

TOWN OF BRAINTREE, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2012

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

To the Honorable Mayor and the Town Council
Town of Braintree, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braintree, Massachusetts, as of and for the year ended June 30, 2012 (December 31, 2011 for the Braintree Contributory Retirement System and the Braintree Electric Light Department), which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 12, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Braintree Electric Light Department, as described in our report on the Town of Braintree, Massachusetts' financial statements. The financial statements of the Braintree Electric Light Department were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Braintree, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures 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 Braintree, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Braintree's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding #12-01 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Braintree, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Braintree, Massachusetts' in a separate letter dated December 12, 2012.

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

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

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

December 12, 2012



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

To the Honorable Mayor and the Town Council
Town of Braintree, Massachusetts

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Town of Braintree's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Braintree's compliance with those requirements.

In our opinion, the Town of Braintree, Massachusetts, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of The Town of Braintree, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Braintree's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Town of Braintree's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braintree, Massachusetts, as of and for the fiscal year ended June 30, 2012 (December 31, 2011 for the Braintree Contributory Retirement System and the Braintree Electric Light Department), and have issued our report thereon dated December 12, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Braintree, Massachusetts' 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

This report is intended solely for the use of management of the Town of Braintree, Massachusetts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



December 12, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 133,530
Cash Assistance:		
School Breakfast Program	10.553	60,856
National School Lunch Program	10.555	<u>414,547</u>
TOTAL AGRICULTURE		<u>608,933</u>
U.S. DEPARTMENT OF DEFENSE:		
<u>Passed through State Military Division:</u>		
ARRA - National Guard Military Operations and Maintenance Projects	12.401	<u>2,107</u>
U.S. DEPARTMENT OF CRIMINAL JUSTICE:		
<u>Direct Programs:</u>		
Federal Equitable Sharing Program	16.UNK	40,605
Bulletproof Vest Partnership Program	16.607	<u>35,192</u>
TOTAL CRIMINAL JUSTICE		<u>75,797</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Passed through Governor's Highway Safety Bureau:</u>		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>11,309</u>
NATIONAL ENDOWMENT FOR THE ARTS:		
<u>Direct Programs:</u>		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	<u>5,000</u>
ENVIRONMENTAL PROTECTION AGENCY:		
<u>Passed through State Office of the Administrator:</u>		
Performance Partnership Grants	66.605	<u>87,100</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Title I Grants to Local Educational Agencies	84.010	331,861
Special Education Grants to States	84.027	1,489,007
Handicapped - State Grants	84.027A	58,488
Safe and Drug-Free Schools and Communities State Grants	84.186	18,000
English Language Acquisition	84.365	24,457
Improving Teacher Quality State Grants	84.367	123,331
ARRA - Title I Grants to Local Educational Agencies	84.389	27,752
ARRA - Special Education Grants to States	84.391	24,578
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	755,397
ARRA - Stabilization Fund Race-to-the-Top Incentive Grants	84.395	37,558
Education Jobs Fund	84.410	491,157
<u>Passed through State Department of Early Education and Care:</u>		
Special Education - Preschool Grants	84.173	32,502
ARRA - Special Education - Preschool Grants	84.392	<u>7,702</u>
TOTAL EDUCATION		<u>3,421,790</u>
SOCIAL SECURITY ADMINISTRATION:		
<u>Passed through Massachusetts Rehabilitation Commission:</u>		
Social Security Disability Insurance	96.001	<u>370</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Passed through Massachusetts Emergency Management Agency:</u>		
Disaster Grants - Public Assistance	97.036	<u>114,749</u>
TOTAL		<u>\$ 4,327,155</u>

See notes to schedule of expenditures of federal awards.

Note 1 – Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Braintree, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

Note 2 – Significant Accounting Policies

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

- (a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the fiscal year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the fiscal year.
- (d) Disaster Grants have been recorded the year the grant was approved.

Note 3 – Program Clusters

In accordance with Subpart A §_105 of OMB Circular No. A-133, Audits of States, Local Governments and Non Profit Organizations, certain programs have been clustered in determining major programs. The following represents the clustered programs applicable to the Town of Braintree:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Highway Safety Cluster	
State and Community Highway Safety	20.600
Safety Incentive Grants for Use of Seatbelts	20.604
Title I, Part A Cluster	
Title I Grants to Local Educational Agencies	84.010
ARRA – Title I Grants to Local Educational Agencies	84.389

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
Special Education Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA – Special Education – Grants to States	84.391
ARRA – Special Education – Preschool Grants	84.392
Educational Technology State Grants Cluster	
Education Technology State Grants (Enhancing Education through Technology Program)	84.318
ARRA – Education Technology State Grants (Enhancing Education through Technology Program)	84.386
State Fiscal Stabilization Fund Cluster	
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants	84.394
ARRA – State Fiscal Stabilization Fund (SFSF) – Government Services	84.397

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Braintree, Massachusetts.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Braintree, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Braintree, Massachusetts, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs of the Town of Braintree, Massachusetts.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants	84.394
Education Jobs Fund	84.410

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Braintree, Massachusetts was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit**SIGNIFICANT DEFICIENCY**

12-01: Lack of Timely Postings and Reconciliations in the Treasury Department

Condition and Criteria: Since fiscal year 2009 and continuing through fiscal year 2012, the Treasurer's office has been operating with less than a full staff. The Treasurer's position has turned over 3 times and certain tasks have not been completed on a consistent basis including the timely postings of cash receipts to the general ledger and monthly reconciliations of cash and accounts receivables to the general ledger balances and to the Accountant's balances. The department has retained the help of a part-time outside consultant to assist in getting the cash postings and bank reconciliations brought up-to-date but this situation continues to exist.

Effect: The overall effect of this deficiency deteriorates management's ability to properly report financial information on a timely basis and potentially impedes management's ability to safeguard its assets.

Cause: Lack of proper staffing in the department to achieve management's objectives and adherence to internal control policies.

Recommendation: In order to strengthen internal controls over financial reporting and to safeguard the Town's assets we recommend that management should take whatever actions may be necessary to ensure that the day-to-day activities of the Treasury Department are being completed on a timely basis and that detailed reconciliations with the general ledger balances and with other departments are occurring on a routine basis as prescribed by management.

Management's Response/Current Status: The Town has hired an experienced Treasurer/Collector who took office the beginning of July 2010. The position has been filled again with another experienced individual who started in the fall of 2012. Continued improvements are being made to the cash receipts and reporting system. We have been working with the software company on a new treasurer receipts software package that will improve the efficiency of the cash receipts process. Significant improvements have been made in the tax collector's accounts receivables procedures including the direct input of payments over the counter in to the accounts receivable software and more timely reconciliation of the detailed receivables to the general ledger. The goal for FY2013 is to have the detail of cash and accounts receivable reconciled to the ledger on a monthly basis.

C. Findings and Questioned Costs – Major Federal Award Program Audit

None

D. Prior Year Audit Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

11-01: Lack of Timely Postings and Reconciliations in the Treasury Department.

Current Status: This matter continued to exist during fiscal year 2012 and has been repeated as current year finding #12-01.

U.S. DEPARTMENT OF EDUCATION

		<u>Questioned Costs</u>
Special Education Grants to States	84.027	None
Special Education Preschool Grants	84.173	None
ARRA – Special Education Grants to States	84.391	None
ARRA – Special Education Preschool Grants	84.392	None

11-02: *Condition and Criteria:* OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments” requires grantees to maintain documentation of employee time and effort that has been charged to federal awards. If 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain semi-annual certifications stating that 100% of the employee’s time was spent working on grant activities. If less than 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee’s time.

Current Status: Beginning with the 2012 School year, the Town maintained time and effort certifications for all required programs.