

TOWN OF OAK BLUFFS, MASSACHUSETTS

MANAGEMENT LETTER

YEAR ENDED JUNE 30, 2020



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To the Honorable Board of Selectmen
Town of Oak Bluffs, Massachusetts:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oak Bluffs, Massachusetts ("the Town") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we became aware of matters that are opportunities for strengthening internal controls and enhancing operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

This communication is intended solely for the information and use of management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan, LLC

April 8, 2021

TOWN OF OAK BLUFFS, MASSACHUSETTS

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PRIOR YEAR COMMENT RESOLVED

STUDENT ACTIVITY FUNDS

Comment

The Town maintains a combined student activity fund depository and checking account under the care, custody, and control of the school principal. The School is required to maintain its student activity funds, and related bank accounts, in a manner that is mandated by Massachusetts General Law, Chapter 71, Section 47. In reviewing the current procedures, we noted that enhancements are needed for the Town and School Department to comply with guidelines, issued by the Department of Elementary and Secondary Education, which provide suggested practices to assist towns and school districts in ensuring that the cash management of the student activity funds is managed according to MGL.

Massachusetts General Law Chapter 71 allows the school committee to authorize the Principal to receive money in connection with the conduct of certain student activities and to deposit such money, with the Town Treasurer into an interest-bearing bank account, established by the vote of the school committee to be used for the express purpose of conducting student activities. Interest earnings on such funds shall be retained by the fund and the school committee shall determine for what purpose such earnings may be used. In addition, the school committee needs to authorize the Town Treasurer to establish a checking account from which the funds may be expended exclusively for student activity purposes as authorized by the school committee. Funds received from student activities fundraisers and fees may only be deposited into an account under the care, custody and control of the Town Treasurer.

The school committee needs to vote and set the maximum balance that may be on deposit in the student activity checking account. The principal or designee, who operates and controls the student activity checking account, needs to be bonded in an amount determined by the Town Treasurer. To the extent that the funds are available in the student activity agency fund depository account, funds, up to the maximum balance set by the school committee, are to be transferred from the depository account through the warrant process to fund the related checking account. The process of replenishing the student activity fund checking account shall be subject to administrative procedures prescribed by the Town Treasurer.

Status – We consider this matter to be resolved.