

TOWN OF STOUGHTON, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORT AS
REQUIRED BY OMB CIRCULAR A-133
AND *GOVERNMENT AUDITING STANDARDS*
AND RELATED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

TOWN OF STOUGHTON, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY OMB CIRCULAR A-133
AND ***GOVERNMENT AUDITING STANDARDS*** AND RELATED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Board of Selectmen
Town of Stoughton, Massachusetts

Compliance

We have audited the Town of Stoughton, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Stoughton, Massachusetts' major federal programs for the year ended June 30, 2012. The Town of Stoughton, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Stoughton, Massachusetts' management. Our responsibility is to express an opinion on the Town of Stoughton, Massachusetts' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Stoughton, 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. Our audit does not provide a legal determination of the Town of Stoughton, Massachusetts' compliance with those requirements.

In our opinion, the Town of Stoughton, Massachusetts complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items **2012-1** and **2012-2**.

Internal Control Over Compliance

Management of the Town of Stoughton, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Stoughton, Massachusetts'

internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Stoughton, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

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 Stoughton, Massachusetts as of and for the year ended June 30, 2012, and have issued our report thereon dated May 14, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Stoughton, Massachusetts' financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Town of Stoughton Massachusetts' response to the findings indentified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Stoughton, Massachusetts' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. E. Brown & Company

May 14, 2013

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION - DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)			
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 12	84.010	305-048-2-0285-M	\$ 319,136
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 12	84.010	305-343-2-0285-M	22,004
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 11	84.010	305-197-1-0285-L	48,127
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES: SCHOOL IMPROVEMENT FY 12	84.010	323-030-2-0285-M	871
CIRCUIT BREAKER SUPPLEMENTAL PAYMENT	84.027A		3,254
CIRCUIT BREAKER SECOND SUPPLEMENTAL PAYMENT	84.027A		16,887
SPECIAL EDUCATION GRANTS TO STATES - FY 12	84.027	240-225-2-0285-M	868,354
SPECIAL EDUCATION GRANTS TO STATES - FY 11	84.027	240-128-1-0285-L	97,327
SPECIAL EDUCATION GRANTS TO STATES - FY CARRY OVER	84.027	240-439-2-0285-M	4,211
SPECIAL EDUCATION PROGRAM IMPROVEMENT - FY 12	84.027	274-268-2-0285-M	15,516
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES - FY 12	84.048	400-060-1-0285-M	20,084
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES - FY 11	84.048	400-070-1-0285-L	6,711
ENGLISH LANGUAGE ACQUISITIONS GRANT - FY 12	84.365	180-058-2-0285-M	1,486
ENGLISH LANGUAGE ACQUISITIONS GRANT - FY 11 CARRY OVER	84.365	180-022-2-0285-M	27,692
ENGLISH LANGUAGE ACQUISITIONS GRANT - FY 11	84.365	180-036-1-0285-L	15,880
TEACHER QUALITY GRANT - FY 12	84.367	140-089-2-0285-M	84,646
TEACHER QUALITY GRANT - FY 11	84.367	140-066-1-0285-L	52,175
ARRA - TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT - FY 11	84.389	770-095-1-0285-L	8,941
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT - FY 11	84.391	760-206-1-0285-L	4,178
EDUCATION JOBS GRANT	84.410	206-039-2-0285-M	783,258
RACE TO THE TOP - FY 12	84.413	201-143-20285-M	3,042
TOTAL PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION (DESE)			2,403,780
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION - DEPARTMENT OF EARLY EDUCATION & CARE (EEC)			
SPECIAL EDUCATION PRESCHOOL GRANTS - FY 12	84.173	2612STOUGHTONPUBLIC	43,344
SPECIAL EDUCATION PRESCHOOL GRANTS - FY 11 CARRY OVER	84.173	2612TYD11STOUGHTONP	1,192
SPECIAL EDUCATION PRESCHOOL GRANTS - FY 11	84.173	26211STOUGHTONPSS	9,132
SPECIAL EDUCATION - PRESCHOOL GRANTS, RECOVERY ACT - FY 11	84.392	76211STOUGHTONPSS	1,180
TOTAL PASS-THROUGH PROGRAMS FROM : MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION (EEC)			54,848
TOTAL U.S DEPARTMENT OF EDUCATION:			2,458,628
U.S. DEPARTMENT OF AGRICULTURE:			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE): BUREAU OF NUTRITION			
SCHOOL BREAKFAST PROGRAM	10.553	N/A	50,884
NATIONAL SCHOOL LUNCH PROGRAM	10.555	N/A	556,882
TOTAL U.S. DEPARTMENT OF AGRICULTURE			607,766
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
DIRECT PROGRAMS FROM: SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION			
DRUG FREE COMMUNITIES SUPPORT PROGRAM GRANT - FY 12	93.276	N/A	56,836
DRUG FREE COMMUNITIES SUPPORT PROGRAM GRANT - FY 11	93.276	N/A	358
DRUG ABUSE AND AND ADDICTION RESEARCH - SUBSTANCE ABUSE PREVENTION	93.279	1H79SP13126-01	2,116
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			59,310

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF JUSTICE			
DIRECT PROGRAM FROM: CRIMINAL DIVISION			
JOINT LAW ENFORMENT OPERATIONS	16.111	N/A	<u>4,035</u>
DIRECT PROGRAM FROM: BUREAU OF JUSTICE ASSISTANCE			
ARRA JUSTICE ASSISTANCE - FY 12	16.738	N/A	2,082
EDWARD J BYRNE MEMORIAL - FY 12	16.738	N/A	11,957
EDWARD J BYRNE MEMORIAL - FY 11	16.738	N/A	<u>5,682</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u><u>23,757</u></u>
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS BOARD OF LIBRARY COMMISSIONERS			
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - CONVERSATION CIRCLES	45.310	N/A	761
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - SERVING TEENS & TWEENS PROGRAM	45.310	N/A	201
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - "ON SAME PAGE"	45.310	N/A	<u>23,380</u>
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>24,342</u>
U.S. DEPARTMENT OF LABOR			
PASS-THROUGH PROGRAM FROM: BROCKTON AREA WORKFORCE INVESTMENT BOARD			
WIA YOUTH ACTIVITIES - WIA TITLE I	17.259	N/A	<u>32,294</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>32,294</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EMERGENCY MANAGEMENT AGENCY			
DISASTER GRANTS - PUBLIC ASSISTANCE: HURRICANE SEPTEMBER 2010	97.036	N/A	59,274
DISASTER GRANTS - PUBLIC ASSISTANCE: LAKE DRIVE CULVERT	97.036	N/A	30,633
DISASTER GRANTS - PUBLIC ASSISTANCE: EMERGENCY MANAGEMENT PERFORMANCE GRANT	97.036	N/A	<u>6,537</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>96,444</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:			
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST			
ARRA - CAPITALIZATION GRANT FOR STATE DRINKING WATER REVOLVING FUNDS	66.468		<u>22,832</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>22,832</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,325,372</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF STOUGHTON, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and financial reporting practices permitted for municipalities in Massachusetts are prescribed by the Uniform Municipal Accounting System (UMAS) promulgated by the Commonwealth of Massachusetts Department of Revenue. The significant accounting policies followed by the Town are as follows:

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant transactions of the Town. The receipts and proceeds from Federal grants are recorded on the modified accrual basis whereby revenue is recognized when it becomes available and measurable. Disbursements of Federal grant funds are recorded on the accrual basis.

II. SCOPE OF AUDIT

The Town of Stoughton, Massachusetts (the Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts. All operations related to the Town's Federal grant programs, (the Department of Agriculture, Department of Education, Department of Health and Human Services, Department of Justice, Institute of Museum and Library Services, Department of Labor, Environmental Protection Agency and Department of Homeland Security), are included in the scope of the OMB Circular A-133 Audit Requirements for audits of state and local governments (the Single Audit). The U.S. Department of Health and Human Services has been designated as the Town's oversight agency for the Single Audit.

III. PERIOD AUDITED

Single audit testing procedures were performed for Town Federal grant transactions during the year ended June 30, 2012.

IV. SCHOOL LUNCH PROGRAM

The Town accounts for local, state and federal expenditures of the National School Lunch & School Breakfast program in one combined fund. Program expenditures in the accompanying Schedule of Expenditures of Federal Awards represent federal reimbursements for meals provided during fiscal 2012. Non-cash contributions of commodities under the Food Distribution program are received under a State distribution formula and are valued at federally published wholesale prices for purposes of this schedule.

V. SUBRECIPIENTS

The Town of Stoughton, Massachusetts passed no federal awards through to sub-recipients during the period under audit.

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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

To the Honorable Board of Selectmen
Town of Stoughton, Massachusetts

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 Stoughton, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprise the Town of Stoughton, Massachusetts' basic financial statements and have issued our report thereon dated May 14, 2013. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the Town of Stoughton, Massachusetts is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Stoughton, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stoughton, Massachusetts' internal control over financial reporting and compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Stoughton, Massachusetts' internal control over financial reporting.

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 Town of Stoughton, Massachusetts' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. As described in the accompanying schedule of findings and questioned costs, we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stoughton, 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 two instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs at items *2012-1 and 2012-2*.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. E. Brown & Company

May 14, 2013

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Town of Stoughton, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the report on the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Town of Stoughton, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditor’s report on compliance for the major federal award programs for the Town of Stoughton, Massachusetts expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this Schedule.
7. The programs tested as major programs included:

Name	CFDA No.
Special Education Cluster	84.027, 84.027A, 84.173, 84.391 & 84.392
Educational Jobs	84.410
Title I Cluster	84.010 & 84.389

8. The threshold used for distinguishing between **Type A** and **B** programs was \$300,000.
9. The Town of Stoughton, Massachusetts **did not** qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT CURRENT YEAR

Department of Education

Finding 2012-1 – Special Education (IDEA) Cluster – CFDA No.’s 84.027, 84.027A, 84.173, 84.391, & 84.392; Grant period: Year Ended June 30, 2012

Condition:

During our test of controls over compliance with time and effort certifications the school department was not able to provide evidence that required semi-annual certifications of time and effort for those employees whose salaries or wages were wholly funded by these program funds had been completed by the affected employees and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees as required by OMB Circular A-87.

Criteria:

OMB Circular A-87 requires the following:

- Where employees work solely or partially on a single Federal award or cost objective, their salaries or wages must be supported by periodic certification that the employee worked solely on that program for the period covered by the program. The certifications should be prepared at least semi-annually, and should be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Effect: Stoughton Public Schools was not in compliance with the time and effort certification requirements as specified in OMB Circular A-87.

Questioned Costs: None

Cause: There are special education office procedures that are in the process of being re-evaluated due to personnel issues. Although a process was in place during the time period of the audit and the information was collected, it could not be located at the time of the audit.

Recommendation: We recommend the School Department follow procedures to ensure that semi-annual certifications are prepared and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees in order to comply with the time and effort certification requirement.

Management’s Response: Moving forward, as the office procedures are being amended for efficiency and efficacy, the department is establishing a process to include document management that will prevent the above finding from happening in the future.

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

C. CURRENT YEAR FINDINGS & QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Education

Finding 2012-2 – Title 1 – CFDA No.'s 84.010; Grant period: Year Ended June 30, 2012

Condition:

During our test of controls over compliance it was noted that the Title I (84.010) final expense reports were not filed within 60 days of the grant period ending as required by Massachusetts Department of Education and Secondary Education.

Criteria:

Massachusetts Department of Education and Secondary Education Requires:

- Final expenditure reports are required to be filed within 60 days of the grant period ending.

Effect: Stoughton Public Schools was not in compliance with the Final Expenditure Reporting requirement set forth by the Massachusetts Department of Education and Secondary Education Requirements.

Questioned Costs: None

Cause: The final report for the FY12 Title I report was originally submitted on 10/17/2012. However, the expenditures for 'contractual services' exceeded the budgeted amount by more than allowed, requiring a budget amendment. Once the budget was amended, it was not reflected on DESE's grant management payment center. On 03/22/2013, Susan Yee was contacted at the help desk and discovered that the amendment had not been uploaded into the system. Once that was accomplished, the final expense report was submitted on 03/26/2013.

Recommendation: We recommend the School Department follow procedures to ensure that the Final Expenditure Report is filed within the 60 days of the grant period ending as required by the Massachusetts Department of Education and Secondary Education.

Management's Response: The School Department does have procedures in place to ensure that the Final Expenditure Reports are filed timely. The above circumstance thwarted those procedures, but will not be an ongoing problem.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Homeland Security

Finding 2011-1 – Assistance to Firefighters – CFDA No. 97.044; Grant period: Year Ended June 30, 2011

Condition: The grantee requested and received an advance of the entire award amount (\$675,000) on September 10, 2010. The purpose for which the funds were awarded, were not disbursed until March 24, 2011.

Criteria: Under the compliance requirements for cash management and U.S. Treasury 31 CFR, Part 205, subpart B, “the entity (grantee) must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a recipient to the minimum amounts needed by the recipient and must time the disbursement to be in accord with the actual, immediate cash requirements of the recipient in carrying out a Federal assistance program or project. The timing and amount of fund transfers must be as close as is administratively feasible to a recipient’s actual cash outlay for direct program costs and proportionate share of any allowable indirect costs.”

Effect: Failure to comply with the requirements in subpart B may result in the Federal government imposing additional requirements contained in subpart A of 31 CFR, Part 205. In addition, draw downs in excess of the amounts required to meet immediate cash needs may have earned interest in excess of \$100, which would have to be returned to the Federal government.

Cause: The grantee’s administrative staff may not have been familiar with the requirements of the U.S. Treasury regulations regarding draw downs and cash management.

Recommendation: The grantee’s administrative staff should establish procedures to ensure compliance with the cash management requirements as described in 31 CFR part 205. These procedures should include a thorough review of cash needs based on expenditures incurred as of the date of an anticipated draw down and how quickly those related liabilities are anticipated to be liquidated through the normal warrant (bill) payment process.

Management’s Response: The Town of Stoughton received the award amount of \$675,000 on September 10, 2010 for the immediate purchase of a demo Ladder Truck from a vendor who met our required specification. Due to circumstances beyond our control the documentation that required specific signatures from town officials did not get processed in a timely fashion. The results were that the Town missed out on the demo model and we had to delay our purchase until the next available Ladder Truck that could meet our specifications was ready for delivery. To the best of my knowledge the funds were kept in a noninterest bearing account.

Current Status: The recommendations have been adopted during fiscal year 2012. No similar findings were noted during the fiscal year 2012 audit.