

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



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

NORTH CENTRAL AREA AGENCY ON AGING

STATE SINGLE AUDIT REPORT

SEPTEMBER 30, 2021

TABLE OF CONTENTS

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	1-3
Schedule of Expenditures of State Financial Assistance	4
Notes to Schedule of Expenditures of State Financial Assistance	5
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 <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Questioned Costs	8



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

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

Report on Compliance for Each Major State Program

We have audited North Central Area Agency on Aging's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of North Central Area Agency on Aging's major state programs for the year ended September 30, 2021. North Central Area Agency on Aging's major state programs are 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 the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of North Central Area Agency on Aging's major state 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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about North Central Area Agency on Aging'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 state program. However, our audit does not provide a legal determination of North Central Area Agency on Aging's compliance.

Basis for Qualified Opinion on Area Agencies on Aging – Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, North Central Area Agency on Aging did not comply with requirements regarding subrecipient monitoring as described in finding number 2021-002. Compliance with such requirements is necessary, in our opinion, for the North Central Area Agency on Aging, to comply with the requirements applicable to that program.

Qualified Opinion on Area Agencies on Aging – Nutrition Cluster

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

Basis for Qualified Opinion on Area Agencies on Aging – Independent Living Cluster

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

Qualified Opinion on Area Agencies on Aging – Independent Living Cluster

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

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's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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'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 state 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 state 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 state 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

North Central Area Agency on Aging's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Central Area Agency on Aging'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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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 state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 23, 2023

NORTH CENTRAL AREA AGENCY ON AGING

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2021

State Grantor/Program Title	Grant Period Ending	State Grant Program CORE CT Number	Passed through to Subrecipients	Expenditures
Department of Aging and Disability Services				
Area Agencies on Aging				
Elderly Nutrition & Discretionary	6/25	11000-SDR63901-16278-10105	\$ 685,852	\$ 685,852
Area Agency on Aging Administrative Funding	6/25	11000-SDR63901-16260-10601	-	14,920
Federal Title III Match	6/25	11000-SDR63901-16260-10603	2,260	2,260
Federal Title III Match	6/25	11000-SDR63901-16260-10604	38,150	38,150
Total Area Agencies on Aging- Nutrition Cluster			726,262	741,182
Area Agencies on Aging				
Health Promotion Services	6/25	11000-SDR63901-16260-10305	-	5,902
Statewide Respite Care	6/25	11000-SDR63901-16260-10402	307,986	307,986
Alzheimer's Aide	6/25	11000-SDR63901-16260-10403	24,169	24,169
Total Area Agencies on Aging- Independent Living Cluster			332,155	338,057
Choices Program				
Choices- Support	6/25	11000-SDR63901-16260-10707	-	4,715
Choices - Part D	6/25	11000-SDR63901-16260-10719	-	75,910
Total Choices Program Cluster			-	80,625
Total State Financial Assistance			\$ 1,058,417	\$ 1,159,864

The accompanying notes are an integral part of this schedule

NORTH CENTRAL AREA AGENCY ON AGING

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of North Central Area Agency on Aging under programs of the State of Connecticut for the year ended September 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. 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 fund balance, changes in net position or cash flows of North Central Area Agency on Aging.

Basis of Accounting

The accounting policies of North Central Area Agency on Aging conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.



**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 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 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.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

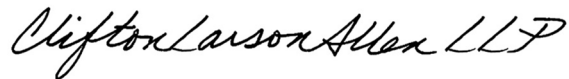
A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. During our audit, we did not identify any deficiencies in internal control that we considered to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Central Area Agency on Aging’s 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*.

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’s 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’s 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

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

State Financial Assistance

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? X yes no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Area Agencies on Aging – Nutrition Cluster		
Elderly Nutrition & Discretionary	11000-SDR63901-16278-10105	\$ 685,852
Area Agency on Aging Administrative Funding	11000-SDR63901-16260-10601	14,920
Federal Title III Match	11000-SDR63901-16260-10603	2,260
Federal Title III Match	11000-SDR63901-16260-10604	38,150
Area Agencies on Aging –Independent Living Cluster		
Health Promotion Services	11000-SDR63901-16260-10305	5,902
Statewide Respite Care	11000-SDR63901-16260-10402	307,986
Alzheimer's Aide	11000-SDR63901-16260-10403	24,169
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

Section II – Financial Statement Findings

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.

Section III – Findings and Questioned Costs – State Financial Assistance

2021 – 002

State Agency: Department of Aging and Disability Services

State Program Name: Area Agencies on Aging – Independent Living Cluster

Area Agencies on Aging – Nutrition Cluster

State Core-CT Number: 11000-SDR63901-16260-10305

11000-SDR63901-16260-10402

11000-SDR63901-16260-10403

11000-SDR63901-16278-10105

11000-SDR63901-16260-10601

11000-SDR63901-16260-10603

11000-SDR63901-16260-10604

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement: Per the State of Connecticut Office of Policy and Management, when an Organization is making a subaward, they are required to provide the recipient with all identifying award information, including the Core-CT number, award name, and name of state 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 Core-CT number, award name, name of state awarding agency and the allocation of the award between state and federal funding, if applicable.

Questioned costs: None

Context: In total, the Organization passes through approximately 80% of all governmental grants received to subrecipients.

Cause: Management was not aware of the detailed requirements surrounding subrecipient agreements

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.

2021 – 003

State Agency: Department of Aging and Disability Services

State Program Name: Area Agencies on Aging – Independent Living Cluster

State Core-CT Number: 11000-SDR63901-16260-10305

11000-SDR63901-16260-10402

11000-SDR63901-16260-10403

Award Period: 10/1/2021 – 9/30/2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement: Per Connecticut cost standards, 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 state awards for salaries and wages must be based on records that accurately reflect the work performed. This can be achieved through the utilization of a personal activity report or electronic time sheets.

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 either a personal activity report or electronic daily timesheet, therefore some charges to state 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 state awards for two 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 state awards potentially could be 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.