



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

BARNSTABLE COUNTY, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

To the Honorable Board of Regional Commissioners
Barnstable County, Massachusetts

In planning and performing our audit of the financial statements of the Barnstable County, Massachusetts, as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Barnstable County, Massachusetts' 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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.

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

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County 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 Barnstable County, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

December 29, 2023

BARNSTABLE COUNTY, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

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***Prior Year Comments and
Recommendations***

Improve Septic Loan Program Reporting

Comment

In prior years it has been recommended that the County enhance the Septic Loan Management (SLM) Program reporting capabilities to provide, at a minimum, an aging schedule documenting when future payments are due for each outstanding loan. The County has been able to provide additional documentation to assist in the analysis of the Septic Loan Program, however, it was recommended that the data be enhanced to provide additional information necessary to assess future cash flow implications and related maturity dates by individual outstanding loan. Specifically, it was recommended that the County enhance the SLM Program reporting capabilities to provide an aging schedule documenting when future payments are due for each outstanding loan in order to provide decision makers with complete and accurate financial data.

Status – Partially Resolved

Barnstable County launched a new software program in fiscal year 2023 and is in the process of converting all loan data to the new system. Once fully implemented, the County expects the new system to be able to provide both detailed and summary information for the outstanding loans.

Management's Response

Barnstable County continues its efforts to provide a robust septic/sewer/innovative alternative residential loan program for all residents of Cape Cod communities. The new software program contains robust reporting capabilities which include both detailed and summary loan schedules, enhanced internal controls and separation of functional duties to further strengthen the County's ability to provide residential loan services to residents of Cape Cod.

Maintain All Registry of Deeds Activity in County Accounting Records

Comment

In prior years it has been recommended that all Registry of Deeds activity be maintained in the County's accounting records. The County made significant improvements in maintaining Registry of Deeds activity in the County's accounting records. As of June 30, 2022, it was still recommended that the County include Registry of Deeds bank balances in cash reconciliations as well as recognize relevant timing differences (i.e. deposits in transit) in the appropriate accounting period. Further, it was recommended that the County ensure balance sheet classifications (i.e. cash, receivables, payables, etc..) represent the impact of year end timing differences on relevant funds (i.e., the General Fund and Custodial Fund).

Status – Resolved

The Registry of Deeds provides monthly bank statements, reconciliations, and financial reports to the County. The County summarizes this information in an Excel spreadsheet. In fiscal year 2023, the County used the spreadsheet to make a journal entry to record the activity in the general ledger

Management's Response

The County will continue to maintain a separate excel file consolidating Registry of Deeds cash/financial transactions and record those transactions, on an annual basis, in the financial accounting system.

Establish and Implement Formal Receivable Reconciliation Policies and Procedures

Comment

In the prior year the receivable balances maintained in the County's accounting records for Septic Loan Program Fund receivables did not reconcile to outstanding balance reports. As a result, an adjustment was required to increase receivable balances in the County's accounting records related to an understatement in the original recognition of finalized fourth quarter residential loans.

It was recommended that formal receivable reconciliation procedures be established and implemented to enhance the likelihood that errors are detected and corrected on a timely basis in the County's accounting records.

Status – Resolved

The prior system provided inconsistent reports which hindered the reconciliation process. The County implemented a new system in March of 2023 (AquaFund) to resolve this issue.

Management's Response

Standard Operating Procedures are currently underway within the AquaFund program which will also detail the internal control standards to establish the most prominent and essential system to identify and reduce inappropriate transactions and authority to those transactions. Current practices and procedures have been improved to record accurate and reconciled transactions between the two currently independent systems.

Segregate Capital Projects between Governmental and Enterprise Funds

Comment

In prior years, capital projects maintained in the County's accounting records supporting enterprise funds were commingled with those supporting governmental funds projects. Consequently, adjustments were required between respective funds to appropriately report capital project balances for financial reporting.

It was recommended that the County's accounting records be enhanced to segregate capital projects supporting enterprise funds from those supporting governmental activities.

Status – Resolved

In fiscal year 2023, the County segregated the enterprise fund capital projects into their own fund.

Management's Response

Barnstable County will continue to segregate capital projects associated with the Dredge Enterprise Fund.