

***TOWN OF BROOKLINE, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***YEAR ENDED JUNE 30, 2016***

**TOWN OF BROOKLINE, MASSACHUSETTS**  
**REPORTS ON FEDERAL AWARD PROGRAMS**  
**YEAR ENDED JUNE 30, 2016**

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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 Honorable Board of Selectmen  
Town of Brookline, Massachusetts

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brookline, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Brookline, Massachusetts' basic financial statements, and have issued our report thereon dated December 7, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Brookline, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brookline, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brookline, Massachusetts' 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Brookline, Massachusetts' financial statements are free of 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*.

## **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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Powers + Sullivan, LLC*

December 7, 2016



**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**

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**Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Brookline, Massachusetts

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

We have audited the Town of Brookline, Massachusetts' compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of the Town of Brookline, Massachusetts' major federal programs for the year ended June 30, 2016. The Town of Brookline, Massachusetts' 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 of Brookline, Massachusetts' 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 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). 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 the Town of Brookline, Massachusetts' 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 of Brookline, Massachusetts' compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town of Brookline, Massachusetts 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 major federal programs for the year ended June 30, 2016.

## **Other Matters**

The results of our auditing procedures disclosed instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The Town of Brookline, Massachusetts' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Brookline, Massachusetts' 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 of Brookline, Massachusetts 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 of Brookline, Massachusetts' 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 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 the Town of Brookline, Massachusetts' 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 Uniform Guidance. Accordingly this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

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 of Brookline, Massachusetts as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Brookline, Massachusetts' basic financial statements. We issued our report thereon dated December 7, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance 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 financials 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.

*Powers + Sullivan, LLC*

December 7, 2016

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Amount Passed<br>Through to<br>Sub-Recipients | Expenditures |
|---|---------------------------|--|---|--------------|
| <b>CHILD NUTRITION CLUSTER</b>  |                           |  |   |              |
| U.S. DEPARTMENT OF AGRICULTURE:   |                           |  |   |              |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>                     |                           |  |   |              |
| Non-cash Assistance (Commodities):  |                           |  |   |              |
| National School Lunch Program.....  | 10.555                    | 11-046                                       | \$ -  | \$ 91,298    |
| Cash Assistance:  |                           |  |   |              |
| National School Lunch Program.....  | 10.555                    | DOENUT201601SL                               | -   | 526,158      |
| Total National School Lunch Program.....  |                           |  | -   | 617,456      |
| Cash Assistance:  |                           |  |   |              |
| School Breakfast Program.....   | 10.553                    | DOENUT201601SL                               | -   | 94,012       |
| TOTAL CHILD NUTRITION CLUSTER.....  |                           |  | -   | 711,468      |
| <b>HIGHWAY SAFETY CLUSTER</b>   |                           |  |   |              |
| U.S. DEPARTMENT OF TRANSPORTATION   |                           |  |   |              |
| <u>Passed through State Executive Office of Public Safety and Security:</u>                               |                           |  |   |              |
| State and Community Highway Safety (Fiscal Year 2016).....  | 20.600                    | 2016BROOKLINEPEDBIKEXX                       | -   | 1,260        |
| State and Community Highway Safety (Fiscal Year 2015).....  | 20.600                    | 2015BROOKLINEPEDBIKEXX                       | -   | 7,794        |
| Total State and Community Highway Safety.....   |                           |  | -   | 9,054        |
| National Priority Safety Program.....   | 20.616                    | 2015BROOKLINEEUDLXXXXX                       | -   | 2,251        |
| TOTAL HIGHWAY SAFETY CLUSTER.....   |                           |  | -   | 11,305       |
| <b>SPECIAL EDUCATION CLUSTER:</b>   |                           |  |   |              |
| U.S. DEPARTMENT OF EDUCATION:   |                           |  |   |              |
| <u>Passed Through the Commonwealth of Massachusetts Department of Elementary and Secondary Education:</u> |                           |  |   |              |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016).....                                 | 84.027                    | 240-008-6-0046                               | -   | 1,487,458    |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2015).....                                 | 84.027                    | 240-045-5-0046                               | -   | 681,475      |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016).....                                 | 84.027                    | 243-104-6-0046                               | -   | 12,325       |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016).....                                 | 84.027                    | 274-069-6-0046                               | -   | 62,010       |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2015).....                                 | 84.027                    | 274-123-5-0046                               | -   | 29,750       |
| Total Special Education Grants to States (IDEA, Part B).....  |                           |  | -   | 2,273,018    |
| <u>Passed Through the Commonwealth of Massachusetts Department of Elementary and Secondary Education:</u> |                           |  |   |              |
| Special Education Preschool Grants (IDEA Preschool) (Fiscal Year 2016).....                               | 84.173                    | 298-703-6-0046                               | -   | 3,500        |
| Special Education Preschool Grants (IDEA Preschool) (Fiscal Year 2015).....                               | 84.173                    | 298-A26-5-0046                               | -   | 7,607        |
| <u>Passed through the Commonwealth of Massachusetts Department of Early Education and Care:</u>           |                           |  |   |              |
| Special Education Preschool Grants (Fiscal Year 2016) (IDEA Preschool).....                               | 84.173                    | 26216BROOKLINEPU                             | -   | 31,993       |
| Special Education Preschool Grants (Fiscal Year 2015) (IDEA Preschool).....                               | 84.173                    | 26215BROOKLINEPU                             | -   | 205          |
| Total Special Education Preschool Grants (IDEA Preschool).....  |                           |  | -   | 43,305       |
| TOTAL SPECIAL EDUCATION CLUSTER.....  |                           |  | -   | 2,316,323    |
| <b>OTHER PROGRAMS</b>   |                           |  |   |              |
| FEDERAL EMERGENCY MANAGEMENT AGENCY   |                           |  |   |              |
| <u>Direct Programs:</u>   |                           |  |   |              |
| Assistance to Firefighters Grant.....   | 97.044                    | Not Applicable                               | -   | 63,412       |
| TOTAL DIRECT PROGRAMS.....  |                           |  | -   | 63,412       |
| <b>PASS-THROUGH PROGRAMS</b>  |                           |  |   |              |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:   |                           |  |   |              |
| <u>Passed through State Office for Communities and Development:</u>                                       |                           |  |   |              |
| Community Development Block Grants/Entitlement Grants.....  | 14.218                    | B-15-MC-25-0004                              | -   | 1,388,265    |
| Home Investment Partnership Program.....  | 14.239                    | N/A  | -   | 13,026       |
| TOTAL HOUSING AND URBAN DEVELOPMENT.....  |                           |  | -   | 1,401,291    |
| U.S. DEPARTMENT OF JUSTICE:   |                           |  |   |              |
| <u>Passed through State Department of Justice:</u>  |                           |  |   |              |
| Edward Byrne Memorial Justice Assistance Grant Program.....   | 16.738                    | BJAG1FY15BROOKLI                             | -   | 121,484      |

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title                         | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Amount Passed<br>Through to<br>Sub-Recipients | Expenditures |
|---|---------------------------|--|---|--------------|
| <b>U.S. DEPARTMENT OF EDUCATION:</b>  |                           |  |   |              |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> |                           |  |   |              |
| Title I Grants to Local Educational Agencies (Fiscal Year 2016).....                  | 84.010                    | 305-070308-2016-0046                         | -   | 450,412      |
| Title I Grants to Local Educational Agencies (Fiscal Year 2015).....                  | 84.010                    | 305-043588-2015-0046                         | -   | 21,738       |
| Total Title I Grants to Local Educational Agencies.....                               |                           |  | -   | 472,150      |
| Career and Technical Education Basic Grants to States (Fiscal Year 2016).....         | 84.048                    | 400-036-6-0046                               | -   | 39,747       |
| Career and Technical Education Basic Grants to States (Fiscal Year 2015).....         | 84.048                    | 400-036-5-0046                               | -   | 22,483       |
| Total Career and Technical Education Basic Grants to States.....                      |                           |  | -   | 62,230       |
| English Language Acquisition State Grants (Fiscal Year 2016).....                     | 84.365                    | 180-027-6-0046                               | -   | 90,833       |
| English Language Acquisition State Grants (Fiscal Year 2015).....                     | 84.365                    | 180-027-5-0046                               | -   | 40,180       |
| Total English Language Acquisition State Grants.....                                  |                           |  | -   | 131,013      |
| Improving Teacher Quality State Grants (Fiscal Year 2016).....                        | 84.367                    | 140-093396-2016-0046                         | -   | 117,664      |
| Improving Teacher Quality State Grants (Fiscal Year 2015).....                        | 84.367                    | 140-045638-2015-0046                         | -   | 17,058       |
| Total Improving Teacher Quality State Grants.....                                     |                           |  | -   | 134,722      |
| <b>TOTAL EDUCATION</b>  |                           |  | -   | 800,115      |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                                  |                           |  |   |              |
| <u>Passed through Massachusetts Department of Public Health:</u>                      |                           |  |   |              |
| Medical Reserve Corp Small Grant Program.....   | 93.008                    | Not Applicable                               | -   | 28,179       |
| Centers for Disease Control and Prevention.....                                       | 93.283                    | Not Applicable                               | -   | 25,389       |
| <b>TOTAL HEALTH AND HUMAN SERVICES</b> .....  |                           |  | -   | 53,568       |
| <b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>  |                           |  |   |              |
| <u>Passed through Massachusetts Emergency Management Agency:</u>                      |                           |  |   |              |
| Disaster Grants - Public Assistance.....  | 97.036                    | FEMA 4214 DR                                 | -   | 339,983      |
| Disaster Grants - Public Assistance.....  | 97.036                    | FEMA 4110 DR                                 | -   | 304,408      |
| Total Disaster Grants - Public Assistance.....  |                           |  | -   | 644,391      |
| Emergency Management Performance Grants.....  | 97.042                    | FY16EMPG1500000BRKLI                         | -   | 4,622        |
| <b>TOTAL EMERGENCY MANAGEMENT</b> .....   |                           |  | -   | 649,013      |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>   |                           |  |   |              |
| <u>Passed through Massachusetts Emergency Management Agency:</u>                      |                           |  |   |              |
| Homeland Security Grant Program.....  | 97.067                    | FY16CCP1400000BROOK                          | -   | 83,427       |
| <u>Passed through the City of Boston, Massachusetts:</u>                              |                           |  |   |              |
| Homeland Security Grant Program (Fiscal Year 2013).....                               | 97.067                    | BOSTONFFY13UASIXXXXX                         | -   | 138,772      |
| Homeland Security Grant Program (Fiscal Year 2014).....                               | 97.067                    | BOSTONFFY14UASIXXXXX                         | -   | 108,428      |
| Homeland Security Grant Program (Fiscal Year 2015).....                               | 97.067                    | BOSTONFFY15UASIXXXXX                         | -   | 125,821      |
| Total Homeland Security Grant Program.....  |                           |  | -   | 373,021      |
| <b>TOTAL HOMELAND SECURITY</b> .....  |                           |  | -   | 456,448      |
| <b>TOTAL</b>  |                           |  | -   | \$ 6,584,427 |

(Concluded)

See notes to schedule of expenditures of federal awards.

**Note 1 - Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Brookline, Massachusetts under programs of the federal government for the year ended June 30, 2016. The information in this 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 the Town of Brookline, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Brookline, Massachusetts.

**Note 2 - Significant Accounting Policies**

The accounting and reporting policies of the Town of Brookline, Massachusetts, are set forth below:

- (a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. 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.
- (b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- (d) Homeland Security Grant Program – Program expenditures represent financial and non-financial federal assistance passed through from the City of Boston.
- (e) Public Assistance Grants – Program expenditures represent federal reimbursement for eligible disaster assistance costs.
- (f) The Town of Brookline, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**A. Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Town of Brookline, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Town of Brookline, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the 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 Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs for the Town of Brookline, Massachusetts, expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with Uniform Guidance are reported in the schedule of findings and questioned costs.

7. The programs tested as major programs include:

| <u>Program Title</u>               | <u>CFDA<br/>Number</u> |
|------------------------------------|------------------------|
| Special Education Grants to States | 84.027                 |
| Special Education Preschool Grants | 84.173                 |

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Brookline, Massachusetts, was determined to be a low-risk auditee.

**B. Findings-Financial Statements Audit**

None

**C. Findings and Questioned Costs-Major Federal Award Program Audit**

|           |   |        |
|-----------|---|--------|
| 2016-001: | U.S. DEPARTMENT OF EDUCATION<br>Passed Through Massachusetts Department of Elementary and Secondary Education |        |
|           | Special Education Grants  | 84.027 |
|           | Special Education Preschool Grants  | 84.173 |

*Condition and Criteria:* Expenditures reported on the Form FR1 (Final Financial Report) did not reconcile to amounts reported in the Town's general ledger.

*Cause:* Lack of procedures to ensure the proper review of financial reports completed by program staff.

*Effect:* Non-compliance with the Massachusetts Department of Elementary and Secondary Education (DESE) guidelines for managing grants that require the program financial reports to be reconciled to the Town's ledger.

*Questioned Costs:* Unknown

*Auditor's Recommendation:* We recommend the School Department establish procedures to ensure that final reports are reconciled with the Town's general ledger per the DESE guidelines.

|           |   |        |
|-----------|---|--------|
| 2016-002: | U.S. DEPARTMENT OF EDUCATION<br>Passed Through Massachusetts Department of Elementary and Secondary Education |        |
|           | Special Education Grants  | 84.027 |
|           | Special Education Preschool Grants  | 84.173 |

*Condition and Criteria:* Fiscal year 2015 Forms FR-1 (Final Financial Report) for the Special Education Grants to States and Special Education Preschool Grants are required to be filed by October 31, 2015. The Special Education Program Improvement grant FR-1 was not filed until February 19, 2016. There were no extensions granted to allow the late filing of the final report.

*Cause:* Lack of procedures to ensure that the filing of financial reports occurred within the required period.

*Effect:* The District is not in compliance with grant requirements.

*Questioned Costs:* None

*Auditors' Recommendation:* We recommend that the School Department implement procedures to ensure that reports are filed timely per the Department of Elementary and Secondary Education (DESE) guidelines.

**D. Prior Year Audit Findings and Questioned Costs**

|           |   |        |
|-----------|---|--------|
| 2015-001: | U.S. DEPARTMENT OF EDUCATION<br>Passed Through Massachusetts Department of Elementary and Secondary Education |        |
|           | Special Education Grants  | 84.027 |
|           | Special Education Preschool Grants  | 84.173 |
|           | Title I Grants to Local Educational Agencies  | 84.010 |

*Condition and Criteria:* Expenditures reported on the Form FR1 (Final Financial Report) did not reconcile to amounts reported in the Town’s general ledger.

*Cause:* Lack of procedures to ensure the proper review of financial reports completed by program staff.

*Effect:* Non-compliance with the Massachusetts Department of Elementary and Secondary Education (DESE) guidelines for managing grants that require the program financial reports to be reconciled to the Town ledger.

*Questioned Costs:* Unknown

*Auditor’s Recommendation:* We recommend the School Department establish procedures to ensure that final reports are reconciled with the Town’s general ledger per the DESE guidelines. Also, since Title I now has two years to spend down funds and submit a FR-1, the finding will be revisited during the Fiscal year 2017 audit.

*Status: Unresolved.* Per review of the Fiscal year 2015 Forms FR-1, the District was not able to reconcile to the amounts reported in the Town’s general ledger. Therefore, the client did not implement procedures to ensure reports are reconciled to the Town’s general ledger. See finding number 2016-001.

|           |   |        |
|-----------|---|--------|
| 2015-002: | U.S. DEPARTMENT OF EDUCATION  |        |
|           | Passed Through Massachusetts Department of Elementary and Secondary Education |        |
|           | Special Education Grants  | 84.027 |
|           | Special Education Preschool Grants  | 84.173 |

*Condition and Criteria:* Fiscal year 2014 Forms FR-1 (Final Financial Report) for the Special Education Grants to States and Special Education Preschool Grants are required to be filed by October 31, 2014. The Special Education Program Improvement grant FR-1 was not filed until February 23, 2015. There were no extensions granted to allow the late filing of the final report.

*Cause:* Lack of procedures to ensure that the filing of financial reports occurred within the required period.

*Effect:* The District is not in compliance with grant requirements.

*Questioned Costs:* None

*Auditors’ Recommendation:* We recommend that the School Department implement procedures to ensure that reports are filed timely per the Department of Elementary and Secondary Education (DESE) guidelines.

*Status: Unresolved.* Per review of the Fiscal year 2015 Forms FR-1, the District did not file the FR-1 until February 19, 2016 for all grants within the Special Education Cluster. Therefore, the client did not implement procedures to ensure reports are filed timely. See finding number 2016-002.

|           |   |        |
|-----------|---|--------|
| 2015-003: | U.S. DEPARTMENT OF EDUCATION  |        |
|           | Passed Through Massachusetts Department of Elementary and Secondary Education |        |
|           | Special Education Grants  | 84.027 |
|           | Special Education Preschool Grants  | 84.173 |

*Condition and Criteria:* OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments”

requires grantees to maintain documentation of eligible employees charged to federal awards. The Town does not have an adequate process in place to ensure documentation regarding allowable teachers is complete and updated throughout the grant year.

*Cause:* The Town did not have a system of controls in place to document the employee's that are eligible to be charged to the Special Education grant.

*Effect:* The District is not in compliance with grant requirements.

*Questioned Costs:* None

*Auditors' Recommendation:* We recommend that the Town implement procedures to comply with OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments".

*Status: Resolved.* In 2016, the Town properly documented the employees that were eligible to be charged to the Special Education grant.