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October 21, 2011

Mr. Mark Andrews  
Town Administrator  
Town of Wareham  
54 Marion Road  
Wareham, MA 02571

Dear Mr. Andrews,

This letter is to serve as an update of the progress being made regarding FY2011 and FY2010 audits of the Town's financial statements.

As you know, we agreed that it made the most sense to complete the FY2011 cash proof before we issued our audit opinion on your FY2010 financial statements. While completing the FY2011 cash proof, we found approximately \$180,000 of the prior year variance which was composed of errors in accounting activity related to journal entries.

An important item to note is that it has been determined that the original unallocated cash variance of \$919,234 between the general ledger and the Treasurer's cashbook has been reduced to \$739,234 based upon identification of incorrectly recorded journal entries. The remaining variance is rooted in the many journal entries and incorrectly posted transactions that have been discovered in the general ledger and it is our belief that the unallocated cash variance stems from these transactions and represents an accounting variance as opposed to actual missing cash.

The FY2011 cash proof between the Treasurer's activity and the General Ledger is substantially complete. We have identified all of the variances and will be proposing adjusting journal entries to correct the errors. What we had found was that most of the errors occurred in the first nine months of the fiscal year and most of the cash activity now is being recorded properly. This is an encouraging sign for the future.

We are working to complete the fiscal year 2011 financial statement audit. We are making good progress and have been receiving cooperation from Town personnel. Our initial plan was to begin the audit in September with a completion date of late October. We had our staff assigned and were getting ready to start when almost 500 journal entries were submitted by departments to the accounting office for posting to the FY2011 ledgers.

We had to postpone the start of the audit due to the fact that the ledgers were not complete and ready to be audited. This delayed the start of our audit for about one month and has made our scheduling more difficult since our staff was already assigned to other engagements.

We have made considerable progress in the first few weeks of October. Your departments have been forwarding us information which we are in the process of auditing. Although progress has been made, it has been further slowed by the fact that there is currently no Town Accountant and the Assistant Town Accountant is out on medical leave.

There is still a fairly significant amount of work to complete the FY2011 ledger reconciliations and to complete the audit. We anticipate this can be completed during the month of November. We will keep you abreast of our progress and anticipated completion dates.

Sincerely,

James E. Powers  
Partner