



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

***MANCHESTER ESSEX REGIONAL SCHOOL
DISTRICT***

MANAGEMENT LETTER

JUNE 30, 2022

To the Honorable School Committee
Manchester Essex Regional School District
Manchester-by-the-Sea, Massachusetts 01944

In planning and performing our audit of the basic financial statements of the Manchester Essex Regional School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Manchester Essex Regional School District's internal control over financial reporting 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 Manchester Essex Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manchester Essex Regional School District's internal control.

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

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District 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.

The District's written response to the matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



March 24, 2023

MANCHESTER ESSEX REGIONAL SCHOOL DISTRICT

MANAGEMENT LETTER

JUNE 30, 2022

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Reassess Organizational Structure/Roles and Responsibilities

Prior Year Comment

We believe that the District should assess the current roles and responsibilities in the business office and consider adding a payroll and purchasing clerk position to the organizational structure. The existing financial data analyst position would perform most accounting functions under the direction of Director of Finance and Operations as well as oversee a payroll and purchasing clerk that would have primary responsibility for processing payroll. This organizational structure would bring the accounting staff in line with similar sized school Districts and would increase the controls over the District's accounting functions. The additional position would also give the finance department the ability to implement its formal monthly and year-end closing process more consistently, which would allow for a timelier closing process. This would also help to facilitate a timelier filing of year-end reports with the Department of Revenue for certification of excess and deficiency, submission of the Department of Elementary and Secondary Education's End-of-Year Financial Report and completion of the District's annual financial statement audit.

Current Status

The District has added a payroll and purchasing clerk position to the budget and is currently looking for someone to fill the position. This part-time position was initially posted with an anticipated start date of 7/1/22. The position was recently reposted as the District continues to look for qualified candidates.

Consider Adopting Formal Financial Policies

Prior Year Comment

In the prior year, we indicated that the District has not adopted formal policies documenting the District's financial goals and objectives. For example, financial policies will establish benchmarks for excess and deficiency, fund balance levels, a long-term capital and debt plan, and other important financial indicators. Other policies that should be considered are purchase order requirements, and allowable use of District credit cards.

These policies and procedures will provide a framework for management to utilize when making important financial decisions.

Current Status

The School Committee's policy subcommittee is currently working on drafting financial policies.

Continuing Recommendation

We continue to recommend that the District document and adopt financial policies. Once adopted, the policies should be updated for any changes that are put into effect.

Management Response

The MERSD School Committee recently updated its financial policies to align with the most recent guidance from the MA Association of School Committees. Additionally, the School Committee's policy subcommittee has begun working on drafting a financial reserves policy.