

TOWN OF WINCHESTER, CONNECTICUT
Federal Single Audit
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June 30, 2015

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**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***

Independent Auditor's Report

To the Board of Selectmen of the
Town of Winchester, CT

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 Winchester, CT (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our qualified report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-01, 2014-03, and 2015-004 to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-07, 2012-08, and 2015-001 to be significant deficiencies.

Compliance and Other Matters

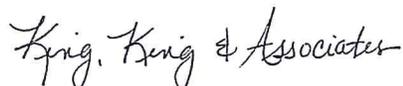
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



King, King & Associates, CPAs
Winsted, CT
June 30, 2016

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 OMB CIRCULAR A-133

Independent Auditor's Report

To the Board of Selectmen of the
Town of Winchester, CT

Report on Compliance for Each Major Federal Program

We have audited the Town of Winchester, CT's (Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster Programs

As described in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding the Child Nutrition Cluster (CFDA 10.553 School Breakfast Program, CFDA10.555 National School Lunch Program, CFDA 10.559 Summer Food Service

Program) as described in findings 2014-04, 2014-05 & 2015-005-Special Tests and Provisions, 2015-006-Reporting, and 2015-007-Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the Town to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster Programs In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster Programs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-13. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated June 30, 2016 which contained qualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.



King, King & Associates, CPAs
Winsted, CT
August 3, 2016

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	FEDERAL CFDA NUMBER	TOTAL EXPENDED
United States Department of Agriculture		
<i>Passed Through the State of Connecticut Department of Education:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 42,696
Summer Food Service Program	10.559	212
National School Lunch Program	10.555	<u>195,851</u>
		238,759
United States Department of Education		
<i>Passed Through the State of Connecticut Department of Education:</i>		
Title I, Part A Cluster:		
Title I Grants to Local Educational Agencies	84.010	<u>266,900</u>
		266,900
Special Education Cluster:		
Special Education - Preschool Grants	84.173	23,051
Special Education - Grants to States	84.027	<u>382,407</u>
		405,458
Title III-English Language Acquisition	84.365	6,392
Improving Teacher Quality State Grants	84.367	<u>65,562</u>
		983,071
Total United States Department of Education		
United States Department of Homeland Security		
<i>Passed Through the State of Connecticut Department of Public Safety</i>		
Disaster Grants-Public Assistance	97.036	-
Homeland Security Grant Program	97.067	7,147
United States Department of Justice		
<i>Passed Through the State of Connecticut Department of Public Safety</i>		
Edward Byrne Memorial Justice Assistance Grant, Recovery Act	16.804	6,511
United States Department of Transportation		
<i>Passed Through the State of Connecticut Department of Transportation:</i>		
Highway Planning and Construction	20.205	44,957
United States Environmental Protection Agency		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>128,602</u>
Total Expenditures of Federal Awards		<u>\$ 1,170,288</u>

See notes to schedule.

**TOWN OF WINCHESTER, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Town of Winchester, CT under programs of the Federal Government for the fiscal year ended June 30, 2015. Various departments and agencies of the Federal Government have provided financial assistance through grants and other authorizations. These financial assistance programs fund several programs including housing, education, human services, transportation and general government activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Winchester, CT conform to accounting principles generally accepted in the United States of America as applicable to Governments.

Basis of Accounting

The financial statements contained in the Town of Winchester, Connecticut's annual report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

The expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of Federal Awards.

**TOWN OF WINCHESTER, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015**

I. SUMMARY OF AUDIT RESULTS

Financial Statements

We audited the financial statements of the Town of Winchester, CT as of and for the year ended June 30, 2015 and issued our qualified report thereon dated June 30, 2016.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

We have issued a qualified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

- The following schedule reflects the major programs included in the audit:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
Department of Agriculture 10.553/10.555/10.559	Child Nutrition Cluster
United States Department of Education 84.01	Title I, Part A
Environmental Protection Agency 66.818	Brownfields Assessment and Cleanup

- Dollar threshold used to distinguish between type A and type B programs \$ 300,000
- Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

- Our report on internal control over financial reporting indicated material weaknesses as described below:

FINDING #2014-01

Criteria: Adequate controls should be developed for the financial activity of the School Cafeteria Fund

Condition: The School Cafeteria Fund general ledger did not contain all of the activity for the 2015 fiscal year.

Context: Management has identified irregularities in the School Cafeteria Fund and previous year audit procedures indicated that some cash collections were not deposited into the cafeteria bank account. Management of the program was delegated to a third party during the fiscal year; however, the activity for the period prior to delegation was not available for audit.

Effect: Inaccurate financial reporting and potential misappropriation of funds.

Cause: Lack of adequate monitoring of the school cafeteria as referenced in finding #2012-08.

Recommendation: The Cafeteria was decentralized from the Board of Education's accounting system prior to delegation to Education Connection. We recommend that the Board of Education review financial statements and perform monitoring activities on the financial activity of the fund.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education took corrective action in November 2014 by hiring Education Connection to run the food service program. Reports and financials are reviewed monthly by the Board's Director of Finance & Business Services with the cafeteria manager from Education Connection.

FINDING #2014-03

Criteria: Grant expenditures should be reconciled on a timely basis.

Condition: A prior period adjustment was necessary to eliminate unidentified balances in the BOE Grants Fund.

Context: The BOE Grants Fund contained multiple years of grants receivables and payables due the state. In addition, there are non-grant expenditures that were not reconciled to the District budget. The Town general ledger maintained an offsetting control total, which was adjusted after the outside accounting consultant for the BOE prepared year-end reports and reconciled to the Town.

Effect: Outstanding items that should have been reconciled and closed out were adjusted to zero.

Cause: Past practice

Recommendation: We recommend that the BOE continue to reconcile all outstanding grants as well as grant revenues and expenditures on a timely basis.

Views of Responsible Officials and Planned Corrective Actions:

The Board's Director of Finance & Business Services has worked with the Town to clear out past Board of Education grants impacting the town cash account. Reconciling the expenditures and receipts will be done on a timely basis.

FINDING #2015-004

Criteria: Financial activity should be timely and accurately reported.

Condition: Financial reporting for funds managed by the Board of Education was not prepared timely.

Context: The Board of Education manages several accounts, including its General Fund, a Grants Fund, the Cafeteria Fund, and the Student Activity Funds. Financial reports for these funds were not available for audit for more than six months after fiscal year-end. The Board retained an outside accounting firm to prepare the financial reports necessary for the audit and submission to the State Department of Education ED001 financial reporting system.

Effect: Financial reporting was not available for timely review by management and submission to regulatory agencies.

Cause: The Board of Education did not have the resources necessary to prepare the financial reports.

Recommendation: We recommend that the Board of Education develop and maintain the resources necessary to timely prepare and monitor financial reports and prepare required submissions to regulatory agencies.

Views of Responsible Officials and Planned Corrective Actions:

Resources are being developed to monitor finances and to prepare reports and submissions in a timely fashion.

- Our report on internal control over financial reporting indicated significant deficiencies as described below:

FINDING #2012-07

Criteria: Disbursements should have evidence of management approval.

Condition: Documentation supporting disbursements from the Student Activity Funds do not consistently show evidence of approval for payment.

Context: Student Activity Funds are maintained at the schools, outside of the centralized business office of the Board of Education. During the prior year's audit testing, a majority of the documents (generally invoices or receipts) selected for review did not have evidence of management approval. Supporting documentation for the current fiscal year was not available for testing during the audit. Summaries of activity were prepared after year-end by the outside

accounting consultant.

Effect: Inconsistent evidence of management approval of documents prior to payment.

Cause: Past practice

Recommendation: All supporting documentation for disbursements should have evidence of management approval prior to payment. If payment requested does not have a vendor invoice, a check request form should be completed and approved.

Views of Responsible Officials and Planned Corrective Actions:

Schools now request payments from their respective Student Activity Fund by submitting invoices or Town Check Requests approved by the school principal to the Board of Education Business Office. These invoices and check requests are then reviewed and approved by the Board's Director of Finance & Business Services and submitted to the Town Finance department for payment.

FINDING #2012-08

Criteria: Adequate controls should be maintained over revenues and disbursements from bank accounts.

Condition: A lack of segregation of duties exists over the School Cafeteria Fund and Student Activity Fund bank accounts.

Context: The accounting for the School Cafeteria Fund and Student Activity Funds is maintained outside of the centralized business office of the Board of Education.

Effect: There is a lack of adequate monitoring of the School Cafeteria Fund and Student Activity Fund bank accounts.

Cause: Past practice

Recommendation: Monthly bank reconciliations should be performed or reviewed by an employee of the Board of Education business office to provide adequate monitoring of account activity.

Views of Responsible Officials and Planned Corrective Actions:

Regarding the Cafeteria Fund account, Education Connection recommends payments to vendors which are reviewed and approved by the Board of Education Director of Finance and Business Services. Checks to vendors are cosigned by the Town Finance Director and the Treasurer. Education Connection prepares monthly bank reconciliations for review and approval by the Treasurer and the Finance Director, a copy of which is provided to the Board of Education business office.

Regarding the Student Activity Funds, the school principal now requests a disbursement via a check request or vendor invoice to be paid from the respective student activity bank account. The check request or vendor invoice is reviewed and approved by the Board of Education Director of Finance and Business Services and the resulting check is issued and cosigned by the Town Finance Director and Treasurer. The Treasurer reconciles the Fund bank accounts monthly for approval by the Town Finance Director. The Board of Education business office receives a copy of the bank reconciliation upon request.

FINDING #2015-001

Criteria: Adequate controls should be maintained over journal entries used to record or reclassify expenditures in the general ledger.

Condition: Journal entries selected for testing during the audit of the BOE expenditures did not have approved documentation available to review.

Context: Journal entries are used to record activity in the general ledger. They are commonly used to reclassify expenses from one category to another, such as charging eligible expenditures to grant programs.

Effect: There is a lack of documentation supporting the determination of necessary journal entries and the corresponding management review and approval.

Cause: Unknown

Recommendation: All journal entries should be supported by adequate documentation that has been subjected to management oversight.

Views of Responsible Officials and Planned Corrective Actions:

The Board's Director of Finance & Business Services will sign off on all journal entries.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING #2012-13

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Grantor: United State Department of Education through the CT State Department of Education

Program: Title I, Part A
CFDA Number: 84.010

Grantor: Environmental Protection Agency passed through CT Department of Energy and Environmental Protection.

Program: Brownfields Assessment and Cleanup
CFDA Number: 66.818

Criteria: Federal Single Audits are required to be submitted to the Federal Audit Clearinghouse within 9 months after year-end.

Condition: Federal Single Audits for 2011-12, 2012-13, 2013-14, and 2014-2015 were not submitted in a timely fashion.

Context: Federal Single Audits are required to be uploaded to the Federal Audit Clearinghouse within 9 months after year-end.

Effect: Did not meet requirement to file Federal Single Audits within 9 months after year-end.

Cause: The audits of the financial statements in prior years were delayed due to fraud committed by the prior Finance Director. The audit of the financial statements in the 2014/15 year was delayed due to the CT State Department of Education placing the local Board of Education under a state receivership. Financial reporting of the Board of Education was significantly delayed until after the filing deadline.

Recommendation: We recommend that Federal Single Audits be submitted within 9 months after year-end.

Views of Responsible Officials and Planned Corrective Actions:

The 2015-2016 Federal Single Audit shall be filed in a timely manner (no later than March 31, 2017).

FINDING #2014-04

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Program: Summer Food Service Program
CFDA Number: 10.559

Criteria: All revenues and expenditures of a non-profit school food service must be accounted for and all revenues generated by the school food service must be used to operate and improve its food services.

Condition: Audit procedures indicate that some cash collections were not deposited to the School Cafeteria account.

Context: Management and the CT State Department of Education have identified irregularities in the School Cafeteria Fund and our audit procedures have indicated that some cash collections were not deposited into the cafeteria bank account. Also see finding 2014-01.

Effect: Did not comply with certain Special Tests and Provisions included in the Compliance Supplement.

Cause: There is a lack of adequate monitoring of the School Cafeteria Fund.

Recommendation: The Cafeteria is decentralized from the Board of Education's accounting system. Management of the program has been contracted to a service provider. We recommend that the Cafeteria's accounting be monitored by the Board of Education Business Office.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education took corrective action in November 2014 by hiring Education Connection to run the food service program. Education Connection performs monthly bank reconciliations for the cafeteria account. Reports and financials are reviewed monthly by the Board's Director of Finance & Business Services with the cafeteria manager from Education Connection.

FINDING #2014-05

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Program: Summer Food Service Program
CFDA Number: 10.559

Criteria: A sample of 3% of approved applications must be selected by Board of Education staff to verify eligibility for free and reduced lunches each year by November 15th.

Condition: There is no evidence available to show that any households were selected and tested for the 2015 fiscal year.

Context: The Cafeteria has experienced turnover in staff, including the resignation of the prior program director.

Effect: Did not comply with certain Special Tests and Provisions included in the Compliance Supplement.

Cause: There is a lack of adequate monitoring of the School Cafeteria Fund

Recommendation: We recommend that management reviews and approves all requirements of grant programs.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education took corrective action in November 2014 by hiring Education Connection to run the food service program. Verification of eligibility for free and reduced lunch is part of their service that the Board's Director of Finance & Business Services monitors.

FINDING #2015-005

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Program: Summer Food Service Program
CFDA Number: 10.559

Criteria: A school food authority charging less for a paid lunch than the difference between the Federal reimbursement rate for such a lunch and that for a free lunch is required to provide non-federal funds to the program.

Condition: The Cafeteria program charged \$2.50 for a full-price lunch, which is less than the \$2.59 difference between the Federal reimbursement rate and a free lunch.

Context: The Cafeteria has experienced turnover in staff, including the resignation of the prior program director.

Effect: Did not comply with certain Special Tests and Provisions included in the Compliance Supplement.

Cause: The calculation of the "Paid Lunch Equity" rate was not performed, to determine the minimum rate the program must charge for paid lunches.

Recommendation: The Cafeteria must charge either the "equity" amount (\$2.59 for 2014/15) or perform the calculation illustrating that adequate non-federal funds are provided to the program.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education began corrective action in November 2014 by hiring Education Connection to run the food service program. The Board is aware of the requirement, and has agreed with the State Department of Education to raise paid lunch prices to \$2.60 for the 2016/17 school year.

FINDING #2015-006

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Program: Summer Food Service Program
CFDA Number: 10.559

Criteria: Claims for reimbursement under the School Nutrition Programs must be supported by accurate meal counts and records indicated the number of meals served by category and type.

Condition: The CT State Department of Education found inaccuracies and incomplete documentation for determining student eligibility, and lack of documentation to support the claims for reimbursement for meals served.

Questioned Costs: The CT State Department of Education has identified \$87,569.22 of questioned costs.

Context: The CT State Department of Education undertook an investigation of the food service operations for school year 2014-2015 due to the simultaneous resignations of the food service director and business manager and reports that indicated financial management issues with the food service account.

Effect: The investigation concluded that grant funds will need to be repaid to the CT State Department of Education.

Cause: Inaccurate and incomplete documentation of student eligibility and lack of documentation regarding number of meals served.

Recommendation: The Cafeteria program must correct procedures governing determination of eligibility, counting of meals, and preparation of claims for reimbursement.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education began corrective action in November 2014 by hiring Education Connection to run the food service program. A sample of applications for eligibility was tested in November 2015 and multiple times thereafter in 2016. The District is now in full compliance. The Board of Education has received the July 22, 2016 letter requesting repayment of \$87,569.22 and is formulating a reply.

FINDING #2015-007

Grantor: Department of Agriculture passed through CT Department of Education.

Program: School Breakfast Program
CFDA Number: 10.553

Program: National School Lunch Program
CFDA Number: 10.555

Program: Summer Food Service Program
CFDA Number: 10.559

Criteria: Before awarding a contract to a food service management company, a School Food Authority operating the National School Lunch and School Breakfast Programs must obtain its administering agency's review and approval of the contract terms.

Condition: The Winchester Board of Education did not obtain approval of the CT State Department of Education prior to engaging Education Connection to manage its school nutrition programs.

Context: In response to staff turnover and other identified problems in the school nutrition programs, the Winchester Board of Education engaged Education Connection, a local regional educational service provider, to manage the programs.

Effect: Unknown.

Cause: The Winchester Board of Education was not aware of the requirement.

Recommendation: The CT State Department of Education is currently requesting clarification of the issue from the USDA. The Winchester Board of Education should follow any agency recommendations that result.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education began corrective action for its school nutrition programs in November 2014 by engaging Education Connection to run the food service program. The intent was to provide a solution for the issues identified in the program. The Board has and will continue to follow any agency recommendations from the CT State Department of Education.