

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**SINGLE AUDIT REPORT**

For the Year Ended June 30, 2018

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2018

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# HAGUE, SAHADY & CO., P.C.

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

To the Honorable Mayor and Members of the City Council  
City of New Bedford, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts ("the City"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 25, 2019.

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

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

*Continued*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City'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.

*Hague, Sahady & Co., CPAs, P.C.*

**Hague, Sahady & Co., CPAs, P.C.**

Fall River, Massachusetts  
January 25, 2019

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE*

To the Honorable Mayor and Members of the City Council  
City of New Bedford  
New Bedford, Massachusetts

### Report on Compliance for Each Major Federal Program

We have audited the City of New Bedford, Massachusetts's ("the City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City'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 City's 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 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 City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### *Basis for Qualified Opinion on the Airport Improvement Program*

As described in the Findings 2018-001 and 2018-002 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2018-001	20.106	Airport Improvement Program	Cash Management
2018-002	20.106	Airport Improvement Program	Reporting

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## ***Qualified Opinion on the Airport Improvement Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Airport Improvement Program for the year ended June 30, 2018.

## ***Basis for Qualified Opinion on the Special Education Cluster***

As described in the Finding 2018-003 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2018-003	84.027 & 84.173	Special Education Cluster	Allowable Costs

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

## ***Qualified Opinion on the Special Education Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2018.

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

As described in the Finding 2018-003 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2018-003	84.367	Improving Teacher Quality State Grants	Allowable Costs

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City 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, 2018.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## *Basis for Qualified Opinion on the Staffing for Adequate Fire and Emergency Response Grant Program*

As described in Finding 2018-005 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2018-004	97.083	Staffing for Adequate Fire and Emergency Response Grant	Reporting

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

## *Qualified Opinion on the Staffing for Adequate Fire and Emergency Response Grant Program*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Staffing for Adequate Fire and Emergency Response Grant Program for the year ended June 30, 2018.

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

In our opinion, the City 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, 2018.

## *Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item Finding 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Management of the City 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's 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 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 City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Report on Internal Control over Compliance (Continued)

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 items 2018-001, 2018-002, and 2018-003 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 2017-004 and 2018-005 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts ("the City"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively compromise the City's basic financial statements for the year then ended, and have issued our report thereon dated January 25, 2019, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Hague, Sahady & Co., CPAs, P.C.*

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts

March 29, 2019, except for the Schedule of Expenditures of Federal Awards, which is dated January 25, 2019



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

	<u>Federal CFDA #</u>	<u>Total Federal Awards Expended</u>	<u>Amount to Subrecipients</u>	<u>Major Programs</u>
<i><b>US Department of Agriculture:</b></i>				
<i>Passed through MA Department of Elementary and Secondary Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program (SBP)	<b>10.553</b>	\$ 3,496,546	\$ -	
Total School Breakfast Program:		<u>3,496,546</u>	<u>-</u>	
National School Lunch Program (NSLP)	<b>10.555</b>	4,733,233	-	
Total School Lunch Program:		<u>4,733,233</u>	<u>-</u>	
Total Child Nutrition Cluster		<u>8,229,779</u>	<u>-</u>	
Child & Adult Care Food Program	<b>10.558</b>	41,998	-	
<i><b>Total US Department of Agriculture</b></i>		<u>\$ 8,271,777</u>	<u>-</u>	
<i><b>US Department of Commerce</b></i>				
<i>US Department of Commerce (direct):</i>				
Acushnet River Restoration-NOAA	<b>11.463</b>	\$ 40,387	-	
<i><b>Total US Department of Commerce (direct):</b></i>		<u>\$ 40,387</u>	<u>-</u>	
<i><b>US Department of Housing and Urban Development:</b></i>				
<i>US Department of Housing and Urban Development (direct):</i>				
CDBG - Entitlement Grant Cluster:				
Community Development Block Grant	<b>14.218</b>	\$ 2,239,341	574,100	
Total CDBG - Entitlement Grant Cluster		<u>2,239,341</u>	<u>574,100</u>	
Emergency Shelter Grant	<b>14.231</b>	339,285	296,993	
Supportive Housing Program	<b>14.235</b>	1,727,373	1,643,111	<b>MAJOR</b>
HOME Program Entitlement (see Note 6 to the SEFA)	<b>14.239</b>	11,093,147	-	
Total US Department of Housing and Urban Development (direct)		<u>13,159,805</u>	<u>1,940,104</u>	
<i><b>Total US Department of Housing and Urban Development</b></i>		<u>\$ 15,399,146</u>	<u>\$ 2,514,204</u>	

The accompanying notes are an integral part of this schedule

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

	<u>Federal CFDA #</u>	<u>Total Federal Awards Expended</u>	<u>Amount to Subrecipients</u>	<u>Major Programs</u>
<i>US Department of Justice:</i>				
<i>US Department of Justice (direct):</i>				
Organized Crime Drug Enforcement Task Force	16.001	\$ 15,518	\$ -	
ATF Training Assistance	16.012	10,063	-	
US Marshals Fugitive Task Force	16.737	12,182	-	
Total Public Safety Partnership and Community Policing Programs:		<u>37,763</u>	<u>-</u>	
Total US Department of Justice (direct)		<u>37,763</u>	<u>-</u>	
<i>Passed through MA Executive Office of Public Safety and Security:</i>				
Federal Asset Forfeiture Program	16.922	108,629	-	
Step EOPS	16.588	6,129	-	
Total Violence Against Women Formula Grant Programs:		<u>6,129</u>	<u>-</u>	
Byrne JAG LoC Solicitation	16.738	63,611	-	
Byrne JAG LoC Solicitation	16.738	80,093	-	
HOPE's MAJIC Mentoring	16.738	15,728	-	
Total Justice Assistance Grant Programs:		<u>159,432</u>	<u>-</u>	
Total passed through the MA Executive Office of Public Safety and Security		<u>274,190</u>	<u>-</u>	
<b>Total US Department of Justice</b>		<u>\$ 311,953</u>	<u>-</u>	
<i>US Department of Transportation:</i>				
<i>US Department of Transportation (direct)</i>				
<i>Passed through the Commonwealth of MA Aeronautics Commission:</i>				
Reconstruction R/W 14-32	20.106	3,387,666	-	
NAVAIDs - Construction	20.106	115,068	-	
Environmental Monitoring	20.106	30,573	-	
Total Passed through the Commonwealth of MA Aeronautics Commission		<u>3,533,307</u>	<u>-</u>	<b>MAJOR</b>
<i>Passed through the Massachusetts Executive Office of Public Safety and Security:</i>				
Traffic Enforcement Gr FF	20.600	5,675	-	
Total Passed through the Massachusetts Executive Office of Public Safety and Security		<u>5,675</u>	<u>-</u>	
<b>Total US Department of Transportation</b>		<u>\$ 3,538,982</u>	<u>\$ -</u>	

The accompanying notes are an integral part of this schedule

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

	<u>Federal CFDA #</u>	<u>Total Federal Awards Expended</u>	<u>Amount to Subrecipients</u>	<u>Major Programs</u>
<i>US Department of Environmental Protection Agency:</i>				
CEDC-NB Harbor Education	66.802	\$ 4,474	\$ -	
Payne Cutlery Neighborhood	66.814	122,182	-	
Total Passed Through US Environmental Protection Agency (direct)		<u>126,656</u>	<u>-</u>	
<i>Passed through the MA Department of Environmental Protection Agency:</i>				
Brownfield Assessment Grant	66.818	127,601	-	
CLIFTEX Brownfield Cleanup	66.818	36,079	-	
Total passed through the MA Department of Environmental Protection Agency		<u>163,680</u>	<u>-</u>	
<b>Total US Department of Environmental Protection Agency</b>		<u>\$ 290,336</u>	<u>-</u>	
<i>US Department of Education:</i>				
<i>Passed through MA Department of Elementary and Secondary Education:</i>				
Title I, Part A:				
Title I	84.010	\$ 5,435,383	-	
Title I - School Support	84.010	38,358	-	
Continuing Support	84.010	85,492	-	
School Redesign	84.010	276,178	-	
College and Career Readiness	84.010	5,860	-	
MassGrad Promising Practices	84.010	47,667	-	
Total Title I, Part A Program:		<u>5,888,938</u>	<u>-</u>	<b>MAJOR</b>
Special Education Cluster (IDEA):				
SPED 94-142 Allocation	84.027	3,254,462	-	
SPED Improvement	84.027	29,734	-	
IDEA C/O	84.027	106,080	-	
SFSS	84.027	35,000	-	
Total SPED 94-192 Program:		<u>3,425,276</u>	<u>-</u>	
SPED Early Childhood Allocation	84.173	143,161	-	
Total SPED Early Childhood Program:		<u>143,161</u>	<u>-</u>	
<b>Total Special Education Cluster (IDEA)</b>		<u>\$ 3,568,437</u>	<u>\$ -</u>	<b>MAJOR</b>

The accompanying notes are an integral part of this schedule

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

	<b>Federal CFDA #</b>	<b>Total Federal Awards Expended</b>	<b>Amount to Subrecipients</b>	<b>Major Programs</b>
McKinney Homeless	<b>84.196</b>	\$ 46,571	\$ -	
		<u>46,571</u>	<u>-</u>	
Perkins Grant	<b>84.048</b>	75,639	-	
Total Career Guidance Program:		<u>75,639</u>	<u>-</u>	
21st Century Community Learning Centers Continuation	<b>84.287</b>	1,196,991	-	
21st CCLC Devalles-Summer	<b>84.287</b>	134,000	-	
21st CCLC Gomes Elt	<b>84.287</b>	154,500	-	
21st CCLC Gomes	<b>84.287</b>	7,500	-	
21st CCLC Gomes/NMS Summer	<b>84.287</b>	19,600	-	
Total 21st Century Community Learning Centers Program:		<u>1,512,591</u>	<u>-</u>	
Immigrant Support	<b>84.365</b>	570,276	-	
Title III Summer II	<b>84.365</b>	13,224	-	
Title III Immigrant	<b>84.365</b>	32,122	-	
Total LEP Support Program:		<u>615,622</u>	<u>-</u>	
Supporting Effective Instruction State Grant	<b>84.367</b>	691,105	-	
Total Supporting Effective Instruction State Grant Program:		<u>691,105</u>	<u>-</u>	<b>MAJOR</b>
Total passed through the MA Department of Elementary and Secondary Education		<u>12,398,903</u>	<u>-</u>	
<b>Total US Department Education</b>		<u>\$ 12,398,903</u>	<u>\$ -</u>	

The accompanying notes are an integral part of this schedule

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

	<u>Federal CFDA #</u>	<u>Total Federal Awards Expended</u>	<u>Amount to Subrecipients</u>	<u>Major Programs</u>
<i>US Department of Health, Education &amp; Welfare:</i>				
<i>US Department of Health, Education &amp; Welfare (direct)</i>				
Senior Scope	93.044	\$ 13,031	\$ -	
Transportation COA	93.044	8,125	-	
Retail Standards Prog -AFDO	93.103	2,820	-	
Total US Department of Health, Education & Welfare (direct)		<u>23,976</u>	<u>-</u>	
<i>Passed through the MA Department of Health and Human Services:</i>				
Fire MDU Deployment Grant	93.889	34	-	
Partnership For Success	93.243	59,029	-	
Total passed through the MA Department of Health and Human Services		<u>59,063</u>	<u>-</u>	
<i>Passed through the MA Department of Elementary and Secondary Education:</i>				
Adolescent Health & Services	93.079	3,134	-	
Total passed through the MA Department of Elementary and Secondary Education		<u>3,134</u>	<u>-</u>	
<b>Total US Department of Health, Education &amp; Welfare</b>		<u>\$ 86,173</u>	<u>-</u>	
<i>US Department of Homeland Security:</i>				
<i>US Department of Homeland Security (direct):</i>				
Assistance to Firefighters - EMS Equipment - FEMA	97.044	\$ 281,382	-	
Assistance to Firefighters - Operations and Safety Program	97.044	72,194	-	
Citizen Corps Prog	97.067	4,950	-	
SAFER Staffing FEMA	97.083	2,058,112	-	
Total Staffing for Adequate Fire and Emergency Response:		<u>2,416,638</u>	<u>-</u>	<b>MAJOR</b>
Total US Department of Homeland Security (direct)		<u>2,416,638</u>	<u>-</u>	
<i>Passed through MA Emergency Management Agency:</i>				
FEMA/MEMA Disaster Relief	97.036	92,868	-	
Hurricane Sandy-FEMA	97.036	68,850	-	
Total passed through MA Emergency Management Agency		<u>161,718</u>	<u>-</u>	
<i>Passed through MA Executive Office of Public Safety and Security:</i>				
EMA Emergency Management Performance Grant	97.042	11,642	-	
EMPG Equipment Grant	97.042	20,445	-	
Total passed through the MA Executive Office of Public Safety and Security		<u>32,087</u>	<u>-</u>	
<b>Total US Department of Homeland Security</b>		<u>\$ 2,610,443</u>	<u>-</u>	
<b>Total Amounts Passed to Subrecipients</b>			<u>\$ 2,514,204</u>	
<b>Total Expenditures of Federal Awards</b>		<u>\$ 42,948,100</u>		

The accompanying notes are an integral part of this schedule

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

**Note 1. Definition of the Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") presents activity of all Federal financial assistance programs of the City of New Bedford, Massachusetts ("the City"). Federal financial assistance received includes funds received directly from Federal agencies as well as federal financial assistance passed through other governmental agencies and received directly by the City of New Bedford, Massachusetts.

**Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Bedford and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 510(b).

**Note 3. Major Programs**

The City's independent auditors have used a risk-based approach to determine which federal programs are "major programs" in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 518. This risk-based approach includes consideration of current and prior audit experience, oversight by Federal Agencies and pass-through entities, the inherent risk of the Federal program, as well as other considerations. The process in paragraphs (b) through (i) of Section 518 govern auditor major program determination. Section 518(h) states "when the major program determination was performed and documented in accordance with this Subpart, the auditor's judgment in applying the risk-based approach to determine major programs must be presumed correct."

The City has no responsibility to determine major programs. Our responsibilities are summarized within 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Sections 508 to 512.

**Note 4. Subrecipients**

Of the Federal expenditures presented in the schedule, the City of New Bedford provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipients</u>
Community Development Block Grant - Entitlement	14.218	\$ 574,100
Emergency Shelter Grant	14.231	\$ 296,993
Supportive Housing Program	14.235	\$ 1,643,111

**Note 5. Program Income**

The City's Federal programs generated the following "program income" (2 CFR 200.80) during the fiscal year:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Income</u>
National School Lunch Program	10.555	\$ 452,217
Community Development Block Grant - Entitlement	14.218	\$ 39,539
HOME Program	14.239	\$ 610,350

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

**Note 6. Loan Programs with Continuing Compliance Requirements**

Total expenditures in the accompanying schedule of expenditures of federal awards for the HOME Investment Partnership (HOME) program (CFDA 14.239) includes the total amount of new loans made during fiscal year 2018, as well as the unpaid principal balance from loans originated in previous years for which the Federal government imposed “continuing compliance requirements” through 42 USC 12701-12839 and 3535(d), with implementing regulations codified at 24 CFR part 92.

As of June 30, 2018, the HOME program had loan balances subject to continuing compliance requirements of \$11,093,147. Uniform Guidance (2 CFR 200.502) requires this amount be included in the “basis for determining Federal awards expended” on the current year schedule of expenditures of federal awards as the Federal government is at risk for the loans until the debt is repaid. The beginning balance of the loans subject to continuing compliance requirements was \$10,291,063 at July 1, 2017.

**Note 7. Non-Cash Assistance**

Included within the expenditures of the Child Nutrition Cluster in the Schedule of Expenditures of Federal Awards is \$36,164 of USDA donated agricultural commodities that the City received during fiscal year 2018.

**Note 8. Clusters of Programs**

In accordance with Subpart A, Section 200 of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), certain programs have been clustered in determining major programs. The represents the cluster programs:

<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
<b>Special Education Cluster (IDEA)</b>	
Special Education Grants	84.027
Special Education Preschool Grants	84.173

**Note 9. 10% De-Minimis Indirect Cost Rate**

The City did *not* elect to use the 10% de minimis indirect cost rate as covered in 2 CFR Part 200 Section 414 "Indirect (F&A) Costs".

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Summary of Auditors' Results**

***Financial Statements (Government Auditing Standards):***

We have audited the financial statements of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2018 and have issued our reports thereon dated January 25, 2019. 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. The results of our audit are as follows:

Type of Report issued on the Financial Statements	Unmodified
Internal Control over Financial Reporting:	
Significant Deficiencies Identified?	None Reported
Material Weaknesses Identified?	No
Noncompliance Material to the Financial Statements Noted?	No

***Federal Awards (Uniform Guidance):***

We have audited the City of New Bedford, Massachusetts' compliance with the with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018 and have issued our reports thereon dated March 29, 2019. We performed this audit under the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The results of our audit are as follows:

Internal Control over Major Programs:	
Significant Deficiencies Identified?	Yes
Material Weaknesses Identified?	Yes
Type of Report on Compliance for Major Programs:	
Supportive Housing Program (CFDA 14.235)	Unmodified
Airport Improvement Program (CFDA 20.106)	Qualified
Title I, Part A (CFDA 84.010)	Unmodified
Special Education Cluster (CFDA 84.027 and 84.173)	Qualified
Improving Teacher Quality State Grants (CFDA 84.367)	Qualified
SAFER Staffing FEMA (CFDA 97.083)	Qualified
Disclosure of Audit Findings required to be reported under 2 CFR Part 200 Section 200.516(a):	Yes



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Summary of Auditors' Results (Continued):**

**Identification of Major Federal Programs:**

<u>Description</u>	<u>CFDA #</u>
Supportive Housing Program	14.235
Airport Improvement Program	20.106
Title I, Part A	84.010
Special Education Cluster	84.027 & 84.173
Improving Teacher Quality State Grants	84.367
SAFER Staffing FEMA	97.083

Threshold for distinguishing Type A and Type B Programs under 2 CFR 200 Section 518(b)(1) was \$1,288,443.

The City of New Bedford, Massachusetts does not qualify as a low risk auditee (2 CFR 200 Section 520).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings - Financial Statement Audit (*Government Auditing Standards*):**

No financial statement findings were reported during fiscal year 2018.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance):**

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
2018-001	20.106	Reimbursements for the Airport Improvement Program ( <i>Material Weakness – Cash Management</i> )	N/A

**Information on Federal Programs:**

U.S. Department of Transportation; Federal Aviation Administration, Airport Improvement Program – CFDA 20.106; Grant ID – Various; Grant Period: Various

**Condition:**

Per review of the SF-270 and SF-271's, all five (5) reimbursement requests tested were submitted prior to the related expenses being paid using local funds.

**Criteria:**

Program costs must be paid by non-Federal entity funds before submitting a payment request (2 CFR section 200.305(b)(3)).

**Cause:**

Appropriate cash management policies and procedures were not implemented.

**Effect:**

Non compliance with cash management regulations as outlined in Part 3.2 of Uniform Guidance.

**Isolated Instance or Systemic Problem:**

We consider this to be a “systemic” problem, as it was identified in all instances of testing.

**Repeat of a Finding in the Immediately Prior Audit (with Prior Year Audit Finding Number (where applicable)):**

Yes. Prior Year Audit Finding Number 2017-001.

**Recommendation:**

We recommend that the City pay program costs using local funds first, then request reimbursement. We also recommend the City implement policies and procedures to be adhered to with respect to all applicable Federal award programs.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance) (Continued):**

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
2018-002	20.106	<b>Significant Variances Noted between Required FAA Form and General Ledger (Material Weakness - Reporting)</b>	N/A

**Information on the Federal Programs:**

U.S. Department of Transportation; Federal Aviation Administration, Airport Improvement Program – CFDA 20.106; Grant ID – Various; Grant Period: Various

**Condition:**

The City’s did not accurately submit the required FAA 5100-127 report at year end. Variances were noted between the FAA 5100-127 and the City’s general ledger. We noted variances in operating revenue, operating expense, and non-operating revenue on the 5100-127 when comparing to the City’s general ledger.

**Criteria:**

Uniform Guidance states, “*Operating and Financial Summary*, or FAA Form 5100-127, is required to be submitted accurately by sponsors [NB Airport Commission] of commercial service airports. They capture revenue and expenditures at the airport, including revenue surplus.”

Also, 49 CFR Section 18.20 “Standards for financial management systems” sets standards related to “accurate and complete disclosure of the financial results of financial assisted activities must be made in accordance with the financial reporting requirements of the grant or sub grant.”

**Cause:**

The City submitted FAA Form 5100-127 with errors. There were no controls in place to reconcile the information to the City’s general ledger.

**Effect:**

Failure to submit accurate financial and performance reports timely could inhibit the City’s ability to receive further Federal financial assistance.

**Isolated Instance or Systemic Problem:**

We consider this issue to be a “systemic problem”, as it has now been identified for three consecutive audit periods.

**Repeat of a Finding in the Immediately Prior Audit (with Prior Year Audit Finding Number (where applicable)):**

Yes. Prior Year Audit Finding Number 2017-003.

**Recommendation to Prevent Future Occurrence:**

It is recommended that the City review compliance requirements set forth by the Uniform Guidance for the Airport Improvement Program. All financial reports submitted to the FAA should be proof read by management and all ending balances should be traced to underlying financial records.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance) (Continued):**

<b>Reference Number</b>	<b>Program</b>	<b>Finding</b>	<b>Questioned Costs</b>
2018-003	84.027 & 84.173; and also 84.367	The City/School Department Failed to Obtain Payroll Certifications for Employees Who Work Solely for a Single Federal Program ( <i>Material Weakness – Allowable Costs</i> )	N/A

**Information on the Federal Programs:**

U.S. Department of Education passed through the Massachusetts Department of Elementary and Secondary Education; Special Education Cluster – CFDA 84.027 and 84.173; Grant ID – Various; Grant Period: Various *and also* the Improving Teacher Quality State Grant Program (Title IIA Program) – CFDA 84.367; Grant ID – Various; Grant Period: Various

**Condition:**

The School Department did not have on file the signed semi-annual certifications which are required for all employees who work solely on a single Federal award program. Specifically, the School Department did have one of the two signed semi-annual certifications, but did not have the second required documentation on file for fiscal year 2018.

**Criteria:**

2 CFR Part 225, Appendix B 8(h)(3) states “where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

**Cause:**

Management overlooked the request for the second semi-annual certification of fiscal year 2018 to be completed by the employee or supervisory official. As a result, no documentation was retained.

**Effect:**

The potential exists that employees could have been charged to the School’s Federal award who did not devote 100% of their time to the City’s award program.

**Isolated Instance or Systemic Problem:**

We consider this issue to be an “isolated instance”.

**Repeat of a Finding in the Immediately Prior Audit (with Prior Year Audit Finding Number (where applicable)):**

No.

**Recommendation to Prevent Future Occurrence:**

It is recommended that the School Department develop a system to ensure that signed certifications are obtained from all employees who worked on a single Federal award at least semi-annually.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance) (Continued):**

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
2018-004	97.083	Submission of Inaccurate Semi-Annual SF-425s ( <i>Significant Deficiency - Reporting</i> )	N/A

**Information on the Federal Programs:**

U.S. Department of Homeland Security; Federal Emergency Management Agency, SAFER Staffing Program – CFDA 97.083; Grant ID – EMW-2015-FH-00101; Grant Period: 7/15/16 to 7/14/18

**Condition:**

Upon our review of the semi-annual SF-425 reports submitted during fiscal year 2018, cash disbursements were only reported to FEMA once the Federal reimbursement was received. As a result, we were unable to reconcile the amounts reported on the SF-425 to the City’s general ledger.

**Criteria:**

Federal Financial Reports (SF-425): Recipients of SAFER Grants awarded on or after October 1, 2009, are required to submit semi-annual Federal Financial Reports (FFR) (SF-425). The FFR is to be submitted using the online eGrants system based on the calendar year beginning with the period after the start of the period of performance. Recipients are required to submit an FFR throughout the entire period of performance of the grant.

**Cause:**

The City did not report cash disbursements on the cash basis, as indicated on the SF-425. This can be attributed to a lack of controls over the reporting process and a lack of controls over the review and approval process over the SF-425 submissions.

**Effect:**

Due to reporting errors, expenditures reported to FEMA at December 31, 2017 were \$433,999 less than the general ledger and at June 30, 2018 were \$50,899 less than the general ledger.

**Isolated Instance or Systemic Problem:**

We consider this issue to be a “isolated instance” as management did implement its prior year corrective action plan. However per management, a clerical error was made with respect to the selection of the cash basis for the SF-425 at the time of submission.

**Repeat of a Finding in the Immediately Prior Audit (with Prior Year Audit Finding Number (where applicable)):**

Yes. Prior Year Audit Finding Number 2017-004.

**Recommendation to Prevent Future Occurrence:**

It is recommended that the City report cash disbursements on the accrual basis and implement further controls over reporting, such as reconciling to the general ledger and obtaining higher levels of approval prior to submission (such as the approval of the City Auditor’s office).

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance) (Continued):**

<u>Reference Number</u>	<u>Program(s)</u>	<u>Finding</u>	<u>Questioned Costs</u>
2018-005	14.235, 20.106, 84.010, 84.027 & 84.173, 84.367, 97.083	<b>The City Did Not Have Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance (Significant Deficiency – Other Non-Compliance)</b>	N/A

**Information on the Federal Programs:**

Supportive Housing Program (14.235), Airport Improvement Grant (20.106), Title I, Part A (84.010), Special Education Cluster (84.027 & 84.173), Improving Teacher Quality State Grants (84.367) and SAFER Staffing FEMA (97.083)

**Condition:**

The City did not have written policies, procedures and standards of conduct relative to Federal awards as required by Uniform Guidance (2 CFR 200), Subparts D (Post Federal Award Requirements) and E (Cost Principles). This applies not only to the major programs tested during the fiscal year 2018 audit, but all Federal programs.

**Criteria:**

Uniform Guidance requires nonfederal entities that receive federal awards to establish written policies, procedures or standards of conduct for the following sections:

- Financial management (200.302)
- Payment (200.305)
- General procurement standards (200.318) (see below)
- Competition (200.319)
- Methods of procurement to be followed (200.320) (see below)
- Compensation – personal services (200.430)
- Compensation – fringe benefits (200.431)
- Relocation costs of employees (200.464)
- Travel costs (200.474)

The Uniform Guidance establishes requirements for written policies approximately 25 times. The list above is not all inclusive.

Initially, the OMB gave entities the option to elect to delay the implementation of the Uniform Guidance procurement standards for two full fiscal years beginning with the nonfederal entity’s fiscal year that began on or after December 26, 2014. On May 17, 2017, the OMB extended the grace period for implementation of the procurement standards for an additional year. With this amendment, the new procurement standards will apply to the nonfederal entity’s fiscal year that *begins on or after December 26, 2017* (i.e. July 1, 2018). If this election is made, the entity must document whether it is in compliance with the old or new standard, including if it chooses to utilize the 2017 extension, and must meet the standard as documented.

**Cause:**

The City lacks written policies, procedures or standards of conduct required by the current Federal regulations.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which are Required to be Reported Over Major Federal Programs (Uniform Guidance) (Continued):**

<u>Reference Number</u>	<u>Program(s)</u>	<u>Finding</u>	<u>Questioned Costs</u>
2018-005 (continued)	14.235, 20.106, 84.010, 84.027 & 84.173, 84.367, 97.083	The City Did Not Have Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance ( <i>Significant Deficiency – Other Non-Compliance</i> ) (continued)	N/A

**Effect:**

Failure to establish these policies, procedures or standards of conduct puts the City in noncompliance with current Federal regulations and increases the likelihood of fraud, waste and abuse of Federal funds. It also may increase the likelihood of findings in subsequent Single Audits due to lack of adequate internal controls.

**Isolated Instance or Systemic Problem:**

We consider this issue to be a “systemic problem” as it has now been noted during consecutive audit periods.

**Repeat of a Finding in the Immediately Prior Audit (with Prior Year Audit Finding Number (where applicable)):**

Yes. Prior Year Finding Number 2017-005.

**Recommendation to Prevent Future Occurrence:**

It is recommended that the City develop Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance.



CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Findings and Questioned Costs – Corrective Action Plan

For the Year Ended June 30, 2018

<u>Reference Number</u>	<u>Finding</u>
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2018-001 **CFDA 20.106 - Reimbursements for the Airport Improvement Program**  
*(Material Weakness – Cash Management)*

**Name of Contact Person:** Scot Servis, Airport Manager

**Corrective Action Plan:** The Airport’s resident engineering contractor receives and validates vendor invoices and simultaneously initiates requests for reimbursement, which are only submitted to the appropriate Federal and State agencies upon approval by the Commission. However, Commission approval often occurs faster than the payment process for vendor invoices. To prevent the possibility of reimbursement requests being submitted prior to vendor payment, Airport management will delay reimbursement submittal until after vendor payments are processed.

**Proposed Completion Date:** For disbursements on and after April 1, 2019.

<u>Reference Number</u>	<u>Finding</u>
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2018-002 **CFDA 20.106 - Significant Variances Noted between Required FAA Form and General Ledger**  
*(Material Weakness - Reporting)*

**Name of Contact Person:** Scot Servis, Airport Manager

**Corrective Action Plan:** The FAA Form 5100-127 is due by September 30 each year, which historically occurs before the fiscal year is closed. Since GAAP entries have not been recorded, Airport management selects the option indicating the report is not based on final audit amounts. Nevertheless, to help mitigate timing differences, Airport management will defer final completion of the FAA Form 5100—127 until late September, and the City Auditor’s Office will review the amounts reported and assist in their reconciliation to the most up-to-date general ledger available prior to filing.

**Proposed Completion Date:** For reporting periods after March 31, 2019.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Schedule of Findings and Questioned Costs – Corrective Action Plan

For the Year Ended June 30, 2018

<b>Reference Number</b>	<b>Finding</b>
<b>2018-003</b>	<b>CFDA 84.027/84.173 and 84.367 – The City/School Department Failed to Obtain Payroll Certifications for Employees Who Work Solely for a Single Federal Program</b> <i>(Material Weakness – Allowable Costs)</i>
	<b>Name of Contact Person:</b> Andrew O’Leary, School Business Manager
	<b>Corrective Action Plan:</b> As of FY2019, list of affected employees will be sent directly to schools sites for on site staff verification of grant funded employees. Annual training for grant managers will include additional guidance on semi annual certifications.
	<b>Proposed Completion Date:</b> June 30, 2019

<b>Reference Number</b>	<b>Finding</b>
<b>2018-004</b>	<b>CFDA 97.083 - Submission of Inaccurate Semi-Annual SF-425s</b> <i>(Significant Deficiency - Reporting)</i>
	<b>Name of Contact Person:</b> Michael Gomes, Fire Chief
	<b>Corrective Action Plan:</b> As a result of a prior year finding, a corrective action plan was implemented, effective for all reporting periods after December 31, 2017. The plan requires the Fire Department to submit draft SF-425s to the City Auditor’s Office for review and reconciliation to the general ledger before submission. The cumulative report for the reporting period ended June 30, 2018 was reviewed and reconciled to the general ledger as of the filing date. Since the full closing of the fiscal year had not been completed by the filing deadline, the City’s intent was to identify the reporting basis as cash but the accrual basis box was inadvertently checked subsequent to City Auditor review. Management regards this as a clerical error.
	<b>Proposed Completion Date:</b> A corrective action plan has already been established, effective for all reporting periods after December 31, 2017. No further action is deemed necessary.

CITY OF NEW BEDFORD, MASSACHUSETTS

Schedule of Findings and Questioned Costs – Corrective Action Plan

For the Year Ended June 30, 2018

**Reference  
Number**

**Finding**

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2018-005

**The City Did Not Have Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance (*Significant Deficiency – Other Non-Compliance*)**

**Name of Contact Person:** Robert Ekstrom, City Auditor

**Corrective Action Plan:** Management believes its written policies, procedures, and standards of conduct sufficiently meet the requirements of Uniform Guidance (2 CFR 200), Subparts D and E. A New Bedford Statement of Values setting forth standards of conduct expected of each employee is posted in every government office, and numerous separate standards governing conduct on specific activities are provided to and attested by each new employee, as well as reaffirmed by existing employees each year. Policies and procedures affecting all areas of financial management have been established and are available in written documentation, including formal policies for budget preparation, procurement, employee travel, employee expense reimbursement, and the establishment and maintenance of fund balances and stabilization funds. Additionally, the City Auditor’s Office substantially compiled a comprehensive Accounting Policies & Procedures Manual (Manual) during fiscal year 2018 that aggregates policies and procedures in one single reference. Although the Manual had not been formally issued by January 25, 2019, select policies and procedures have been communicated as they relate to each employee’s roles.

**Proposed Completion Date:** The City’s written policies, procedures, and standards of conduct have existed in the manner described above throughout fiscal year 2018. The above-referenced Manual aggregating all existing financial management policies and procedures will be issued by June 30, 2019.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2018

**Findings for Financial Statements Which Are Required To Be Reported In Accordance With Generally Accepted *Government Auditing Standards*:**

No financial statement findings were reported in the prior fiscal year.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which Are Required To Be Reported Over *Major Federal Programs (Uniform Guidance)*:**

**Prior Finding 2017-001: Reimbursements for the Airport Improvement Program**

**Information on**

**the Federal Programs:** U.S. Department of Transportation; Federal Aviation Administration, Airport Improvement Program – CFDA 20.106; Grant ID – Various; Grant Period: Various

**Condition:** Per review of the SF-270 and SF-271's, all ten (10) reimbursement requests tested were submitted prior to the related expenses being paid using local funds.

**Recommendation:** It was recommended that the City pay program costs using local funds first, then request reimbursement. We also recommend the City implement policies and procedures to be adhered to with respect to all applicable Federal award programs.

**Current Status:** This finding was repeated as it was *not* corrected during 2018. See current year finding number 2018-001.

**Prior Finding 2017-002: SF-425 Reports Not Submitted Timely for the Airport Improvement Program**

**Information on**

**the Federal Programs:** U.S. Department of Transportation; Federal Aviation Administration, Airport Improvement Program – CFDA 20.106; Grant ID – Various; Grant Period: Various

**Condition:** The City did not submit the annually required SF-425 reports within 90 days of the Federal fiscal year end.

**Recommendation:** It was recommended that the City submit the reports on time and should review them before submission for accuracy.

**Current Status:** This finding was removed as it was corrected during 2018.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which Are Required To Be Reported Over *Major Federal Programs (Uniform Guidance) (continued)*:**

**Prior Finding 2017-003: Significant Variances Noted between Required FAA Form and General Ledger**

**Information on**

**the Federal Programs:** U.S. Department of Transportation; Federal Aviation Administration, Airport Improvement Program – CFDA 20.106; Grant ID – Various; Grant Period: Various

**Condition:** The City’s Airport Commission did not accurately submit the required FAA 5100-127 report at year end. Variances were noted between the FAA 5100-127 and the City’s general ledger.

**Recommendation:** It was recommended that the Airport Commission review compliance requirements set forth by the Uniform Guidance for the Airport Improvement Program. All financial reports submitted to the FAA should be proof read by management all ending balances should be traced to underlying financial records.

**Current Status:** This finding was repeated as it was *not* corrected during 2018. See current year finding number 2018-002.

**Prior Finding 2017-004: Submission of Inaccurate Semi-Annual SF-425s**

**Information on**

**the Federal Programs:** U.S. Department of Homeland Security; Federal Emergency Management Agency, SAFER Staffing Program – CFDA 97.083; Grant ID – EMW-2015-FY-00101, Grant Period 7/15/16 to 7/14/18

**Condition:** We noted that the semi-annual SF-425 reports were not able to be reconciled between the amounts reported and the City’s general ledger.

**Recommendation:** It was recommended that the City report cash disbursements on the accrual basis and implement further controls over reporting, such as reconciling to the general ledger and obtaining higher levels of approval prior to submission (such as the approval of the City Auditor’s office).

**Current Status:** This finding was repeated as it was *not* corrected during 2018. See current year finding number 2018-004.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2018

**Findings and Questioned Costs Which Are Required To Be Reported Over *Major Federal Programs (Uniform Guidance) (continued)*:**

**Prior Finding 2017-005: The City Did Not Have Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance**

**Information on the Federal Programs:** All Federal Programs

**Condition:** The City did not have written policies, procedures and standards of conduct relative to Federal awards as required by Uniform Guidance (2 CFR 200), Subparts D (Post Federal Award Requirements) and E (Cost Principles). This applies not only to the major programs tested during the fiscal year 2017 audit, but all Federal programs

**Recommendation:** It was recommended that the City develop Written Policies, Procedures and Standards of Conduct Relative to Federal Awards as Required by Uniform Guidance.

**Current Status:** This finding was repeated as it was *not* corrected during 2018. See current year finding number 2018-005.