

**NORTH CENTRAL AREA AGENCY ON AGING  
FEDERAL SINGLE AUDIT REPORT  
YEAR ENDED SEPTEMBER 30, 2021**



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# NORTH CENTRAL AREA AGENCY ON AGING

## FEDERAL SINGLE AUDIT REPORT

SEPTEMBER 30, 2021

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
North Central Area Agency on Aging  
Hartford, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited North Central Area Agency on Aging's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Central Area Agency on Aging's major federal program for the year ended September 30, 2021. North Central Area Agency on Aging's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for North Central Area Agency on Aging's major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 North Central Area Agency on Aging' 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 the major federal program. However, our audit does not provide a legal determination of North Central Area Agency on Aging' compliance.

***Basis for Qualified Opinion on Aging Cluster***

As described in the accompanying schedule of findings and questioned costs, North Central Area Agency on Aging, Inc. did not comply with requirements regarding assistance listing numbers 93.044, 93.045 and 93.053 Aging Cluster as described in finding numbers 2021-002 for activities allowed or unallowed and 2021-003 for subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for North Central Area Agency on Aging, Inc. to comply with the requirements applicable to that program.

***Qualified Opinion on Aging Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, North Central Area Agency on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Aging Cluster for the year ended September 30, 2021.

***Other Matters***

North Central Area Agency on Aging, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'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 North Central Area Agency on Aging 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 North Central Area Agency on Aging' 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 the Uniform Guidance, 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 North Central Area Agency on Aging' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003 to be material weaknesses.

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. We did not identify any significant deficiencies.

North Central Area Agency on Aging, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of North Central Area Agency on Aging as of and for the year ended September 30, 2021 and have issued our report thereon dated March 23, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
March 23, 2023

# NORTH CENTRAL AREA AGENCY ON AGING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

shrinksh Federal Grantor/Program Title	Grant Period Ending	Federal Assistance Listing Number	Pass-through Entity Identifying Numbers	Passed through to Subrecipients	Expenditures
<b>U.S. Department of Health and Human Services</b>					
Passed through the State of Connecticut Department of Aging and Disability Services					
Aging Cluster					
Special Programs for the Aging - Title III, Part B- Grants for Supportive Services and Senior Centers	6/25	93.044	20835-10605 20956-10113	\$ 934,391	\$ 990,015
			20841-10102 20841-10103 20847-10103 29552-10106 29552-10107 29553-10108 29553-10109 29558-10110		
Special Programs for the Aging - Title III, Part C - Nutrition Services	6/25	93.045	29559-10112	1,743,879	2,762,196
Nutrition Services Incentive Program	6/25	93.053	20783-10104	290,285	290,285
Total Aging Cluster				<u>2,968,555</u>	<u>4,042,496</u>
Special Program for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	6/25	93.041	20880-10802	-	10,000
Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	6/25	93.043	20857-10303	58,702	79,051
National Family Caregiver Support, Title III, Part E	6/25	93.052	20862-10501 20862-10503 29557-10114 29557-10116	414,436	647,487
Medicare Enrollment Assistance Program	6/25	93.071	22625-10714	-	29,197
State Health Insurance Assistance Program	6/25	93.324	22707-10706	-	153,393
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	6/25	93.048	22430-10709 22927-10902 29566-10722	-	65,863
Social Services Block Grant	6/25	93.667	22650-10611	202,726	202,726
Passed through the State of Connecticut Department of Public Health					
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	6/25	93.426		-	13,888
Total Expenditures of Federal Awards				<u>\$ 3,644,419</u>	<u>\$ 5,244,101</u>

The accompanying notes are an integral part of this schedule

# **NORTH CENTRAL AREA AGENCY ON AGING**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of North Central Area Agency on Aging under programs of the federal government for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of North Central Area Agency on Aging, it is not intended to and does not present the financial position, changes in net assets or cash flows of North Central Area Agency on Aging.

#### **Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

### **NOTE 2 - INDIRECT COST RECOVERY**

North Central Area Agency on Aging has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

Board of Directors  
North Central Area Agency on Aging  
Hartford, Connecticut

We have audited, in accordance with the 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 North Central Area Agency on Aging, which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 23, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Central Area Agency on Aging' 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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Central Area Agency on Aging' internal control. Accordingly, we do not express an opinion on the effectiveness of North Central Area Agency on Aging' 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 a 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. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

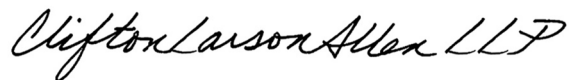
As part of obtaining reasonable assurance about whether North Central Area Agency on Aging' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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*.

### **North Central Area Agency on Aging, Inc.'s Response to Findings**

North Central Area Agency on Aging, Inc.'s response to the finding identified in our audit is described in the accompanying corrective action plan. North Central Area Agency on Aging, Inc.'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 results of that testing, and not to provide an opinion on the effectiveness of North Central Area Agency on Aging' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Area Agency on Aging' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
March 23, 2023

# NORTH CENTRAL AREA AGENCY ON AGING

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

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### I. SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported
- Noncompliance material to financial statements noted?        yes   X   no

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?   X   yes        no

Major programs:

Assistance Listing #	Name of Federal Program or Cluster
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#### *Aging Cluster*

93.044	Special Programs for the Aging – Title III, Part B- Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?   X   yes        no

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## Section II – Financial Statement Findings

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### **2021 – 001**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** Due to the organization not fully utilizing the capacity of their accounting system, the audit was significantly delayed so that the new finance team could gain comfort over beginning balances and reconcile the activity for the year under audit.

**Criteria or specific requirement:** Internal controls over financial reporting are required to be designed to provide reasonable assurance that financial statement misstatements are prevented or detected and corrected. Our audit procedures revealed a continued need for improvement of a timely and complete monthly or periodic reconciliation and closing process. Lack of a complete monthly or periodic close led to a continuing and growing backlog of transactions and journal entries that were not posted into the accounting system, which rendered the accounting information inadequate.

**Effect:** Material adjustments were required to be made by management prior to providing a trial balance for audit. Because financial information was not being tracked within the accounting system, it took management a significant amount of time to reconcile and record activity and therefore, the audit was delayed.

**Cause:** The prior Director of Finance had been with the organization for a long period of time and did not utilize the accounting system as it was intended. Many reconciliations were performed manually, and the new finance team was unable to reproduce the work of the previous Director of Finance.

**Repeat Finding:** No

**Recommendation:** We recommend that the Organization fully utilize the accounting system as intended to track daily financial activity. We also recommend that they formalize monthly account reconciliations and year-end closing procedures to ensure that all transactions are properly recorded in the appropriate account and the correct period.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2021 – 002**

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster

Assistance Listing Number: 93.044, 93.045, 93.053

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Pass-Through Number(s): Various

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or specific requirement:** Per Uniform Guidance, an Organization is required to ensure that adequate documentation be maintained within employee personnel files to support the rate being compensated to employees. In addition to this, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

**Condition:** Several instances of non-compliance were identified in relation to supporting documentation for salary rates being maintained within employee personnel files. In addition to this, the policies and procedures of the Organization do not require all employees to prepare daily timesheets, therefore some charges to federal awards are not adequately supported.

**Questioned costs:** None

**Context:** Of the six employees chosen for testing, payrate support was unable to be provided for three employees. In addition, of the six employees tested, the charges to federal awards for three employees was not adequately supported.

**Cause:** Management was not aware of the detailed requirements surrounding payroll compliance.

**Effect:** The effect is that salary expense charged to the federal awards is in excess of actual expense incurred.

**Repeat Finding:** No

**Recommendation:** We recommend that all employee personnel files be reviewed to ensure that documentation supporting salary rates is properly included within each file. In addition to this, if employees are being allocated to multiple programs throughout the year, personnel activity reports, or something comparable, must be prepared at minimum, on a monthly basis and be signed off on by the employee to support the allocations being recognized. Lastly, we recommend that a review process be implemented for payroll entries recorded within the general ledger throughout the year.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2021 – 003**

Federal Agency: Department of Health and Human Services

Federal Program Name: Aging Cluster

Assistance Listing Number: 93.044, 93.045, 93.053

Pass-Through Agency: State of Connecticut Department of Aging and Disability Services

Pass-Through Number(s): Various

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or specific requirement:** Per Uniform Guidance, when an Organization is making a subaward, they are required to provide the recipient with all identifying award information, including the Assistance Listing number, award name, whether the award is research and development; and name of Federal awarding agency. If a subaward is funded by both state and federal funds, the Organization is required to provide the recipient with sufficient information to determine the breakout of the state and federal funds.

**Condition:** A sample of five subrecipient agreements were selected for testing. Upon review, the agreements did not fully disclose the assistance listing number, award name, whether the award is research and development, name of Federal awarding agency and the allocation of the award between state and federal funding, if applicable.

**Questioned costs:** None

**Context:** The Organization passes through approximately 80% of all governmental grants received to subrecipients.

**Cause:** Management was not aware of the detailed requirements surrounding subrecipient monitoring.

**Effect:** The effect is that subrecipients may not be in compliance with federal or state single audit requirements due to their agreements not containing accurate award information.

**Repeat Finding:** No

**Recommendation:** We recommend that management amend each subaward agreement to include all required identifying award information, including the allocation of state and federal funds to the award.

**Views of responsible officials:** There is no disagreement with the audit finding.