

**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, 2016

# 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, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Bellingham, Massachusetts

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

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

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Bellingham, Massachusetts major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bellingham, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Town of Bellingham, Massachusetts compliance.

## **Opinion on the Major Federal Programs**

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 its major federal programs for the year ended June 30, 2016.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on the major federal programs is not modified with respect to this matter.

The Town of Bellingham, Massachusetts response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Bellingham, Massachusetts response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the Town of Bellingham, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bellingham, Massachusetts internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bellingham, Massachusetts internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The Town of Bellingham, Massachusetts response to the internal control over compliance finding is identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Bellingham, Massachusetts response was not subject to the 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 Bellingham, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bellingham, Massachusetts basic financial statements. We issued our report thereon dated May 31, 2017, 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 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 "R. E. Brown + Company". The signature is written in a cursive, flowing style.

Certified Public Accountants

May 31, 2017

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR<br>CLUSTER TITLE   | FEDERAL<br>CFDA<br>NUMBER | GRANTOR/<br>PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | AMOUNT<br>PASSED THROUGH TO<br>SUB-RECIPIENTS | FEDERAL<br>EXPENDITURES |
|--|---------------------------|---|---|-------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                           |   |   |                         |
| <b>SPECIAL EDUCATION CLUSTER:</b>  |                           |   |   |                         |
| PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION<br>DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE)                       |                           |   |   |                         |
| SPECIAL EDUCATION GRANTS TO STATES: PL 94-142 PROJECT CLASS - FY 2016  | 84.027                    | 240-058-6-0025-Q  | \$ -  | \$ 584,883              |
| SPED PROGRAM IMPROVEMENT - FY 2016   | 84.027                    | 274-007-6-0025-Q  | -   | 19,740                  |
| TOTAL PASS-THROUGH PROGRAMS FROM : DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)   |                           |   | -   | 604,623                 |
| PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION -<br>DEPARTMENT OF EARLY EDUCATION & CARE (EEC)                                 |                           |   |   |                         |
| EARLY CHILDHOOD ALLOCATION - FY 2016   | 84.173                    | 26216BellinghamPub  | -   | 27,945                  |
| TOTAL SPECIAL EDUCATION CLUSTER:   |                           |   | -   | 632,568                 |
| PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION<br>DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE)                       |                           |   |   |                         |
| TITLE I - FY 2016  | 84.010                    | 305-070206-2016-0025  | -   | 157,299                 |
| TITLE I - CARRY FORWARD  | 84.010                    | 305-043608-2015-0025  | -   | 20,578                  |
| TITLE I - SUPPORT  | 84.010                    | 325-052-6-0025-Q  | -   | 2,629                   |
|  |                           |   | -   | 180,506                 |
| TEACHER QUALITY - FY 2016  | 84.367                    | 140-073286-2016-0025  | -   | 43,012                  |
| TEACHER QUALITY - CARRY FORWARD  | 84.367                    | 140-043608-2015-0025  | -   | 381                     |
|  |                           |   | -   | 43,393                  |
| TOTAL PASS-THROUGH PROGRAMS FROM : DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)   |                           |   | -   | 223,899                 |
| <b>TOTAL U.S DEPARTMENT OF EDUCATION</b>   |                           |   | -   | 856,467                 |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                           |   |   |                         |
| <b>CHILD NUTRITION CLUSTER:</b>  |                           |   |   |                         |
| PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF EDUCATION<br>DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION (DESE) - BUREAU OF NUTRITION |                           |   |   |                         |
| NATIONAL SCHOOL BREAKFAST PROGRAM  | 10.553                    |   | -   | 39,730                  |
| NATIONAL SCHOOL LUNCH PROGRAM  | 10.555                    |   | -   | 256,683                 |
| COMMODITY SUPPLEMENTAL FOOD PROGRAM  | 10.555                    |   | -   | 45,868                  |
| TOTAL NATIONAL SCHOOL LUNCH PROGRAM  |                           |   | -   | 302,551                 |
| <b>CHILD NUTRITION CLUSTER TOTAL:</b>  |                           |   | -   | 342,281                 |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>  |                           |   | -   | 342,281                 |
| <b>U.S DEPARTMENT OF HOMELAND SECURITY</b>   |                           |   |   |                         |
| PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EMERGENCY MANAGEMENT AGENCY   |                           |   |   |                         |
| EMERGENCY MANAGEMENT PERFORMANCE GRANT - FY 2015   | 97.042                    |   | -   | 102,175                 |
| <b>TOTAL U.S DEPARTMENT OF HOMELAND SECURITY</b>   |                           |   | -   | 102,175                 |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>  |                           |   |   |                         |
| PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF HOUSING AND<br>COMMUNITY DEVELOPMENT  |                           |   |   |                         |
| COMMUNITY DEVELOPMENT BLOCK GRANT  | 14.218                    | CDBG CDF II   | -   | 208,837                 |
| <b>TOTAL U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>   |                           |   | -   | 208,837                 |
| <b>U.S ENVIRONMENTAL PROTECTION AGENCY:</b>  |                           |   |   |                         |
| <b>PASS-THROUGH PROGRAMS: MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST</b>  |                           |   |   |                         |
| CAPITALIZATION GRANT FOR STATE DRINKING WATER REVOLVING FUNDS - 2015   | 66.468                    | FD99191415-DW2015   | -   | 88,089                  |
| CAPITALIZATION GRANT FOR STATE DRINKING WATER REVOLVING FUNDS - 2014   | 66.468                    | FS99191414-DW2014   | -   | 1,449,036               |
| <b>TOTAL U.S ENVIRONMENTAL PROTECTION AGENCY</b>   |                           |   | -   | 1,537,125               |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                           |   | \$ -  | \$ 3,046,885            |

**TOWN OF BELLINGHAM, MASSACHUSETTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

**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 (Schedule) includes the federal award activity of the Town of Bellingham, Massachusetts under programs of the federal government for the year ended June 30, 2016. The information in the 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.

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis whereby revenue is recognized when it becomes available and measureable. 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.

**II. SCOPE OF AUDIT**

The Town of Bellingham, 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 Homeland Security, U.S. Environmental Protection Agency, and Department of Housing and Urban Development), are included in the scope of the Uniform Guidance Audit Requirements for audits of state and local governments (the Single Audit). The U.S. Environmental Protection Agency 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, 2016.

**IV. SCHOOL LUNCH PROGRAM**

The Town 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 2016. 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. INDIRECT 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.

## **VII. PUBLIC ASSISTANCE GRANTS**

Program expenditures represent federal reimbursement for eligible disaster assistance costs that were incurred in the current fiscal year or prior.



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of 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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bellingham, Massachusetts's basic financial statements, and have issued our report thereon dated May 31, 2017.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bellingham's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bellingham, Massachusetts's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

A handwritten signature in blue ink that reads "R. E. Brown + Company". The signature is written in a cursive, flowing style.

Certified Public Accountants

May 31, 2017

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**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   X   No
- Significant Deficiency(ies) Identified? \_\_\_\_\_ Yes   X   No

Noncompliance Material to the Financial Statements Noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal Control over Major Programs:

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

Identification of the Major Programs:

| <b><u>CFDA No.</u></b> | <b><u>Name of Federal Program or Cluster</u></b> |
|------------------------|--|
| 10.553 & 10.555        | Child Nutrition Cluster                          |
| 66.468                 | Capitalization Grants for Drinking Water         |

Dollar Threshold used to Distinguish Between Type A and  
Type B Programs:

\$ 750,000

Auditee Qualified as Low-Risk Auditee?

\_\_\_\_\_ Yes   X   No

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.**

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

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

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

***Finding 2016-001*** – Child Nutrition Cluster – CFDA No.’s 10.553, & 10.555; Capitalization Grant for  
Drinking Water – CFDA No. 66.468; Grant period: Year Ended June 30, 2016

***Condition:*** Although the Town of Bellingham, Massachusetts has designed and implemented  
many internal controls in administering federal award programs, the Town of Bellingham,  
Massachusetts has not documented their internal control system over federal awards.

***Criteria:*** Title 2 U.S. Code of Federal Regulations Part 200, Subparts D and E (2 CFR sections  
200.300 and 200.400, respectively) Uniform Administrative Requirements, Cost Principals, and  
Requirements for Federal Awards (Uniform Guidance), states that nonfederal entities must  
establish and maintain effective internal controls over federal awards that provides the nonfederal  
entity is managing the federal award in compliance with federal statutes, regulations, and the  
terms of the federal award. These internal controls should be in compliance with guidance in  
“Standards for Internal Control in the Federal Government”, issued by the Comptroller General of  
the United States and the “Internal Control Integrated Framework”, issue by the Committee of  
Sponsoring Organizations of the Treadway Commission (COSO).

***Context:*** The Town of Bellingham, Massachusetts has designed and implemented many internal  
controls in administering federal award programs, which we tested and verified. However, the  
Town of Bellingham, Massachusetts has not documented their internal control system over  
federal awards.

***Effect:*** Lack of written documentation of internal control policies and procedures may lead to  
situations of noncompliance with federal requirements for allowable costs, cash management, etc.

***Questioned Costs:*** None

***Cause:*** The Finance department has an active list of policies to either be reviewed or documented.  
Although great strides have been made in reviewing and documenting such policies, there are  
several still in development, including the newly required policy regarding internal controls on  
federal awards.

***Recommendation:*** We recommend that the Town of Bellingham, Massachusetts establish written  
policies and procedures for administering federal grant awards.

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – CONTINUED**

***Managements Response:*** In addition to regularly executing the internal controls over grant awards, the Finance department is reprioritizing its policies to be reviewed and documented so that the required policy regarding internal controls on federal awards is completed and accepted by June 30, 2017.

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**D. PRIOR YEAR FINDINGS & QUESTIONED COSTS –**

**Finding 2015-001** – Special Education Cluster – CFDA No.’s 84.027 & 84.173; Grant period: Year Ended June 30, 2015

**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 date.

**Condition:** During our test of controls over compliance it was noted that the Early Childhood Special Education Program Improvement (84.173) final expense report was not filed within 60 days of the grant period ending as required by Massachusetts Department of Education and Secondary Education.

**Questioned Costs:** None

**Context:** During our test of the Final Expenditure Reports it was noted that the Early Childhood Special Education Program Improvement (84.173) final expense report was not filed within 60 days of the grant period ending as required by Massachusetts Department of Education and Secondary Education. This appears to be an isolated situation and the information reported on the Final Expenditure Report was accurate, but was filed late.

**Effect:** Bellingham School Department was not in compliance with the Final Expenditure Reporting requirement date as set forth by the Massachusetts Department of Education and Secondary Education.

**Cause:** We have to complete the Final Financial Report on-line when the DESE sets it up as available. Each time we tried to access the Final Financial report for this grant, we received a message that “it cannot be completed at this time because there is an unclaimed balance left to draw.” and there was not. We had submitted a decreased grant amendment. After several communications with DESE, they finally released the report for completion on 12/30/2015.

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

**Management’s Response:** Every attempt will be made to submit all Final Financial Reports within the 60 days of the grant period ending date. If a situation such as this arises again in the future, immediate communication will be sent to DESE to resolve the situation in a timely manner.

**Status:** The finding was resolved in FY 2016.

**TOWN OF BELLINGHAM, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**D. PRIOR YEAR FINDINGS & QUESTIONED COSTS – CONTINUED**

***Finding 2015-002*** – Child Nutrition Cluster – CFDA No.’s 10.553 & 10.555; Grant period: Year Ended June 30, 2015

***Criteria:*** The U.S. Department of Agriculture has established policies and procedures determining eligibility requirements of children, which include establishing adequate internal controls for the maintenance of applications of those individuals applying for benefits.

***Condition:*** During our audit of the Child Nutrition Cluster we requested to review the eligibility and verification of free and reduced applications, it was noted that the applications were not properly completed or authorized. The section that is required to be filled out by the School Department in all cases was not properly completed and in some cases was not authorized.

***Questioned Costs:*** None

***Context:*** The Bellingham School Department did not properly complete and authorize the Massachusetts Free and Reduced Price School Meals Household Applications.

***Effect:*** Bellingham School Department was not compliant in completing the School’s section of the Massachusetts Free and Reduced Price School Meals Household Applications.

***Cause:*** The 2014-2015 Free and Reduced Meal applications were not completed properly by the Food Service Director as she did not provide all of the necessary information such as: official category eligibility, household size and verifying official’s signature.

***Recommendation:*** We recommend the Bellingham School Department follow procedures to ensure that all free and reduced school lunch applications be completed and properly authorized.

***Management’s Response:*** Under new leadership, the current Food Service Director ensures to properly complete all Free and Reduced meal applications as required by the USDA & DESE. We provided proof of current applications to show that we currently are following procedure and will continue to do so.

***Status:*** The finding was resolved in FY 2016.