' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Winchester, Massachusetts' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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' 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' 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 fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

The Town of Winchester, Massachusetts' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Winchester, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 previously. In planning and performing our audit of compliance, we considered the Town of Winchester, Massachusetts' 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 OMB Circular A-133, 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' 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

The Town of Winchester, Massachusetts' 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' 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Winchester, Massachusetts' basic financial statements. We issued our report thereon dated February 1, 2016, 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 OMB Circular A-133 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 1, 2016

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TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
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	\$ 11,725
National School Lunch Program - Cash Assistance	10.555	09-344	162,186
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-344	<u>59,001</u>
Total U.S. Department of Agriculture			<u>232,912</u>
U.S. Department of Education			
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title I Distribution (fiscal year 2014)	84.010	305-028727-2014-0344	20,383
Title I Distribution (fiscal year 2015)	84.010	305-051215-2015-0344	114,617
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2014)	84.027	240-036-4-0344-O	415
SPED 94-142 Allocation (fiscal year 2015)	84.027	240-118-5-0344-C	781,109
SPED Program Improvement (fiscal year 2014)	84.027	274-009-4-0344-O	123
SPED Early Childhood Program Improvement (fiscal year 2014)	84.027	298-386-4-0344-O	1,624
SPED Early Childhood Program Improvement (fiscal year 2015)	84.027	298-594-5-0344-A	4,048
<u>Passed through the State Department of Early Education and Care:</u>			
SPED Early Childhood Allocation (fiscal year 2014)	84.173	26214 WINCHESTER PUBLIC	3,426
SPED Early Childhood Allocation (fiscal year 2015)	84.173	26215 WINCHESTER PUBLIC	<u>19,276</u>
Subtotal Special Education Cluster			<u>810,021</u>
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title III - English Language Acquisition (fiscal year 2013)	84.365	180-059-3-0344-N	4,143
Title III - English Language Acquisition (fiscal year 2014)	84.365	180-025-4-0344-O	23,161
Title III - English Language Acquisition (fiscal year 2015)	84.365	180-049-5-0344-B	3,505
Title IIA - Improving Teacher Quality (fiscal year 2015)	84.367	140-062866-2015-0344	17,441
ARRA - Race to the Top (fiscal year 2014)	84.395	201-015703-2014-0344	23,373
ARRA - School Improvement Program (fiscal year 2014)	84.410	204-001-5-0344-P	<u>6,120</u>
Total U.S. Department of Education			<u>1,022,764</u> (continued)

TOWN OF WINCHESTER, MASSACHUSETTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
<u>Passed through the State Department of Health and Human Services:</u>			
School-Based Medicaid Reimbursement Program	93.778	1951262	<u>36,159</u>
U.S. Department of Homeland Security			
<u>Direct Program:</u>			
Assistance to Firefighters	97.044	Not Applicable	<u>29,666</u>
Total			<u>\$ 1,321,501</u>

(concluded)

See notes to schedule of expenditures of federal awards.

TOWN OF WINCHESTER, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - 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 3 - 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, 2015

A. 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 No

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? X Yes _____ No

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

Were any findings disclosed that are required to be reported in
 accordance with Section 510(a) of OMB Circular A-133? _____ X Yes _____ No

Identification of Major Programs:

Name of federal program or cluster	CFDA Number
<i>Special Education Cluster</i>	
SPED 94-142 Allocation	84.027
SPED Program Improvement	84.027
SPED Early Childhood Program Improvement	84.027
SPED Early Childhood Allocation	84.173

Dollar threshold used to distinguish between Type A and
 Type B programs: \$ 300,000

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

B. Findings - Financial Statement Audit

None

TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF EDUCATION

Noncompliance and Significant Deficiency Related to Major Programs

2015-001 Special Education Cluster; CFDA No.'s 84.027 and 84.173

Compliance Requirement: Reporting

Criteria: The individualized education plans (IEP's) of special education pupils are required to be signed by a knowledgeable Town official who has reviewed the IEP and deemed services to be provided to be appropriate. The reviewer should be in attendance at the annual IEP team meeting to provide feedback on the services to be provided. In addition, the IEP's must be approved and signed by the parents of the students.

Condition and Context: Three (3) of the 40 IEP's tested did not include authorizing signatures from a Town official and two (2) of the 40 IEP's tested did not include authorizing signatures from the student's parents, as evidence of their review and approval of the education plan.

Effect: In the absence of approved signatures, it is possible that special education services may have been provided that were not approved by a knowledgeable Town official and the students' parents. However, this would be true only if services provided were new, additional, or beyond the scope of those already in place in a previously approved IEP. In the absence of a revised IEP appropriately signed by all required parties, services and placement continue as required by the "stay-put" provision of the Individuals with Disabilities Education Act (IDEA).

Cause: Procedures were not in place to either ensure that all IEP's include an authorizing signature by a knowledgeable Town official and approval from the parents or provide documentation that unsigned IEP's related to IEP's that were not new, additional or beyond the scope of a previously approved IEP.

Questioned Costs: None

Auditors' Recommendation: Procedures must be implemented to either ensure that all IEP's include an authorizing signature by a knowledgeable Town official and approval from the parents or to maintain documentation for unsigned IEP's that support they relate to IEP's that were not new, additional or beyond the scope of a previously approved IEP.

Views of Responsible Officials and Corrective Action:

The school department takes no exception with this finding, and the following corrective action procedure has been implemented to better track the status on all IEP's. Special education administrative assistants will be responsible for creating monthly reports/timelines to track and schedule required signatures and deadlines. This will allow special education supervisors to ensure compliance of signatures and services delivered. The director and supervisors of special education will be responsible for monitoring these changes.

Explanation of disagreement with audit finding - None

Actions planned in response to finding - Detailed tracking information share between Administrative Assistant and Supervisors

TOWN OF WINCHESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Responsible party - Administrative Assistant and Supervisors

Planned completion date for corrective action plan - Has begun and is ongoing

Plan to monitor completion of corrective action plan - Director and Supervisors

D. Summary of Prior Audit Findings

Department of Education

Noncompliance and Significant Deficiency Related to Major Programs

2014-001 Special Education Cluster; CFDA No.'s 84.027 and 84.173

Condition: The Town did not maintain education documentation in the personnel files of the paraprofessionals whose salaries were charged to the grant program.

Current Status: Based on our audit of compliance for the fiscal year ended June 30, 2015, this finding has been resolved.