



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF WAREHAM, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2022

TOWN OF WAREHAM, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS

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**INDEPENDENT AUDITOR'S 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**

To the Honorable Select Board
Town of Wareham, 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 Wareham, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Wareham, Massachusetts' basic financial statements, and have issued our report thereon dated March 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wareham, Massachusetts' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wareham, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wareham, 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 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. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wareham, Massachusetts' 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 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 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.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive, flowing style.

March 27, 2023



**INDEPENDENT AUDITOR'S 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**

To the Honorable Select Board
Town of Wareham, Massachusetts

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Town of Wareham, Massachusetts' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Wareham, Massachusetts' major federal programs for the year ended June 30, 2022. The Town of Wareham, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Special Education Cluster and Education Stabilization Fund Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Town of Wareham, Massachusetts complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster and Education Stabilization Fund programs for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town of Wareham, 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 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, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Wareham, Massachusetts and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Wareham,

Massachusetts' compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinions on the Special Education Cluster and Education Stabilization Fund Programs

As described in the accompanying schedule of findings and questioned costs, the Town of Wareham, Massachusetts did not comply with requirements regarding the Special Education Cluster program, Federal Assistance Listing Numbers 84.027 and 84.173, and the Education Stabilization Fund program, Federal Assistance Listing Numbers 84.425C, 84.425D, and 84.425W, as described in finding number 2022-001 for allowable costs.

Compliance with such requirements is necessary, in our opinion, for the Town of Wareham, Massachusetts to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Wareham, Massachusetts' federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Wareham, Massachusetts' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Wareham, Massachusetts' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Wareham, Massachusetts' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Wareham, Massachusetts' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Wareham, Massachusetts' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Wareham, Massachusetts' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Wareham, Massachusetts' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. 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 consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Wareham, Massachusetts' response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Wareham, Massachusetts' response was not subjected to the other 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wareham, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Wareham, Massachusetts's basic financial statements. We issued our report thereon dated March 27, 2023, 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 the Uniform Guidance and is not 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.

Powers & Sullivan, LLC

March 27, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
CHILD NUTRITION CLUSTER:				
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	12-310	\$ -	\$ 114,019
Cash Assistance:				
National School Lunch Program.....	10.555	12-310	-	970,049
COVID-19 - National School Lunch.....	10.555	12-310	-	46,319
Total National School Lunch Program.....			-	1,130,387
Cash Assistance:				
School Breakfast Program.....	10.553	12-310	-	597,678
Summer Food Service Program for Children.....	10.559	12-310	-	128,538
TOTAL CHILD NUTRITION CLUSTER.....			-	1,856,603
SPECIAL EDUCATION CLUSTER:				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Education:				
Special Education Grants to States (IDEA, Part B).....	84.027	240-528605-2022-0310	-	617,673
Special Education Grants to States (IDEA, Part B).....	84.027	240-390211-2021-0310	-	20,383
Special Education Grants to States (IDEA, Part B).....	84.027	274-481650-2021-0310	-	10,192
Special Education Grants to States (IDEA, Part B).....	84.027	645-555841-2022-0310	-	281,256
Special Education Grants to States (IDEA, Part B).....	84.027	645-421452-2021-0310	-	160,283
Special Education Grants to States (IDEA, Part B).....	84.027	245-670341-2022-0310	-	340
Special Education Grants to States (IDEA, Part B).....	84.027	244-555837-2022-0310	-	8,369
Special Education Grants to States (IDEA, Part B).....	84.027	244-498044-2021-0310	-	55,534
COVID 19 - Special Education Grants to States (IDEA, Part B).....	84.027	252-529304-2022-0310	-	7,155
Special Education Grants to States (IDEA, Part B).....			-	1,161,185
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Education:				
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-528606-2022-0310	-	16,953
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-390214-2021-0310	-	1,204
Total Special Education Preschool Grants (IDEA, Preschool).....			-	18,157
TOTAL SPECIAL EDUCATION CLUSTER.....			-	1,179,342
OTHER PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Award:</u>				
Bulletproof Vest Partnership Program.....	16.607	Not Applicable	-	5,085
COVID 19 Coronavirus Emergency Supplemental Funding Program.....	16.034	Not Applicable	-	23,078
TOTAL U.S. DEPARTMENT OF JUSTICE.....			-	28,163
U.S. DEPARTMENT OF TREASURY:				
<u>Direct Award:</u>				
COVID-19 State and Local Fiscal Recovery Funds.....	21.027	Not Applicable	-	1,355,346
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
COVID-19 Pandemic Electronic Benefit Transfer Administrative Costs Grant.....	10.649	SCDOE22528B70571003A	-	3,070
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Passed through Massachusetts Department of Housing and Community Development:</u>				
Community Development Block Grants/State's Program.....	14.228	19 ME 129	-	168,036
Community Development Block Grants/State's Program.....	14.228	20 ME 129	-	285,909
Total Community Development Block Grants/State's Program.....			-	453,945
U.S. DEPARTMENT OF THE INTERIOR:				
<u>Passed through the Massachusetts Department of Fish, Wild Life and Environmental Law Enforcement:</u>				
Clean Vessel Act.....	15.616	TOWNOFWAREHAMCVA2020	-	14,639
U.S. DEPARTMENT OF JUSTICE:				
<u>Passed through Executive Office of Public Safety:</u>				
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	BJAG19 SFY2021	-	18,586
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through the Department of Conservation and Recreation:</u>				
Recreational Trails Program.....	20.219	P19-3294-G46A-1	-	23,770
NATIONAL ENDOWMENT FOR THE HUMANITIES				
<u>Passed through Massachusetts Board of Library Commissioners:</u>				
Grants to States.....	45.310	Not Available	-	21,398

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Title 1 Grants to Local Educational Agencies.....	84.010	305-526667-2022-0310	-	564,777
Title 1 Grants to Local Educational Agencies.....	84.010	305-396404-2021-0310	-	53,944
Total Title 1 Grants to Local Educational Agencies.....			-	618,721
Twenty-First Century Community Learning Centers.....	84.287C	644-287647-2019-0310	-	41,226
Twenty-First Century Community Learning Centers.....	84.287	646-555851-2022-0310	-	35
Total Twenty-First Century Community Learning Centers.....			-	41,261
Supporting Effective Instruction State Grants.....	84.367	140-526666-2022-0310	-	64,889
Supporting Effective Instruction State Grants.....	84.367	140-396403-2021-0310	-	11,981
Total Supporting Effective Instruction State Grant.....			-	76,870
Career and Technical Education - Basic Grants to States.....	84.048	400-531284-2022-0310	-	8,071
Title V, Part A: Student Support and Academic Enrichment Grant.....	84.424	309-526671-2022-0310	-	14,680
Title V, Part A: Student Support and Academic Enrichment Grant.....	84.424	309-396416-2021-0310	-	40,375
Total Title V, Part A: Student Support and Academic Enrichment Grant.....			-	55,055
COVID - 19 Education Stabilization Fund.....	84.425C	576-527784-2022-0310	-	40,000
COVID - 19 Education Stabilization Fund.....	84.425D	324-586596-2022-0310	-	1,692
COVID - 19 Education Stabilization Fund.....	84.425D	113-378995-2021-0310	-	174,491
COVID - 19 Education Stabilization Fund.....	84.425D	115-507914-2022-0310	-	1,898,960
COVID - 19 Education Stabilization Fund.....	84.425W	302-583093-2022-0310	-	16,159
Total COVID - 19 Education Stabilization Fund.....			-	2,131,302
TOTAL U.S. DEPARTMENT OF EDUCATION.....			-	2,931,280
TOTAL.....			\$ -	\$ 7,886,142

See notes to schedule of expenditures of federal awards.

(Concluded)

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Wareham, Massachusetts under programs of the federal government for the year ended June 30, 2022. 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 Wareham, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wareham, Massachusetts.

Note 2 – Summary of Significant Accounting Policies

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

- a) Basis of Accounting - 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) The Town of Wareham, 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 financial statements of the Town of Wareham, Massachusetts.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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 Wareham, Massachusetts, were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are 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 the Uniform Guidance.
5. One significant deficiency 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 the Uniform Guidance.
6. The auditor's report on compliance for the major federal award programs for the Town of Wareham, Massachusetts, expresses a modified opinion on the Special Education Cluster and Education Stabilization Fund programs, and an unmodified opinion on all other major federal award programs.
7. There are two audit findings that are required to be reported in accordance with the Uniform Guidance that are reported in the schedule of findings and questioned costs.
8. The programs tested as major programs are as follows:
 - Special Education Cluster: Federal Assistance Listing Numbers 84.027 and 84.173.
 - Education Stabilization Fund: Federal Assistance Listing Numbers 84.425C, 84.425D, and 84.425W.
 - Coronavirus State and Local Fiscal Recovery Fund: Federal Assistance Listing Number 21.027.
9. The threshold for distinguishing Type A and B programs was \$750,000.
10. The Town of Wareham, Massachusetts was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs**U.S. DEPARTMENT OF EDUCATION**

Passed through the Massachusetts Department of Elementary and Secondary Education

Special Education Cluster

Special Education Grants to States – Federal Assistance Listing Number 84.027

Special Education Preschool Grants – Federal Assistance Listing Number 84.173

Education Stabilization Fund – Federal Assistance Listing Numbers 84.425C, 84.425D, and 84.425W

2022-001: Controls for Monitoring Payroll Charged to the Grants

Compliance Requirement: Allowable Costs/Cost Principles

Type of Finding: Compliance and Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: Grantees must provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

Condition: Management has not established written guidelines and procedures outlining the time and effort reporting and documentation requirements that department heads must adhere with to ensure compliance with federal and state time and effort reporting requirements. Such guidelines and procedures should indicate under what circumstances semi-annual certifications and personnel activity reports (PARS) are required and should indicate due dates for when this information must be provided to the school business office. Management also has not adopted and implemented standardized forms for semi-annual certifications and PARS that include all data required by federal and state guidelines.

Questioned Costs: None reported.

Context: Payroll expenditures charged to the programs are required to be supported with documentation substantiating that the employees are eligible to be charged to the grant and that the payroll charged relates to time spent accomplishing grant objectives. This supporting documentation should be standardized and should include all required elements in accordance with Title 2 U.S. *Code of Federal Regulations* Part 225 *Cost Principals for State, Local, and Indian Tribal Governments*.

The Town did not have an adequate system of internal controls in place to provide sufficient documentation to demonstrate compliance with federal and state time and effort reporting requirements in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 225 *Cost Principals for State, Local, and Indian Tribal Governments*.

Effect: The Town has not complied with the federal and state time and effort reporting requirements.

Cause: Lack of documented policies, procedures, and guidelines in place to ensure compliance with time and effort reporting requirements.

Recommendation: Management should establish written guidelines and procedures outlining the time and effort reporting and documentation requirements that department heads must adhere with to ensure compliance with federal and state time and effort reporting requirements. Such guidelines and procedures should indicate under what circumstances semi-annual certifications and personnel activity reports (PARS) are required and should indicate due dates for when this information must be provided to the school business office. Management should also adopt and implement standardized forms for semi-annual certifications and PARS that include all data required by federal and state guidelines. Once the written guidelines and procedures have been established, training should be provided to ensure that the program managers fully understand the time and effort reporting requirements.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will establish written guidelines and procedures outlining the time and effort reporting and documentation requirements that department heads must adhere with to ensure compliance with federal and state time and effort reporting requirements. Such guidelines and procedures will indicate under what circumstances semi-annual certifications and personnel activity reports (PARS) are required and will indicate due dates for when this information must be provided to the school business office. Management will also adopt and implement standardized forms for semi-annual certifications and PARS that include all data required by federal and state guidelines. Once the written guidelines and procedures have been established, training will be provided to ensure that the program managers fully understand the time and effort reporting requirements. Management intends to implement these procedures in fiscal 2023.

U.S. DEPARTMENT OF EDUCATION

Passed through the Massachusetts Department of Elementary and Secondary Education

Education Stabilization Fund – Federal Assistance Listing Numbers 84.425C, 84.425D, and 84.425W

2022-002: Controls for the Purchasing of Capital Equipment

Compliance Requirement: Equipment/Real Property Management

Type of Finding: Compliance and Internal Control over Compliance – Other Matter

Criteria or Specific Requirement: Grantees must obtain prior approval from the pass-through entity for capital expenditures related to general and special purpose equipment purchases.

Condition: The Town did not have an adequate process to ensure that personnel responsible for grant compliance were aware of the need to obtain prior approval from the pass-through entity for capital expenditures related to the acquisition of general or special purpose equipment. As a result of our audit procedures, we noted the acquisition of two HVAC chillers that were charged to the grant where prior approval was not obtained from the pass-through entity.

Questioned Costs: The Town expended a total of \$2.1 million in Education Stabilization Funds in 2022, of which \$457,000 was charged to supplies, materials and contracted services accounts. Of the total charged to supplies, materials and contracted services, \$334,000 was selected for testing and \$144,000 was spent on the purchase of two HVAC chillers without prior approval from the pass-through entity.

Context: The Town used grant funds to purchase capital equipment without prior approval from the pass-through entity as required by federal and state guidelines.

Effect: The Town is not in compliance with grant requirements for the acquisition of capital equipment.

Cause: Lack of appropriate controls over charging expenditures to the grant, maintaining documentation for costs charged, and lack of knowledge over grant compliance requirements. The internal control process should include the education of personnel on grant compliance requirements and procedures to ensure that grant activity is spent in accordance with federal and state requirements.

Recommendation: Management should implement internal controls to ensure that administrators are aware of all grant compliance requirements including the need to obtain prior written approval from the pass-through entity for capital expenditures paid from the Education Stabilization Fund grants.

Views of Responsible Officials and Planned Corrective Actions: Management will implement internal controls to ensure that administrators are aware of all grant compliance requirements including the need to obtain prior written approval from the pass-through entity for capital expenditures paid from the Education Stabilization Fund grants. Management plans to implement these procedures in fiscal 2023.

D. Summary Schedule of Prior Audit Findings

None.