

TOWN OF COVENTRY, RHODE ISLAND
SINGLE AUDIT CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2021

To Government Officials:

The Town of Coventry, Rhode Island respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 01, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

AUDIT FINDINGS:

Finding 2021-001

Material Weakness in Internal Control over Financial Reporting

Description of Finding

Management, through the account reconciliation process, has identified variances within the bank reconciliation for both the Town's payroll and general operating cash accounts.

- Management identified a variance within the general operating cash account of \$542,297 of which \$241,500 related to prior year encumbrances that were liquidated while the remaining \$300,797 which relate to previous periods, which neither the current Town Finance Director nor Deputy Finance Director were employed at the time. As the Town's finance department had turnover at both the Finance Director and Deputy position, identification of what the variance relates to would require a lookback at multiple years of activity and use of a different account system.
- Management also identified that there is no bank reconciliation in relation to the Town's payroll account. Management identified that the variance relates to outstanding uncashed checks of \$215,386. The bank, where the account is held, has a feature that identifies which checks are not cashed, but the Bank nor the Town had this feature implemented.

Statement of Concurrence or Nonconcurrence

Management concurs with the finding.

Corrective Action

The error is corrected as of the beginning for fiscal year ending June 30, 2022.

Name of Contact Person

Lisa Mills

Projected Completion Date

7/1/2023

TOWN OF COVENTRY, RHODE ISLAND
SINGLE AUDIT CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2021

Finding 2021-002

Material Weakness in Internal Control over Financial Reporting

Description of Finding

During the audit, we identified that there was no listing of capital asset being depreciated for the business-type activities which is comprised of the sewer fund which comprises of capital assets totaling \$32,109,792 at June, 30, 2021. Management has searched for an asset listing, but no file has been found.

Statement of Concurrence or Nonconcurrence

Management concurs with the finding.

Corrective Action

The Town will work to create a formal listing as of the beginning for fiscal year ending June 30, 2022.

Name of Contact Person

Lisa Mills

Projected Completion Date

7/1/2023

Finding 2021-003

Material Weakness in Internal Control over Financial Reporting

Description of Finding

The Town does not record all the required entries within the sewer fund in accordance with U.S. GAAP. This resulted in the following audit adjustments to be recorded:

- Entry to agree beginning net position to the prior year end financial statements
- Entry to adjust accrued interest payable to actual
- Entry to record current year depreciation
- Entry to amortize the loss on the refunding of the conduit debt Series 2018
- Entry to book sewer assessment revenue and related year end receivables
- Entry to book sewer usage fees revenue and related year end receivables
- Entry to correct a miss posting of revenue to a sewer liability account

Statement of Concurrence or Nonconcurrence

Management concurs with the finding.

Corrective Action

The Town will record required entries during the year or as part of the year end close process.

Name of Contact Person

Lisa Mills

Projected Completion Date

7/1/2022

TOWN OF COVENTRY, RHODE ISLAND
SINGLE AUDIT CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2021

Finding 2021-004

Significant Deficiency in Internal Control over Financial Reporting

Description of Finding

Management, through the account reconciliation process, has identified variances within the bank reconciliation for both the Town's payroll and general operating cash accounts.

- Management identified a variance within the general operating cash account of \$542,297 of which \$241,500 related to prior year encumbrances that were liquidated while the remaining \$300,797 which relate to previous periods, which neither the current Town Finance Director nor Deputy Finance Director were employed at the time. As the Town's finance department had turnover at both the Finance Director and Deputy position, identification of what the variance relates to would require a lookback at multiple years of activity and use of a different account system.
- Management also identified that there is no bank reconciliation in relation to the Town's payroll account. Management identified that the variance relates to outstanding uncashed checks of \$215,386. The bank, where the account is held, has a feature that identifies which checks are not cashed, but the Bank nor the Town had this feature implemented.

Statement of Concurrence or Nonconcurrence

Management concurs with the finding.

Corrective Action

The Town now reconciles cash and investment statements in a timely manner.

Name of Contact Person

Lisa Mills

Projected Completion Date

7/1/2022

Finding 2021-005

Significant Deficiency in Internal Control over Compliance, Other Matters

Description of Finding

Coventry Public School's procurement standards do not include the essential elements as outlined in 2 CFR sections 200.318 through 200.326.

Statement of Concurrence or Nonconcurrence

Management concurs with the finding.

TOWN OF COVENTRY, RHODE ISLAND
SINGLE AUDIT CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2021

Corrective Action

Coventry Public Schools will review the district's current purchasing policy and make sure that it is following the criteria as set out in the 2 CFR sections 200.318 and 200.326. The policy will then be updated and communicated to all personnel involved in the procurement process.

Name of Contact Person

Harold Sands

Projected Completion Date

7/1/2023