

**TOWN OF WAYLAND  
WAYLAND, MASSACHUSETTS  
MANAGEMENT REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

**George V. McKenna, CPA  
Certified Public Accountant  
Harvard, Massachusetts**

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**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen  
Town of Wayland, Massachusetts

We have audited the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2010, and have issued our report thereon, dated November 9, 2010. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Wayland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of noncompliance that we have reported to management of the Town of Wayland that are attached to this report.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Wayland's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended for the information of Board of Selectmen, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

November 9, 2010

**TOWN OF WAYLAND  
WAYLAND, MASSACHUSETTS**

**MANAGEMENT REPORT**

**For the Year Ended June 30, 2010**

**I. INTERNAL CONTROL**

A. Bank Accounts – Wayland Public Schools

Observation

Our testing of the Wayland Public Schools Student Activity Accounts disclosed the existence of several banks that are not recorded in the Town's general ledger system. The six (6) accounts are under the control of the school principals at each of the five public schools. At June 30, 2010 these accounts collectively contained approximately \$102,000 in deposits received over many years of school related activity. The bank accounts were established at the following banks; Middlesex Savings Bank, Sovereign Bank and Village Bank.

Massachusetts General Law Chapter 41, Section 35 requires the Town Treasurer to receive and take charge of all monies received by the Town and have signatory power over all bank accounts.

Massachusetts General Law Chapter 71, Section 47 regulated the custody and accounting for School funds.

Recommendation

We recommend that the noted bank accounts whose account numbers have been provided to management under a separate memo be modified to include the Town's federal tax I.D. number and the name of the Town Treasurer as signatory power. The above accounts should be recorded in the general ledger and accounted for under the Town's policies and controls that exist for all School funds and bank related transactions.

**TOWN OF WAYLAND  
WAYLAND, MASSACHUSETTS**

**MANAGEMENT REPORT**

**For the Year Ended June 30, 2010**

**I. INTERNAL CONTROL**

**B. Account Payable**

Observation

Our testing of the expenditures and accounts payable processing disclosed payments to vendors on month end statements and not by original vendor invoice as required by accounts payable policy. Although these appear to be isolated instances nonetheless the payment by month end statements can lead to duplicate payments to a vendor.

We also observed that the Town does not require verified receiving reports or packing lists when product is delivered to various departments. Verification of the delivered product as to physical condition, item count, and product type by Town personnel will reduce problems with the billing and receiving of the product ordered and limit waste and errors in payment processing.