

TOWN OF WESTERLY, RHODE ISLAND

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. *CODE OF
FEDERAL REGULATIONS* PART 200, *UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS* (UNIFORM GUIDANCE) AND *GOVERNMENT AUDITING STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF WESTERLY, RHODE ISLAND

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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*

The Honorable President and Members of the Town Council
Town of Westerly, Rhode Island

We have audited, in accordance with 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 Westerly, Rhode Island as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Westerly's basic financial statements and have issued our report thereon dated January 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Westerly'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 Westerly's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Westerly'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 and therefore, material weaknesses or significant deficiencies may

exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Westerly, Rhode Island'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*.

Town of Westerly, Rhode Island's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Westerly, Rhode Island's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Westerly, Rhode Island's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Marcum LLP

Providence, RI
January 26, 2023

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

The Honorable President and Members of the Town Council
Town of Westerly, Rhode Island

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Westerly, Rhode Island's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Westerly, Rhode Island 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Westerly, Rhode Island and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Westerly, Rhode Island's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Westerly, Rhode Island's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Westerly, Rhode Island's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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 Westerly, Rhode Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Westerly, Rhode Island's basic financial statements. We issued our report thereon dated January 26, 2023, 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.

Marcum LLP

Providence, RI
March 20, 2023 except for the report on the
schedule of expenditures of federal awards
which is dated January 26, 2023

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures Incurred
U.S. Department of Agriculture				
Passed through the Rhode Island Department of Education:				
Child Nutrition Cluster				
National School Lunch Program	10.555		\$ --	\$ 101,189
Summer Food Service Program for Children	10.559		--	1,060,713
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	--	11,710
Total Child Nutrition Cluster			--	1,173,612
Total U.S. Department of Agriculture			--	1,173,612
U.S. Department of Housing and Urban Development				
Passed through Rhode Island Division of Planning, Office of Housing and Community Development:				
Community Development Block Grants	14.228	17/38/35, 18/38/35, 19/38/36	--	396,905
Total Community Development Block Grants/Entitlement Grants Cluster			--	396,905
Total U.S. Department of Housing and Urban Development			--	396,905
U.S. Department of Education				
Passed through the Rhode Island Department of Education:				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027A	2725-11702-201/ 2720-10501-201/ 4872-50702-201/ 2725-13202-201	--	871,050
Special Education - Preschool Grants	84.173A	2725-13502-201	--	24,956
Total Special Education Cluster			--	896,006
Student Support and Academic Enrichment	84.424A	2725-20802-201	--	54,927
Supporting Effective Instruction State Grants	84.367A	2725-16402-201	--	126,759
Title I Grants to Local Education Agencies	84.010A	2725-11702-201	--	589,892
Education Innovation and Research	84.411C	2725219.02	--	3,746
Comprehensive Literacy Development	84.371C	2725-22002-211	--	155,453
Career and Technical Education - Basic Grants to States	84.048A	2725-15302-201/202	--	31,139
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	4672-60602-101	--	734,573
Passed through Exeter West-Greenwich Regional School District				
English Language Acquisition State Grants	84.365A	2725-16402-201	--	6,442
Total U.S. Department of Education			--	2,598,937
U.S. Department of Commerce				
Passed through the National Oceanic and Atmospheric Administration:				
Habitat Conservation	11.463		--	21,497
Total U.S. Department of Commerce			--	21,497
U.S. Department of Transportation				
Passed through the Rhode Island Department of Transportation:				
National Highway Traffic Safety Administration Discretionary Safety Grants	20.614		--	12,845
			--	12,845

See notes to schedule of expenditures of federal awards.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures Incurred</u>
<i>U.S. Department of Treasury</i>				
Passed through the Medical Emergency Distribution System (MEDS):				
COVID-19 - Coronavirus Relief Fund	21.019		--	2,063
Passed through the Rhode Island Department of Revenue				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		--	426,838
<i>Total U.S. Department of Treasury</i>			--	428,901
<i>U.S. Department of Interior</i>				
Passed through Connecticut Department of Energy & Environmental Protection:				
Clean Vessel Act Program - Pumpout Boat Direct Program	15.616	2021-32	--	47,172
Coastal	15.630		--	31,161
<i>Total U.S. Department of Interior</i>			--	78,333
<i>U.S. Department of Homeland Security</i>				
Passed through the State of Rhode Island:				
Emergency Management Performance Grants	97.042	41-04-2021 EMPG	--	6,106
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4089-RI	--	124,809
<i>Total U.S. Department of Homeland Security</i>			--	130,915
<i>U.S. Department of Justice</i>				
Direct Programs:				
Equitable Sharing Program	16.922		--	65,262
Bulletproof Vest Partnership Program	16.607		--	6,713
Public Safety Partnership and Community Policing Grants	16.710		--	10,624
<i>Total U.S. Department of Justice</i>			--	82,599
<i>U.S. Department of Health and Human Services</i>				
Passed through the Rhode Island Department of Health:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2725-22502-201	--	128,189
Every Student Succeeds Act - Preschool Development Grants	93.434		--	247,677
<i>Total U.S. Department of Health and Human Services</i>			--	375,866
<i>Total Expenditures of Federal Awards</i>			\$ --	\$ 5,300,410

See notes to schedule of expenditures of federal awards.

TOWN OF WESTERLY, RHODE ISLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the Town of Westerly, Rhode Island under programs of the federal government for the year ended June 30, 2022. 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). Because the schedule presents only a selected portion of the operations of the Town of Westerly, Rhode Island, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the Town of Westerly.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – SCHOOL LUNCH COMMODITIES

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the cost of commodities provided to the School Lunch Program. The total federal share of these commodities and donations was \$76,363 for the year ended June 30, 2022. The amounts have been included in the schedule of expenditures of federal awards under Assistance Listing Number 10.555.

NOTE 4 – INDIRECT COST RATE

Town of Westerly, Rhode Island has elected not to use the 10-percent de Minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

 X Yes _____ None Reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal award programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)?

_____ Yes X None reported

Type of auditors’ report issued on compliance for major federal award programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of Major Federal Programs:

CFDA Number

Name of Federal Program or Cluster

84.425D

Education Stabilization Fund Under the Coronavirus, Relief and Economic Security Act

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

 X Yes _____ No

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS

CURRENT YEAR FINDINGS:

SIGNIFICANT DEFICIENCY:

2022-001: COMPLETENESS AND ACCURACY OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CONDITION: The Town did not record a federal program and its related expenditures in the Schedule of Expenditures of Federal Awards (SEFA) in error, resulting in an understatement of the SEFA for the year-ended June 30, 2021.

CRITERIA: Management is responsible for the completeness and accuracy of the SEFA and ensuring that all federal program reimbursement requests are properly computed and reported, which impacts both the Town’s financial statement and federal compliance audits. Policies and procedures adopted must provide for the accurate summarization and recording of all federal program revenues and expenditures.

CAUSE OF CONDITION: When reviewing grant program activity for inclusion in the SEFA management mis-identified a program as being state-funded, while it was a federal program. Management failed to critically review such determinations, which permitted the federal program to be omitted from reporting in the SEFA.

POTENTIAL EFFECT OF CONDITION: Inaccurate amounts and program listings could be prepared, leading to an inaccurate SEFA and other errors to be reported in the Town’s financial statements.

QUESTIONED COSTS: None

RECOMMENDATION: We recommend that management study their existing policies and procedures for summarizing and reporting program information in its SEFA and implement enhancements to strengthen controls over the completeness and accuracy of the information to be reported to the federal government and federal awarding agencies.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION: Please see management’s Corrective Action Plan included in this reporting package.

TOWN OF WESTERLY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

CURRENT YEAR FINDINGS:

No matters were reported.

TOWN OF WESTERLY, RHODE ISLAND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Prior Year Findings:

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings:

None reported



Town of Westerly

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Corrective Action Plan – Audit Finding 2022-001

As prescribed in the Code of Federal Regulations section 200.511, this letter represents the Town of Westerly, Rhode Island's corrective action plan to address audit finding 2022-001.

Responsible Person: Cindy Kirchhoff, Interim Finance Director

Anticipated Completion Date: June 30, 2023

Response: Town concurs

The Town will implement additional procedures in fiscal year 2023 including evaluation of all new funding sources to assess and determine if the funding is provided by the federal government, state government or private sources. Further, the Town will implement review procedures at the end of the fiscal year to assess all funds to ensure the SEFA is complete and accurate.

Sincerely,

DocuSigned by:

Cindy Kirchhoff

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Cindy Kirchhoff, Interim Finance Director