

TOWN OF BELLINGHAM, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORT AS
REQUIRED BY UNIFORM GUIDANCE
AND ***GOVERNMENT AUDITING STANDARDS***
AND RELATED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF BELLINGHAM, MASSACHUSETTS
INDEPENDENT AUDITORS' REPORT AS REQUIRED BY UNIFORM GUIDANCE
AND *GOVERNMENT AUDITING STANDARDS* AND RELATED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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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 Bellingham, 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 Bellingham, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Bellingham, Massachusetts's basic financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Bellingham, Massachusetts's 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 Bellingham, Massachusetts's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Bellingham, Massachusetts's 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.

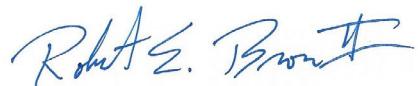
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bellingham, Massachusetts's 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 blue ink that reads "Robert E. Brown, CPA". The signature is fluid and cursive, with "Robert E." on the top line and "Brown, CPA" on the bottom line.

Certified Public Accountant

June 11, 2024

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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 Bellingham, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Bellingham, Massachusetts's 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 Bellingham, Massachusetts's major federal programs for the year ended June 30, 2023. The Town of Bellingham, Massachusetts's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Bellingham, 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, 2023.

Basis for Opinion on Each Major Federal Program

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 Bellingham, 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 Bellingham, Massachusetts's compliance with the compliance requirements referred to above.

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 Bellingham, Massachusetts's federal programs.

Auditor's Responsibilities 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 Bellingham, Massachusetts's 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 Bellingham, Massachusetts's 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 Bellingham, Massachusetts's 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 Bellingham, Massachusetts's 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 Bellingham, Massachusetts's 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 Matters

The results of our auditing procedures disclosed instances 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 2023-001, 2023-002, 2023-003, & 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

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

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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiency and material weakness.

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 2023-003 to be a material weakness. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-004 to be a significant deficiencies.

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.

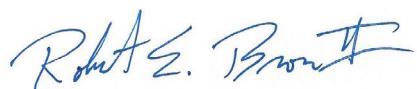
Government Auditing Standards requires the auditor to perform limited procedures on the Town of Bellingham, Massachusetts's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of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

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 Bellingham, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Bellingham, Massachusetts's basic financial statements. We issued our report thereon dated June 11, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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 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 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.

Respectfully,

A handwritten signature in blue ink that reads "Robert S. Brown, CPA". The signature is fluid and cursive, with "Robert S." on the top line and "Brown, CPA" on the bottom line.

Certified Public Accountant

December 20, 2024

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL AL NUMBER	GRANTOR/PASS-THROUGH ENTITY IDENTIFYING NUMBER	AMOUNT PASSED THROUGH TO SUB-RECIPIENTS	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
CHILD NUTRITION CLUSTER: PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE) - BUREAU OF NUTRITION				
NATIONAL SCHOOL BREAKFAST PROGRAM	10.553	\$ -	\$ 140,563	
NATIONAL SCHOOL LUNCH PROGRAM	10.555	\$ -	434,254	
COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.555	\$ -	28,856	
TOTAL NATIONAL SCHOOL LUNCH PROGRAM			\$ 463,110	
TOTAL CHILD NUTRITION CLUSTER:			\$ 603,673	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 603,673	
U.S. DEPARTMENT OF EDUCATION				
SPECIAL EDUCATION CLUSTER: PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE)				
SPECIAL EDUCATION GRANTS TO STATES: PL 94-142 - FY 2023	84.027	240-689607-2023-0025	\$ -	\$ 540,009
SPECIAL EDUCATION GRANTS TO STATES: PL 94-142 - FY 2022	84.027	240-539236-2022-0025	\$ -	10,231
SPECIAL EDUCATION GRANTS TO STATES: SPECIAL EDUCATION CORRECTIVE ACTION PLAN	84.027	252-539234-2022-0025	\$ -	69,589
SPECIAL EDUCATION PRESCHOOL GRANTS: EARLY CHILDHOOD ALLOCATION - FY 2023	84.173	262-689613-2023-0025	\$ -	28,444
SPECIAL EDUCATION PRESCHOOL GRANTS: EARLY CHILDHOOD ALLOCATION - FY 2022	84.173	262-539237-2022-0025	\$ -	326
TOTAL PASS-THROUGH PROGRAMS FROM : DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)			\$ 648,599	
TOTAL SPECIAL EDUCATION CLUSTER:			\$ 648,599	
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE)				
TITLE I - FY 2023	84.010	305-684885-2023-0025	\$ -	\$ 248,271
TITLE I - FY 2022	84.010	305-530558-2022-0025	\$ -	9,797
TOTAL TITLE I:			\$ 258,068	
TOTAL TITLE I GRANTS TO LOCAL EDUCATION AGENCIES			\$ 258,068	
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM - FY 2023	84.424	309-684886-2023-0025	\$ -	\$ 15,401
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM - FY 2022	84.424	309-530560-2022-0025	\$ -	\$ 7,554
TOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM			\$ 22,955	
COVID 19 - EDUCATION STABILIZATION FUND - ESSER II	84.425D	115-510329-2022-0025	\$ -	\$ 117,921
COVID 19 - EDUCATION STABILIZATION FUND - ESSER III	84.425U	119-583092-2022-0025	\$ -	\$ 605,162
COVID 19 - EDUCATION STABILIZATION FUND - HIGH QUALITY INSTRUCTIONAL MATERIALS	84.425U	185-775516-2023-0025	\$ -	\$ 9,391
COVID 19 - EDUCATION STABILIZATION FUND - MENTAL HEALTH	84.425U	332-677902-2023-0025	\$ -	\$ 64,600
COVID 19 - EDUCATION STABILIZATION FUND - MATH ACCELERATION ACADEMICS	84.425U	125-774487-2023-0025	\$ -	\$ 38,452
COVID 19 - EDUCATION STABILIZATION FUND - ARPA HOMELESS CHILDREN & YOUTH (II)	84.425U	302-610798-2022-0025	\$ -	\$ 3,698
TOTAL EDUCATION STABILIZATION FUND:			\$ 839,224	
SUPPORT EFFECTIVE INSTRUCTION STATE GRANT - FY 2023	84.367	140-684883-2023-0025	\$ -	\$ 23,228
SUPPORT EFFECTIVE INSTRUCTION STATE GRANT - FY 2022	84.367	140-530559-2022-0025	\$ -	\$ 8,363
TOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM			\$ 31,591	
ENGLISH LANGUAGE ACQUISITION GRANT	84.365	180-684884-2023-0025	\$ -	\$ 9,391
TOTAL PASS-THROUGH PROGRAMS FROM : DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)			\$ 1,161,229	
TOTAL U.S DEPARTMENT OF EDUCATION			\$ 1,809,828	
U.S DEPARTMENT TREASURY				
DIRECT PROGRAM				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND - COVID 19	21.027		\$ -	\$ 276,243
PASS-THROUGH PROGRAM FROM: NORFOLK COUNTY				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND - COVID 19	21.027		\$ -	\$ 611,882
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTE OFFICE OF HEALTH AND HUMAN SERVICE				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND - COVID 19	21.027		\$ -	\$ 16,555
TOTAL CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND - COVID 19			\$ 904,680	
TOTAL U.S DEPARTMENT OF TREASURY			\$ 904,680	

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL AL NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	AMOUNT PASSED THROUGH TO SUB-RECIPIENTS	FEDERAL EXPENDITURES
US DEPARTMENT OF HOMELAND SECURITY				
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EMEGENCY MANAGEMENT AGENCY				
DISASTER GRANT PUBLIC ASSISTANCE - SNOW STORM REIMBURSMENT	97.036		-	3,160
TOTAL US DEPARTMENT OF HOMELAND SECURITY			-	3,160
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT				
COMMUNITY DEVELOPMENT BLOCK GRANT - HOUSING GRANT	14.228	CDBG CDF II	-	13,925
COMMUNITY DEVELOPMENT BLOCK GRANT - HOUSING GRANT	14.228	CDBG CDF II	-	189,944
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	203,869
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$</u></u>	<u><u>\$</u></u> 3,525,210

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

I. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of Bellingham, Massachusetts under programs of the federal government for the year ended June 30, 2023. 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 Bellingham, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Bellingham, Massachusetts.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

III. IN DIRECT COST RATE

The Town of Bellingham, Massachusetts has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

IV. SCHOOL LUNCH PROGRAM

The School accounts for local, state and federal expenditures of the National School Lunch and School Breakfast programs in one combined fund. Program expenditures in the accompanying Schedule of Expenditures of Federal Awards represent federal reimbursements for meals provided during fiscal 2023. Contributions of noncash assistance 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 Bellingham, Massachusetts passed no federal awards through to sub-recipients during the period under audit.

VI. DISASTER GRANTS

Disaster Grants have been recorded in the year the grant was approved, except for grant expenditures related to the Coronavirus Pandemic.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified Opinion

Internal Control over Financial Reporting:

- Material Weakness(es) Identified? Yes No
- Significant Deficiency(ies) Identified? Yes No

Noncompliance Material to the Financial Statements Noted? Yes No

Federal Awards

Internal Control over Major Program:

- Material Weakness(es) Identified? Yes No
- Significant Deficiency(ies) Identified? Yes No

Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified Opinion

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Uniform Guidance? Yes No

Identification of the Major Programs:

AL No.	Name of Federal Programs or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425D & 84.425U	Education Stabilization Fund
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	<u>\$ 750,000</u>
Auditee Qualified as Low-Risk Auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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

Finding 2023-001 – Education Stabilization Fund – AL No.’s 84.425D & 84.425U

Department of Education
Massachusetts Department of Elementary and Secondary Education

Noncompliance and Significant Deficiency Related to Internal Control over Compliance of the Major Program

Criteria: 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. Management of the Town is also responsible for establishing and maintaining effective internal control over compliance with federal requirements that have a direct and material effect on a federal program. 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.

Condition and Context: Control deficiencies related to disbursements were noted as a result of the testing of internal controls over payroll. Specifically, a sample of payroll disbursements charged to the major program were tested in order to determine if adequate internal controls were in place. As a result of the testing of payroll disbursements charged to the programs, the employees tested were found to not have adequately approved and or documented employee payroll rate agreements.

Cause: Appointment letters for some staff tested could not be located. I believe this is due not to non-compliance but turnover within the office and not being able to locate paper files.

Effect or Potential Effect: Due to the significant deficiencies and noncompliance in internal controls noted above, there is a risk of inappropriate rate of pay and/or wages being paid.

Identification as a Repeat Finding: 2022-001

Questioned Costs: Questioned costs could not be determined.

Recommendation: The Town of Bellingham should improve the internal controls over Activities Allowed/Allowable Costs by ensuring employee’s payroll rate agreements are approved by an appropriate level of management and in a timely manner.

Managements Response: The Director of Finance will ensure that all employees paid have an approved and documented pay rate or salary from either an appointment letter, School Committee salary worksheet, and/or Collective Bargaining Agreement.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAM AUDIT – CONTINUED**

Finding 2023-002 – COVID 19 – Coronavirus State and Local Fiscal Recovery Fund - AL No. 21.027

U.S. Department of Treasury

Other Matters Related to Internal Control over Compliance of the Major Program

Condition: Upon review of the Town of Bellingham's report filed with the U.S. Department of Treasury it was noted that the reports did not agree with the Town's accounting ledgers.

Criteria: Per the U.S. Department of Treasury the Town was required to submit an accurate annual Recovery Plan Performance Report.

Context: The annual report submitted to the U.S. Department of Treasury reported expenditures that did not agree with the general ledger.

Effect: The Town of Bellingham was not in compliance with the U.S. Department of Treasury reporting requirements.

Questioned Costs: N/A

Cause: During this time period, the Grant Administrator compiled manually created records to support reporting requirements. Those manual records were not properly reconciled with the General Ledger reports prior to submission to the required agencies.

Identification as a Repeat Finding: Yes, 2022-002

Recommendation: The Town of Bellingham should complete and submit all required annual reporting by the due date designated by the Federal Agency and ensure that it agrees with grant activity for time period reported.

Managements Response: The Town has trained the Grants Administrator on procedures to reconcile General Ledger reports with manually created project-based records. The Town is also implementing a procedure whereby the CFO signs each required report before submitting.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAM AUDIT – CONTINUED**

Finding 2023-003 – COVID 19 – Coronavirus State and Local Fiscal Recovery Fund - AL No. 21.027

U.S. Department of Treasury

Noncompliance and Material Weakness Related to Internal Control over Compliance of the Major Program

Criteria: Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. As governmental subrecipients of states they are also required to use the same state procurement policies and procedures for federal funds as for non-federal funds, the Town is required to follow Massachusetts General Laws, Chapter (MGL) 30(b). MGL 30(b) requires the solicitation of three written or oral quotes for procurements of supplies between \$10,000 and \$49,999 and sealed bids or proposals for procurements of supplies \$50,000 and over. Management of the Town is also responsible for establishing and maintaining effective internal control over compliance with federal requirements that have a direct and material effect on a federal program. However, 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.

Condition and Context: During fiscal year 2023, the Town did not comply with the required procurement policies and procedures in place as it related to one of the expenses charged to the major program. As the expense tested was for engineering services that would have been exempt under Massachusetts General Laws, Chapter (MGL) 30(b) (State Procurement Requirement), under federal statutes and procurement requirements for engineering services identified in 2 CFR Part 200, the Town would have been required to go out to bid for the services.

Questioned Costs: \$413,477.78.

Cause: The noncompliance occurred because the organization mistakenly relied on Massachusetts Chapter 30B exemptions, which govern state and local procurements, and did not recognize the need to comply with the more stringent federal procurement requirements for federal fund usage. Staff members were not sufficiently aware of the specific requirements under 2 CFR Part 200 and the precedence of federal procurement regulations over state law in this context.

Effect or Potential Effect: There is risk that amounts charged to the federal awards major program may not be in accordance with procurement, suspension, and debarment principles.

Identification as a Repeat Finding: N/A

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAM AUDIT – CONTINUED**

Recommendation: The Town of Bellingham should address the noncompliance and material weakness in internal controls noted above in order to ensure that procurements are conducted in accordance with federal and state requirements.

Management Response: We acknowledge the audit finding regarding our reliance on Massachusetts Chapter 30B exemptions for procurement involving federal funds. We understand that federal procurement regulations under 2 CFR Part 200 take precedence over state law and that we failed fully to comply with federal requirements for competitive bidding, sole-source justification, and documentation. We are committed to addressing this issue by reviewing our procurement policies to clearly differentiate between state and federal requirements, ensuring that federal standards govern all procurement involving federal funds. We will provide additional training to staff, implement stronger documentation procedures, and review past procurement to ensure full compliance moving forward.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAM AUDIT – CONTINUED**

Finding 2023-004 – Education Stabilization Fund – AL No.’s 84.425D & 84.425U

Department of Education

Massachusetts Department of Elementary and Secondary Education

Noncompliance and Significant Deficiency Related to Internal Control over Compliance of the Major Program

Criteria: Where employees work solely or partially on a single Federal program or cost objective, their salaries or wages must be supported by periodic certification that the employee worked on these programs for the period covered by the programs. 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.

Condition: During our test of controls over compliance with time and effort certifications the Town was not able to provide evidence that the required certifications of time and effort for employees whose time was spent either completely or partially spent on these programs was performed as required by Uniform Guidance.

Questioned Costs: Unknown

Context: During our test of payroll transactions of the major program (Education Stabilization Fund) it was noted that the time and effort certification for employees tested were not completed.

Effect: The Town was not in compliance with the time and effort certification requirements.

Cause: Time and Effort Certifications were issued semi-annually. However, in some circumstances staff had terminated employment and letters were not issued outside of the school setting.

Identification as a Repeat Finding: 2022-004

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

Management Response: We have amended our process for issuing Time and Effort Certifications. We are now emailing them and if they are returned, we will re-issue to their home address with a self-addressed stamped envelope. In some circumstances such as committee work, we will have the staff sign an acknowledgement at the time of the meeting(s).

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT -

Finding 2022-001 – Education Stabilization Fund – AL No.’s 84.425D & 84.425U

Department of Education
Massachusetts Department of Elementary and Secondary Education

Noncompliance and Significant Deficiency Related to Internal Control over Compliance of the Major Programs

Criteria: 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. Management of the Town is also responsible for establishing and maintaining effective internal control over compliance with federal requirements that have a direct and material effect on a federal program. 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.

Condition and Context: Control deficiencies related to disbursements were noted as a result of the testing of internal controls over payroll. Specifically, a sample of payroll disbursements charged to the Accelerated Literacy Learning Grant were tested in order to determine if adequate internal controls were in place. As a result of the testing of payroll disbursements charged to the programs, employees tested were found to not have adequately approved and or documented employee payroll rate agreements.

Cause: The School Department failed to produce copies of documented appointment letters to support pay rates from the appropriate level of management.

Effect or Potential Effect: Due to the weaknesses in internal controls noted above, there is a risk of inappropriate rate of pay and/or wages being paid.

Identification as a Repeat Finding: N/A

Questioned Costs: Questioned costs could not be determined.

Recommendation: The Town should improve internal controls over Activities Allowed/Allowable Costs by ensuring employee’s payroll rate agreements are approved by an appropriate level of management and in a timely manner.

Managements Response: School management will ensure that documented appointment letters from management will support payments.

Status of Prior Year Finding: Current Year Finding 2023-001

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT - CONTINUED

Finding 2022-002 – COVID 19 – Coronavirus State and Local Fiscal Recovery Fund - AL No. 21.027

U.S. Department of Treasury

Norfolk County

Noncompliance and Material Weakness in Internal Control over Compliance of the Major Programs

Condition: Upon review of the Town of Bellingham's report filed with the U.S. Department of Treasury and Norfolk County it was noted that the reports did not agree with the Town's accounting ledgers.

Criteria: Per the U.S. Department of Treasury the Town was required to submit an accurate annual Recovery Plan Performance Report. Additionally, the Town was required to submit quarterly performance reports to Norfolk County.

Context: The annual report submitted to the U.S. Department of Treasury indicated that the Town had no expenditures which was incorrect. The quarterly report submitted to Norfolk County for the time period of April 1, 2022 through June 30, 2022 did not agree to the accounting ledgers.

Effect: The Town of Bellingham was not in compliance with the U.S. Department of Treasury and Norfolk County reporting requirements.

Questioned Costs: N/A

Cause: During this time period, the Grant Administrator compiled manually created records to support the reporting requirement. Those manual records were not properly reconciled with the General Ledger reports prior to submission to the required agencies.

Identification as a Repeat Finding: Yes, 2021-002

Recommendation: The Town of Bellingham should complete and submit all required quarterly reporting by the due date designated by either the Federal Agency or pass through entity and ensure that it agrees with grant activity for time period reported.

Managements Response: The Town has trained the Grants Administrator on procedures to reconcile General Ledger reports with manually created project-based records. The Town is also implementing a procedure whereby the CFO signs each required report before submitting.

Status of Prior Year Finding: Current Year Finding 2023-002

**TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT - CONTINUED

Finding 2022-003 – Education Stabilization Fund – AL No.’s 84.425D & 84.425U

Department of Education

Massachusetts Department of Elementary and Secondary Education

Noncompliance and Significant Deficiency Related to Internal Control over Compliance of the Major Programs

Condition: During our test of controls over compliance it was noted that payroll for an English Language Learning Teacher was charged to the Education Stabilization ESSER II major program grant, however was not included as part of the original or amended grant applications.

Criteria: Costs charged to the Education Stabilization ESSER II major program should meet the requirements as set forth by Uniform Guidance 2 CFR Part 200, subpart E (Cost Principles).

Context: During our review of payroll transactions posted to the Education Stabilization ESSER II major program it was noted that an English Language Learning Teacher was charged to the Education Stabilization ESSER II major program grant and was not included as part of the original or amended grant applications.

Effect: Town of Bellingham was not in compliance with the allowable costs/ cost principals requirement as set forth by the Uniform Guidance 2 CFR Part 200, subpart E (Cost Principles).

Questioned Costs: Could not be determined.

Cause: Amendments to the grant were not posted at the time of the change.

Identification as a Repeat Finding: N/A

Recommendation: We recommend the Town of Bellingham follow procedures to ensure that expenditures charged to the grants are allowable costs as set forth by Uniform Guidance 2 CFR Part 200, subpart E (Cost Principles)

Managements Response: Management will ensure that all amendments are processed at the time of occurrence.

Status of Prior Year Finding: Resolved in FY 24.

TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

D. PRIOR YEAR FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT - CONTINUED

Finding 2022-004 – Education Stabilization Fund – AL No.’s 84.425D & 84.425U

Department of Education

Massachusetts Department of Elementary and Secondary Education

Other Matters Related to Internal Control over Compliance of the Major Programs

Criteria: Where employees work solely or partially on a single Federal program or cost objective, their salaries or wages must be supported by periodic certification that the employee worked on these programs for the period covered by the programs. 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.

Condition: During our test of controls over compliance with time and effort certifications the Town was not able to provide evidence that the required certifications of time and effort for one of the employees whose time was spent either completely or partially spent on these programs was performed as required by Uniform Guidance.

Questioned Costs: Unknown

Context: During our test of payroll transactions of the Education Stabilization ESSER II grant it was noted that the time and effort certification for one of the employees tested was not completed.

Effect: The Town was not in compliance with the time and effort certification requirements.

Cause: Time and Effort Certifications were issued semi-annually to all staff paid by federal grants. In some instances, staff were on leave or resigned and were not available for signature.

Identification as a Repeat Finding: N/A

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

Management Response: Management is developing improved processes to ensure that all work is acknowledged at the time of completion by the employee. Documentation will be maintained by the school Business Manager.

Status of Prior Year Finding: Current Year Finding 2023-004