

**CITY OF BROCKTON, MASSACHUSETTS**

**GAO AND OMB A-133 REPORTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**CITY OF BROCKTON, MASSACHUSETTS**

**GAO AND OMB A-133 REPORTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**INDEPENDENT AUDITORS' 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 Mayor and City Council  
City of Brockton, 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 City of Brockton, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Brockton, Massachusetts' basic financial statements, and have issued our report thereon dated March 27, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

**Compliance and Other Matters**

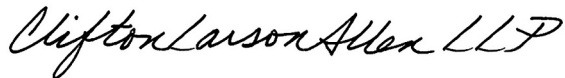
As part of obtaining reasonable assurance about whether the City of Brockton, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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 result 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.

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
March 27, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and City Council  
City of Brockton, Massachusetts

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

We have audited the City of Brockton, 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 City of Brockton, Massachusetts' major federal programs for the year ended June 30, 2014. The City of Brockton, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Brockton, 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 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 City of Brockton, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Brockton, Massachusetts' compliance.

### **Basis for Qualified Opinion on Improving Teacher Quality State Grants**

As described in the accompanying schedule of findings and questioned costs the City of Brockton, Massachusetts did not comply with requirements regarding CFDA 84.367, Improving Teacher Quality State Grants, as described in finding number 2014-003 for Allowable Activities and Costs. Compliance with such requirements is necessary, in our opinion, for the City of Brockton, Massachusetts to comply with the requirements applicable to the programs.

### **Qualified Opinion on Improving Teacher Quality State Grants**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Brockton, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Improving Teacher Quality State Grants program for the year ended June 30, 2014.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the City of Brockton, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, 2014-010 and 2014-012. Our opinion on each major federal program is not modified with respect to these matters. The City of Brockton, Massachusetts' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Brockton, Massachusetts' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the City of Brockton, 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 City of Brockton, 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 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 City of Brockton, Massachusetts' internal control over compliance.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-003 to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-004 through 2014-010, 2014-011 and 2014-012 to be significant deficiencies.

The City of Brockton, Massachusetts' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Brockton, Massachusetts' responses were not subjected to the 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 City of Brockton, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Brockton, Massachusetts. We issued our report thereon dated March 27, 2015, 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 OMB Circular A-133 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.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
March 27, 2015

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS  
YEAR ENDED JUNE 30, 2014**

Federal grantor/passed-through grantor/program title	CFDA number	Pass-Through number	2014 Federal expenditures
U.S. Department of Agriculture:			
Passed through State Department of Elementary and Secondary Education:			
School Breakfast Program (note 4)	10.553	12-044	\$ 1,795,886
National School Lunch Program - cash assistance (note 4)	10.555	12-044	6,092,427
National School Lunch Program - non-cash assistance - commodities (note 4)	10.555	12-044	676,174
Child and Adult Care Food Program	10.558	12-044	184,478
Special Summer Food Service Program for Children (note 4)	10.559	12-044	274,298
Fresh Fruit and Vegetable Program	10.582	12-044	40,282
Total U.S. Department of Agriculture			9,063,545
U.S. Department of Defense:			
Direct Programs:			
US Army Junior ROTC	12.000		44,079
U.S. Department of Housing and Urban Development:			
Direct programs:			
Community Development Block Grant – Entitlement Grants (note 4)	14.218		46,044
Community Development Block Grant – Entitlement Grants (note 4)	14.218		1,661,097
Community Development Block Grant - Section 108 Loan Guarantees	14.248		102,577
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		18,641
Lead - Based Paint Hazard Control in Privately - Owned Housing	14.900		569,993
Total direct programs			2,398,352
Passed through State Department of Housing & Community Development- Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii (note 4)	14.228	NSP-G-2010 RA00003	140,730
Total U.S. Department of Housing and Urban Development			2,539,082
U.S. Department of the Interior National Park Service:			
Passed through the Secretary of the Commonwealth of Massachusetts:			
Historic Preservation Fund Grants-In-Aid	15.904	SCSEC480013227005000	13,175
U.S. Department of Justice:			
Direct programs:			
Part E – Developing, Testing and Demonstrating Promising New Programs	16.541		
Part E – Developing, Testing and Demonstrating Promising New Programs	16.541		44,562
Public Safety Partnership and Community Policing Grants	16.710		354,910
ARRA – Public Safety Partnership and Community Policing Grants	16.710		281,741
Total direct programs			681,213
Passed through State Executive of Office of Public Safety and Security- Edward Byrne Memorial Justice Assistance Grant Program (note 4)	16.738	SCEPSLARPPY13BROCKTN	44,000
Passed through Plymouth County District Attorney Office:			
Edward Byrne Memorial Justice Assistance Grant Program (note 4)	16.738	FFY10JAGBROCKTONPD11	53,509
Edward Byrne Memorial Justice Assistance Grant Program (note 4)	16.738	FFY11JAGBROCKTONPD01	58,502
Total pass-through programs			156,011
Total U.S. Department of Justice			837,224
U.S. Department of Transportation:			
Passed through State Department of Transportation-			
Highway Planning and Construction (note 4)	20.205	178-MA-214	130,536
Passed through State Executive of Office of Public Safety and Security-			
State and Community Highway Safety (note 4)	20.600	2014BROCKTONSTEPXXXX	26,241
State and Community Highway Safety (note 4)	20.600	2013OTENF2017XXXXXXX	7,976
State and Community Highway Safety (note 4)	20.600	2013OTENF2017XXXXXXX	1,442
Total US Department of Transportation			166,195
Institute of Museum and Library Services:			
Passed through Massachusetts Board of Library Commissioners- Grants to States	45.310	14BROCKTONPRESERVAT0	3,500
U.S. Department of Education:			
Direct programs:			
Capacity Building for Traditionally Underserved Populations	84.315		31,269
Passed through State Department of Elementary and Secondary Education:			
Title I – Grants to Local Educational Agencies	84.010	511-032-4-0044-O	244,273
Title I – Grants to Local Educational Agencies	84.010	305-018136-2014-0044	4,101,684
Title I – Grants to Local Educational Agencies	84.010	320-105-4-0044-O	9,950
Title I – Grants to Local Educational Agencies	84.010	305-000500-2013-0044	515,314
Title I – Grants to Local Educational Agencies	84.010	511-026-3-0044-N	79,668
Title I – Grants to Local Educational Agencies	84.010	320-074-3-0044-N	36,232
Special Education – Grants to States (note 4)	84.027	240-248-4-0044-O	4,227,248
Special Education – Grants to States (note 4)	84.027	274-065-4-0044-O	63,662
Special Education – Grants to States (note 4)	84.027	243-060-4-0044-O	5,997
Special Education – Grants to States (note 4)	84.027	240-331-3-0044-N	78,791
Special Education – Grants to States (note 4)	84.027	274-330-3-0044-N	55,111
Vocational Education – Grants to States	84.048	400-077-4-0044-O	86,011
Vocational Education – Grants to States	84.048	400-035-3-0044-N	19,780
Special Education – Preschool Grants (kindergarten development) (note 4)	84.173	298-319-4-0044-O	4,611
Education for Homeless Children & Youth	84.196	310-018-4-0044-O	28,666
Education for Homeless Children & Youth	84.196	310-015-3-0044-N	6,177
Twenty-First Century Community Learning Centers	84.287	647-039-4-0044-O	180,577



**CITY OF BROCKTON, MASSACHUSETTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2014**

<u>Federal grantor/passed-through grantor/program title</u>	<u>CFDA number</u>	<u>Pass-Through number</u>	<u>2014 Federal expenditures</u>
U.S. Department of Education (continued):			
Passed through State Department of Elementary and Secondary Education (continued):			
Twenty-First Century Community Learning Centers	84.287	647-014-5-0044-P	\$ 1,034
Twenty-First Century Community Learning Centers	84.287	647-043-4-0044-O	50,000
Twenty-First Century Community Learning Centers	84.287	245-010-4-0044-O	15,722
Twenty-First Century Community Learning Centers	84.287	647-001-3-0044-N	5,817
Twenty-First Century Community Learning Centers	84.287	647-002-2-0044-N	55,185
Twenty-First Century Community Learning Centers	84.287	647-088-3-0044-N	226,715
High School Graduation Initiative	84.360	CT DOE 1176BROCKTONMASSGRAD	97,967
English Language Acquisition Grants	84.365	180-007-4-0044-O	511,440
English Language Acquisition Grants	84.365	180-065-4-0044-O	73,616
English Language Acquisition Grants	84.365	184-000-0-0044-P	21,041
English Language Acquisition Grants	84.365	180-107-3-0044-N	10,318
Improving Teacher Quality State Grants	84.367	140-028855-2014-0044	1,183,022
Improving Teacher Quality State Grants	84.367	140-001687-2013-0044	125,675
Improving Teacher Quality State Grants	84.367	140-027-3-0044-N	75,684
ARRA – State Fiscal Stabilization Fund Race to the Top	84.395	201-015782-2014-0044	1,197,124
ARRA – State Fiscal Stabilization Fund Race to the Top	84.395	205-001-4-0044-O	125,444
ARRA – State Fiscal Stabilization Fund Race to the Top	84.395	295-2013-0044-N	19,878
ARRA – State Fiscal Stabilization Fund Race to the Top	84.395	205-001-3-0044-N	5,951
Passed through Massachusetts Department of Early Childhood Education & Care:			
Special Education – Preschool Grants (kindergarten development) (note 4)	84.173	CT EEC 26214 BROCKTONPUBLICS 111	91,585
Special Education – Preschool Grants (kindergarten development) (note 4)	84.173	CT EEC 26213 BROCKTONPUBLICS 121	15,336
ARRA – State Fiscal Stabilization Fund Race to the Top	84.395	CT EEC RTTT13011642BROCKTON	24,307
Passed through Massachusetts Rehabilitation Commission-			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	CIESSSE000011MRC051	1,394
Passed through United Way of Massachusetts Bay and Merrimack Valley-			
Race to the Top – Early Learning Challenge	84.412	15294771	588
Total pass-through programs			<u>13,678,595</u>
Total U.S. Department of Education			<u>13,709,864</u>
U.S. Department of Health and Human Services:			
Direct program:			
Medical Reserve Corps Small Grant Program	93.008		5,424
Passed through Massachusetts Executive Office of Health and Human Services:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	INTF2354M03W30816051	120,000
Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	INTF4200P01W20612037	62,462
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354M04301822055	97,748
Passed through State Department of Elementary and Secondary Education:			
HIV/STD Prevention and School-Based Surveillance	93.079	648-003-4-0044-O	2,090
Passed through the Massachusetts Association of Health Boards-			
Public Health Emergency Preparedness	93.069		6,988
Total passed-through programs			<u>289,288</u>
Total U.S. Department of Health and Human Services			<u>294,712</u>
Total expenditures of federal awards			<u>\$ 26,671,376</u>

The accompanying notes are an integral part of this schedule of expenditures of federal award programs.

**CITY OF BROCKTON, MASSACHUSETTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS  
YEAR ENDED JUNE 30, 2014**

**Note 1 – Single Audit Reporting Entity**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of the City of Brockton, Massachusetts (the City). All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

**Note 2 – Summary of Significant Accounting Policies**

The accounting and reporting policies of the City are set forth below:

*(a) Basis of Presentation*

The accompanying Schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*(b) U.S. Department of Agriculture*

The amount reported for the National School Lunch Program – Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the Schedule at the fair market value of the commodities received. The amounts reported for the National School Lunch Program – Cash Assistance, School Breakfast Program – Cash Assistance and Special Summer Food Service Program for Children represent cash receipts from federal reimbursements.

**Note 3 – Subrecipients**

The Community Development Block Grants/Entitlement Grant, the Lead – Based Paint Hazard Control in Privately - Owned Housing, Substance Abuse and Mental Health Service Projects of Regional and National Significance, and Block Grants for Prevention and Treatment of Substance Abuse expenditures in the Schedule represent funds paid by the City to its subrecipient(s).

<b>Program Title</b>	<b>CFDA number</b>	<b>Passed through to Subrecipients</b>
Community Development Block Grant – Entitlement Grants	14.218	\$ 46,044
Community Development Block Grant – Entitlement Grants	14.218	1,661,097
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	18,641
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	140,730
Lead - Based Paint Hazard Control in Privately - Owned Housing	14.900	569,993
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	110,461
Block Grants for Prevention and Treatment of Substance Abuse	93.959	90,748
		<u>\$ 2,637,714</u>

**CITY OF BROCKTON, MASSACHUSETTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS**  
**YEAR ENDED JUNE 30, 2014**

**Note 4 – Clustered Programs**

OMB Circular A-133 defines a “cluster” as “a grouping of closely related programs that share common compliance requirements.” The table below details the federal programs included in the Schedule that are required by OMB Circular A-133 to be “clustered” for purposes of testing federal compliance requirements and identifying Type A programs:

Cluster Program Name CFDA #/	Program Title	Expenditures
<i>Child Nutrition Cluster:</i>		
10.553	School Breakfast Program	\$ 1,795,886
10.555	National School Lunch Program - cash assistance	6,092,427
10.555	National School Lunch Program - non-cash assistance	676,174
10.559	Special Summer Food Service Program for Children	274,298
	<i>Child Nutrition Cluster Total</i>	<u>\$ 8,838,785</u>
<i>CDBG - Entitlement Grants Cluster:</i>		
14.218	Community Development Block Grant – Entitlement Grants	\$ 46,044
14.218	Community Development Block Grant – Entitlement Grants	1,661,097
	<i>CDBG - Entitlement Grants Cluster Total</i>	<u>\$ 1,707,141</u>
<i>CDBG - State-Administered CDBG Cluster:</i>		
	<i>CDBG - State-Administered CDBG Cluster Total</i>	<u>\$ 140,730</u>
<i>JAG Program Cluster:</i>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 44,000
16.738	Edward Byrne Memorial Justice Assistance Grant Program	53,509
16.738	Edward Byrne Memorial Justice Assistance Grant Program	58,502
	<i>JAG Program Cluster Total</i>	<u>\$ 156,011</u>
<i>Highway Planning and Construction Cluster:</i>		
20.205	Highway Planning and Construction	\$ 130,536
<i>Highway Safety Cluster:</i>		
20.600	State and Community Highway Safety	\$ 26,241
20.600	State and Community Highway Safety	7,976
20.600	State and Community Highway Safety	1,442
	<i>Highway Safety Cluster Total</i>	<u>\$ 35,659</u>
<i>Special Education Cluster (IDEA):</i>		
84.027	Special Education – Grants to States	\$ 4,227,248
84.027	Special Education – Grants to States	63,662
84.027	Special Education – Grants to States	5,997
84.027	Special Education – Grants to States	78,791
84.027	Special Education – Grants to States	55,111
84.173	Special Education – Preschool Grants (kindergarten development)	4,611
84.173	Special Education – Preschool Grants (kindergarten development)	91,585
84.173	Special Education – Preschool Grants (kindergarten development)	15,336
	<i>Special Education Cluster (IDEA) Total</i>	<u>\$ 4,542,341</u>

This information is an integral part of the accompanying schedule of expenditures of federal award programs.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

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*Section I – Summary of Auditors’ Results*

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?     x     yes            none reported
3. Noncompliance material to financial statements noted?            yes     x     no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major federal programs: Modified for Improving Teacher Quality State Grants  
  
Unmodified for all other major programs
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?     x     yes            no

***Identification of Major Federal Programs***

10.553, 10.555, 10.559	Child Nutrition Cluster
14.218	Community Development Block Grant/Entitlement Grants
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster (IDEA)
84.367	Improving Teacher Quality State Grants
84.395	ARRA – State Fiscal Stabilization Fund Race to the Top

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

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*Section I – Summary of Auditors’ Results (Continued)*

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Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 800,141

Auditee qualified as low-risk auditee pursuant  
to OMB Circular A-133?

\_\_\_\_\_ yes        x   no

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*Section II – Financial Statement Findings*

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**2014-001      Tax Possessions**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition and context:** The City reports tax possessions on its general ledger but historically has written these amounts off for GAAP financial reporting purposes. Based on our inquiries of management, these amounts should be reported as part of the GAAP financial statements since the City Treasurer has been and will be facilitating auctions related to the tax possessions in the future. Consequently, we proposed adjustments to record the tax possessions accounts receivable at the beginning and end of the year ended June 30, 2014.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls over GAAP financial reporting.

**Effect:** In the statement of net position, the governmental activities accounts receivable and ending net position were understated by \$2,256,078. In the statement of activities, the governmental activities beginning net position was understated by \$2,582,211 and revenues were overstated by \$326,132. Accounts receivable and deferred inflows of resources (unavailable revenue) in the general fund were understated by \$2,256,078.

**Cause:** Procedures were not in place to re-evaluate the removal of the tax possessions accounts receivable balance annually for GAAP financial reporting purposes.

**Recommendation:** We recommend procedures be implemented annually to evaluate all GAAP estimates for appropriateness.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** The City is forthwith presenting the tax possessions in the statement of net position and balance sheet – governmental funds. In addition, the City will annually evaluate the appropriateness of the estimate value of the tax possessions considering such factors as doubt of collectability or overvaluation of the possession’s historical committed amount with market values.

**Responsible party:** Heidi Chuckran, City Auditor

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Planned completion date for corrective action plan:** Presentation of the tax possessions within the body of the financial statements has been effected immediately with the publication of the financial statements for the fiscal year ending June 30, 2014. Recurring evaluation analysis of the GAAP estimates of the tax possession will occur annually with the City's in-house drafting of its financial statements.

**Plan to monitor completion of corrective action plan:** The tax possession detail will be reviewed and evaluated with the City Treasurer, City Assessors, and Public Property Department. Potential adjustments to the tax possessions valuation will be documented and made available as part of the financial statements drafting work papers.

**2014-002      *Accrued Payroll***

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition and context:** Payroll disbursements must be properly cutoff at year-end to report such amounts in the appropriate fiscal year. We identified one school payroll warrant related to fiscal year 2014 that was recorded in fiscal year 2015. Consequently, we proposed an adjustment to properly record the transaction in fiscal year 2014.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls over GAAP financial reporting.

**Effect:** Accrued payroll and expenditures were understated by \$689,365.

**Cause:** Procedures were not in place to capture all payroll accruals.

**Recommendation:** We recommend procedures be implemented at year-end to properly record all payroll accruals.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding (if any):** There is no disagreement with the audit finding.

**Actions planned in response to finding:** The City's School Department's School Accountant will review all school payroll warrants that straddle the current and subsequent fiscal year and properly accrue payroll cost incurred for the current fiscal year that are paid in the subsequent fiscal year.

**Responsible party:** Aldo Petronio, Executive Director of Financial Services for the School Department

**Planned completion date for corrective action plan:** Subsequent to year end of the current fiscal year and prior to the formal closing of the City's books in the fall, school payrolls paid proximate and subsequent to year end will be evaluated by the School's Accountant to ascertain if any payroll expenditures are being incurred for the current fiscal year. All subsequent year paid school payrolls that are for the current year will be accrued in the City's general ledger.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Plan to monitor completion of corrective action plan:** An accrued payroll analysis for the current fiscal will be prepared noting either the payroll week ending or payroll biweekly ending to serve as a monitoring tool to ensure that pay periods are reflected in the accrued payroll amounts in the City's general ledger.

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*Section III – Findings and Questioned Costs – Major Federal Programs*

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**2014-003**

**Federal Agency:** Department of Education

**Federal Program:** Improving Teacher Quality State Grants

**CFDA Number:** 84.367

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Compliance Requirement:** Allowable Activities and Costs

**Criteria or specific requirement:** Federal guidelines require that time and effort certification be done on a semi-annual basis for employee time being charged 100% to a program in order to properly document payroll expenditures charged to the program are reasonable.

**Condition:** The City did not obtain any time and effort certifications for employees charged to the Improving Teacher Quality program.

**Questioned Costs:** \$1,276,290.

**Context:** Both employees tested had time charged 100% to the Improving Teacher Quality program and did not have time and effort certifications completed on a semi-annual basis. Upon inquiry, we were informed that no time and effort certifications we obtained for any of the staff charged 100% to this grant.

**Cause:** Procedures are not in place to ensure time and effort certifications are completed for all employees who are assigned to work on the program 100%.

**Effect:** The City is not in compliance with time and effort requirements for employees who work 100% on the program.

**Recommendation:** We recommend the City review its policy and procedures over time and effort certifications to ensure certifications are completed for employees working under any federal program. In addition, the City should consider the changes in time and effort documentation as of December 26, 2014, in order to ensure they are in compliance with the new requirements.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** Time and Effort certifications for Title IIA will be completed in January and June and copies will be sent to the Executive Director of Human Resources and the Executive Director of Financial Services.

**Responsible party:** Karen McCarthy, Title I Coordinator

**Planned completion of corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** Title IIA Time and Effort certifications are to be completed and signed by the Title I/IIA coordinator. Copies will be sent to Dr. Kathleen Moran, Executive Director of Human Resources and Aldo Petronio, Executive director of Financial Services.

**2014-004**

**Federal Agency:** Department of Education

**Federal Program:** Title I and Improving Teacher Quality

**CFDA Number:** 84.010 and 84.367

**Award Period:** July 1, 2013 – June 30, 2014

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

**Compliance Requirement:** Procurement, Suspension and Debarment

**Criteria or specific requirement:** The Code of Federal Regulations (CFR) Title 2, part 180.220 states that “non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., sub-awards to sub-recipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.”

Additionally, under M.G.L.c 30B, 7(a) & (b) Sole-source procurement of \$35,000 or more may be made for educational materials, but a written record must be maintained of every sole-source procurement, specifying the contractor’s name, the amount and type of contract awarded, a listing of the supplies or services procured, and the basis for your determination that there was only one practicable source for the purchase.

**Condition:** The City did not verify through the *System of Award Management* website, obtain a certification, or include a clause or condition within the contract for vendors contracted with in excess of \$25,000 or maintain record for sole-source vendors contracted with in excess of \$35,000. As part of our audit procedures we established vendor compliance with suspension and debarment by verifying that they were not suspended or debarred on the *System of Award Management* website.



**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Questioned Costs:** None

**Context:** Both vendor files tested did not have suspension and debarment verifications or sole-source documentation on file.

**Cause:** Procedures are not in place to verify that: 1) vendors contracted with in excess of \$25,000 related to the grant program are not suspended, debarred or otherwise excluded from doing business; and 2) sole-source documentation is maintained for vendors contracted with in excess of \$35,000.

**Effect:** The City does not have procedures in place to verify it is not contracting with parties that are suspended or debarred.

**Recommendation:** We recommend the City implement procedures to ensure that all vendors contracted with that meet the \$25,000 threshold have not been suspended or debarred or otherwise excluded from doing business prior to procuring their services. Additionally, we recommend the City implement procedures to ensure that sole-source vendor documentation is maintained.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** For all future contracts the grant manager will verify through the *System of Award management* website whether or not a vendor has been suspended or disbarred for all contracts in excess of \$25,000. The grant manager will obtain a certification or include a clause or condition within the contract for vendors contracted with in excess of \$25,000 or maintain a record for sole-source contractors with in excess of \$35,000.

**Responsible party:** Karen McCarthy, Title I Coordinator

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** The Executive Director of Financial Services will monitor invoices for compliance.

**2014-005**

**Federal Agency:** Department of Education

**Federal Program:** Title I

**CFDA Number:** 84.010

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Allowable Activities and Costs

**Criteria or specific requirement:** Federal guidelines require that federal awards only be expended for allowable activities and costs.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Condition:** The City expended federal funds for purposes that did not meet the program objectives.

**Questioned Costs:** \$1,105

**Context:** During our testing of allowable costs, we noted 1 of 24 expenditures tested was for unallowable activities and costs. The purchase of year books does not meet the program objectives of improving teaching and learning for children who are at risk or not meeting academic standards and reside in low income areas.

**Cause:** The expenditure was improperly charged to federal award program fund.

**Effect:** The City is not in compliance with the federal award program's allowable activities and costs requirements.

**Recommendation:** We recommend the City review its policy and procedures over review processes for invoices to ensure improper coding does not occur.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** Ensure purchases are coded correctly

**Responsible Party:** Laurie Silva, Director of Grants

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** Financial Services will review the coding for purchases to ensure that they are coded properly.

**2014-006**

**Federal Agency:** Department of Education

**Federal Program:** Title I

**CFDA Number:** 84.010

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Special Tests and Provisions, Schoolwide Plans

**Criteria or specific requirement:** Federal guidelines require that schools participating under a schoolwide program meet the elements of 34 CFR section 200.26 and 34 CFR section 200.28 in the Schoolwide Plan.

**Condition:** The City did not include all elements required by the federal guidelines in schoolwide plans.

**Questioned Costs:** None

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Context:** Both schoolwide plans tested did not include strategies to increase parental involvement per 34 CFR section 200.28(c) or transition plans for assisting preschool children in the successful transition to the schoolwide program per 34 CFR section 200.28(e).

**Cause:** The City includes all elements at the district level, but procedures are not in place to ensure all necessary elements are included in schoolwide plans at the school level.

**Effect:** The City is not in compliance with the requirements to include certain elements in the school wide plan.

**Recommendation:** We recommend the City review its policy and procedures over schoolwide plans to ensure all elements are included in schoolwide plan rubric.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** Going forward school wide school improvement plans will include strategies for increasing parent involvement and the transition plans for assisting pre-school children in the successful transition to the school wide program.

**Responsible party:** Karen McCarthy, Title I Coordinator

**Planned completion date for corrective action plan:** July 2015

**Plan to monitor completion of corrective action plan:** Elizabeth Barry, Deputy Superintendent will monitor the school wide school improvement plans to ensure the plans are in compliance.

**2014-007**

**Federal Agency:** Department of Education

**Federal Program:** Race to the Top

**CFDA Number:** 84.395

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Cash Management

**Criteria or specific requirement:** Federal guidelines require grant recipients to maintain documentation to support the amount of expenditures claimed for reimbursement. In addition, the documentation should show that the costs, for which reimbursement was requested, were paid prior to the date of the reimbursement request.

**Condition:** The City did not have supporting documentation for the amount reported as expended on the request for reimbursement and there was no documentation of review and approval of reimbursements requests.

**Questioned Costs:** None

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Context:** The one request for reimbursement tested did not have documentation to support the amount reported as year-to-date expenditures nor was there evidence of any review and approval of the request prior to submission to the Massachusetts Department of Elementary and Secondary Education. General ledger detail for the time period covered did not support the year-to-date amount reported on the request for reimbursement.

**Cause:** The City did not have procedures in place to ensure documentation was maintained to support amounts claimed for reimbursement, nor were there any procedures in place to document review of reimbursement requests.

**Effect:** The City was not in compliance with cash management requirements and requested funds in excess of the amount recorded in the general ledger for the time period covered in the reimbursement request.

**Recommendation:** We recommend the City review its policies and procedures over the cash management process to ensure support for expenditures claimed for reimbursement are maintained and reviews of the reimbursement requests are performed and documented.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** As per the request of the auditors "Findings and Questioned Costs", I have reviewed the items and have been instructed to run a Flex report when requesting funds and have Michael Thomas sign off on what I am requesting.

**Responsible party:** Michael Thomas, Deputy Superintendent of Operation and School Administration

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** Accounting Office

**2014-008**

**Federal Agency:** Department of Agriculture

**Federal Program:** Child Nutrition Cluster

**CFDA Number:** 10.553, 10.555, 10.559

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Eligibility

**Criteria or specific requirement:** Federal guidelines require that local educational agencies (LEAs) determine a student's eligibility for free or reduced price meals by comparing the data reported on an application submitted by the child's household to published income eligibility guidelines.

**Condition:** The City did not correctly classify free and reduced price eligibility status and obtain signatures of school officials on all applications.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Questioned Costs:** Unknown

**Context:** During our testing of eligibility, we noted 8 out of 40 students tested did not have the correct classifications for the reduced or free lunch eligibility status and/or the student's application did not contain signatures of school officials indicating review and authorization of the application. There was one instance of a missing application.

**Cause:** Procedures are not in place to ensure adequate application tracking, eligibility status updating and database transitioning.

**Effect:** The City was not in compliance with eligibility requirements.

**Recommendation:** We recommend the City review its policy and procedures over the eligibility determination process in order to ensure the proper tracking and review of applications and determination of the appropriate eligibility status in accordance with Department of Ed guidelines. The City should consider providing training as needed to ensure all individuals involved in the process understands the requirements.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** Each school will record in alphabetical order (last name and first name of student, ID# and name of school) on a roster of all applications received. As the applications are processed they will be dated and initialed to indicate they have been entered. We will then review what has been entered. Applications will then be tagged with a yellow sticker and dated showing they have been reviewed. When processing and reviewing of the applications is complete the applications will then be filed in batches by school and batch number. We will also require each school to copy and maintain a file on location.

**Responsible party:** Eileen Angeli, School Lunch Clerk

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** The Executive Director of Financial Services will work to improve the Lunch Program processes, institute more training sessions and implement clearer procedures to ensure compliance with eligibility

**2014-009**

**Federal Agency:** Department of Agriculture

**Federal Program:** Child Nutrition Cluster

**CFDA Number:** 10.553, 10.555, 10.559

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Special Tests and Provisions, Verification of Free and Reduced Price Applications

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Criteria or specific requirement:** Federal guidelines require that by November 15<sup>th</sup> of each school year, the local education agency (LEA) verify the current free and reduced price eligibility of households from a sample of applications that were approved for free and reduced price meals and make appropriate changes to the eligibility status based on the results of the verification.

**Condition:** The City did not correctly change the eligibility status for certain students in the verification process. In addition there were missing applications.

**Questioned Costs:** Unknown

**Context:** During our testing of the verification procedures, we noted 5 out of 14 free and reduced price eligibility status verifications tested had incorrect status changes as a result of the verification process. In addition, there were 5 out of 14 verification's tested in which the applications could not be found.

**Cause:** Procedures are not in place to ensure adequate application tracking, eligibility status updating and database transitioning.

**Effect:** The City was not in compliance with verification requirements.

**Recommendation:** We recommend the City provide training to all individuals involved with the verification process to make sure they understand the rules for determining the eligibility status and the procedures for making the changes in the computer system, as well as maintaining all documentation related to the determination of eligibility.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** The process of Verification will start October 1<sup>st</sup> and go until November 15<sup>th</sup>. The Horizon Program system will be used to generate a list of families that have been chosen. A letter will be sent home to notify the house hold that they need to send in proof of income before or by November 15<sup>th</sup> or the students will have to pay full price for breakfast and lunch. In 10 days after the first letter a second letter will be sent home only to the families who have not responded. On November 15<sup>th</sup> the status of the students with no proof of income will be changed to a denied status through the Horizon software. A letter will then be sent to notify the household. The household will then have to re-apply with an application and proof of income. A student's status will be changed manually if there is proof of income and the Horizon software will change the status of the students who have not turned in proof of income on November 15<sup>th</sup>.

**Responsible party:** Eileen Angelli, School Lunch Clerk

**Planned completion date for corrective action plan:** In Process

**Plan to monitor completion of corrective action plan:** The Executive Director of Financial Services will perform a review of procedures and will monitor verification testing for compliance.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**2014-010**

**Federal Agency:** Department of Agriculture

**Federal Program:** Child Nutrition Cluster

**CFDA Number:** 10.553, 10.555, 10.559

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Reporting

**Criteria or specific requirement:** Federal guidelines require that local educational agencies (LEAs) submit claims for reimbursement based on meal counts at each school site.

**Condition:** The City did not correctly report the number of meals served for free breakfast on one of their monthly claims for one of the school sites.

**Questioned Costs:** \$40

**Context:** During our testing of the monthly claims, we noted that 1 out of 40 school meal count reports tested did not get reported correctly on the monthly claim. The school meal count report showed the free breakfast count to be 20 meals less than what was reported on the monthly claim.

**Cause:** The information for the monthly claim is manually entered from the meal count reports from each school. Incorrect amount is due to a data entry error.

**Effect:** The City claimed more meals served than what was shown on their meals served report.

**Recommendation:** We recommend the City review its procedures for claims reporting and consider adding a procedure that will catch data entry errors.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** Each month before the claim is released to be submitted the claim will be reviewed by someone other than person completing claim for any data entry errors. Once the review is completed and approved we will then release the claim to be submitted.

**Responsible party:** Thomas Burke, Resident District Manager

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** The Executive Director of Financial Services will monitor the monthly claim submissions for compliance.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**2014-011**

**Federal Agency:** Department of Housing and Urban Development

**Federal Program:** Community Development Block Grant

**CFDA Number:** 14.218

**Award Period:** July 1, 2013 – June 30, 2014

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

**Compliance Requirement:** Procurement, Suspension and Debarment

**Criteria or specific requirement:** The Code of Federal Regulations (CFR) Title 2, part 180.220 states that “non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., sub-awards to sub-recipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.”

**Condition:** The City’s subrecipient did not verify through the *System of Award Management* website, obtain a certification, or include a clause or condition within the contract for vendors contracted with in excess of \$25,000. As part of our audit procedures we established vendor compliance with suspension and debarment by verifying that they were not suspended or debarred on the *System of Award Management* website.

**Questioned Costs:** None

**Context:** During our testing of procurement, suspension and debarment, we found 1 out of 2 vendor files tested did not have suspension and debarment verification.

**Cause:** The City’s subrecipient had significant turnover of staff in this program and there were not able to locate documentation to support their compliance with the requirements for suspension and debarment.

**Effect:** The City’s subrecipient does not have procedures in place to verify it is not contracting with parties that are suspended or debarred.

**Recommendation:** We recommend the City’s subrecipient implement procedures to ensure that all vendors contracted with that meet the \$25,000 threshold have not been suspended or debarred or otherwise excluded from doing business prior to procuring their services.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Actions planned in response to finding:** The City will require the sub-recipient to establish procedures that ensure that all vendors contracted with that meet the \$25,000 threshold have not been suspended or debarred or otherwise excluded from doing business prior to procuring their services.



**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Responsible party:** Heidi Chuckran, City Auditor

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** This will be an on-going monitoring procedure by the City to ensure that the sub-recipient maintains documentation to support vendor expenditures that meet the \$25,000 threshold so that its vendors have not been suspended or debarred or otherwise excluded from doing business prior to procuring their services.

**2014-012**

**Federal Agency:** Department of Housing and Urban Development

**Federal Program:** Community Development Block Grant

**CFDA Number:** 14.218

**Award Period:** July 1, 2013 – June 30, 2014

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Noncompliance

**Compliance Requirement:** Subrecipient Monitoring

**Criteria:** Federal guidelines require that a pass-through entity identify to the subrecipient the federal award information including CFDA, title and number, award name and number, and awarding agency at the time of subaward.

**Condition:** The City did not identify to the subrecipient the required federal award information at the time of the subaward.

**Questioned Costs:** None

**Context:** The one subrecipient agreement tested did not contain the CFDA number for the federal award.

**Cause:** Procedures are not in place for ensuring all required information is included in subrecipient agreement.

**Effect:** The City was not in compliance with subrecipient monitoring requirements.

**Recommendation:** Procedures over subrecipient monitoring be implemented to ensure subrecipient grant agreements include all required elements as outlined in the federal regulations.

**Views of responsible officials and planned corrective actions:**

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**CITY OF BROCKTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2014**

**Actions planned in response to finding:** The City will require all sub-award agreements going forward to contain references to the federal award information including CFDA, title and number, award name and number, and awarding agency at the time of sub-award.

**Responsible party:** Heidi Chuckran, City Auditor

**Planned completion date for corrective action plan:** Immediately

**Plan to monitor completion of corrective action plan:** New sub-award grant agreements will be reviewed for content disclosure disclosing federal award information including CFDA, title and number, award name and number, and awarding agency prior to the federal grant being set up in the City's general ledger system. This will be an active on-going monitoring procedure by the City to ensure that the sub-recipient is provided with the required federal award information.

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*Section IV – Prior Year Major Federal Program Findings*

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**2013-004 – Cash Management - Lead Based Paint Hazard Control in Privately Owned Housing**

During this year's testing of cash management on Lead Based Paint Hazard Control no instances of noncompliance were noted. Resolved.

**2013-005 – Subrecipient Monitoring - Lead Based Paint Hazard Control in Privately Owned Housing**

During this year's testing of subrecipient monitoring on Lead Based Paint Hazard Control no instances of noncompliance were noted. Resolved.

**2013-006 – Allowable Activities and Costs – Special Education Cluster**

During this year's testing of allowable activities and costs no instances of noncompliance were noted. Resolved.

**2013-007 – Cash Management – Child Nutrition Cluster**

During this year's testing of cash management and reporting instances of noncompliance were noted. See current year finding 2014-007.

**2013-008 – Eligibility – Child Nutrition Cluster**

During this year's testing of eligibility instances of noncompliance were noted. See current year finding 2014-008.

**2013-009 – Allowable Activities and Costs/Period of Availability – CDBG Section 108 Loan Guarantees**

During this year's testing of allowable activities and costs and period of availability no instances of noncompliance were noted. Resolved.