

***HAMILTON-WENHAM REGIONAL SCHOOL DISTRICT***

***MANAGEMENT LETTER***

***JUNE 30, 2021***



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

To the Honorable School Committee  
Hamilton-Wenham Regional School District  
Wenham, Massachusetts 01984

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton-Wenham Regional School District (District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of other matters that we believe 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 District 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.

The District's written responses to the matters identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management of the District 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 &amp; Sullivan, LLC".

November 15, 2021

**HAMILTON-WENHAM REGIONAL SCHOOL DISTRICT**

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**TABLE OF CONTENTS**

**PAGE**

|   |          |
|---|----------|
| <b><i>MATERIAL WEAKNESSES</i></b> .....             | <b>1</b> |
| <b><i>COMMENTS AND RECOMMENDATIONS</i></b> .....    | <b>3</b> |
| Compliance with Cash and Investment Policy .....    | <b>4</b> |
| Procurement – Documentation of Written Quotes ..... | <b>4</b> |

## ***MATERIAL WEAKNESSES***

**MATERIAL WEAKNESSES**

This report does not identify any matters that we consider to be material weaknesses in internal control.

## ***COMMENTS AND RECOMMENDATIONS***

## **COMPLIANCE WITH CASH AND INVESTMENT POLICY**

### Comment

The School Committee adopted a cash and investment policy on November 2, 2016. For custodial credit risk related to investments, the policy requires review of the financial institution's financial statements and the background of the brokerage house and broker/dealer (Advisor). Further, all securities not held directly by the District, will be held in the District's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

It is our understanding that Eastern Bank Wealth employs third-party custodians to hold all the assets under management by Eastern Bank Wealth Management. This is a financial industry standard for efficiency and cost effectiveness.

We recommended that the individual securities be held in the District's name and tax identification number or that the School Committee policy be revised if deemed necessary.

### Current Status

Implementation of this recommendation has been delayed due to the COVID-19 pandemic.

### Continuing Recommendation

We continue to recommend that individual securities be held in the District's name and tax identification number or that the School Committee policy be revised if deemed necessary.

### Management Response

The District is currently reviewing and updating all policies. When the financial section comes up for review, this policy will be updated.

## **PROCUREMENT – DOCUMENTATION OF WRITTEN QUOTES**

### Comment

Massachusetts General Laws for procurement, such as Chapter 30B for the procurement of supplies and services, require written quotations from no fewer than three vendors for purchases between \$10,000 and \$50,000. Currently, this supporting documentation is maintained at the individual school locations and is not centralized in the Business Office.

It is our understanding that it is possible to document the quotations electronically in the current accounting system and to upload supporting documentation to substantiate the quotations. Implementing this process would centralize the quotations electronically within the accounting system and would streamline the purchase requisition process by making the data available to the individuals that are responsible for approving the requisitions and ensuring compliance with procurement laws.

We recommended that the District consider utilizing the accounting system to document compliance with procurement laws and to streamline the requisition approval process.

### Current Status

During the current year the Assistant Superintendent of Finance & Administration trained staff on the procurement capabilities of the accounting software and the requirements mandated by law. It is anticipated that supporting documentation will be uploaded to the accounting system starting in fiscal 2022.

### Continuing Recommendation

We continue to recommend that the District utilize the accounting system to document compliance with procurement laws and to streamline the requisition approval process.

### Management Response

The District beginning July 1, 2021, is requiring staff to upload all supporting documentation into the accounting software system.