

CITY OF WALTHAM, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

YEAR ENDED JUNE 30, 2015

CITY OF WALTHAM, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

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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**

Honorable Mayor and City Council
City of Waltham, 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 Waltham, Massachusetts (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2015.

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 purpose of expressing our opinions on the financial statements, but not for the purpose 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.

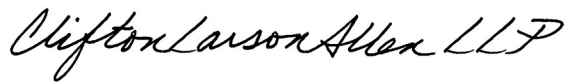
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Boston, Massachusetts
December 22, 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**

Honorable Mayor and City Council
City of Waltham, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the City of Waltham, Massachusetts' (City) 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's major federal programs for the year ended June 30, 2015. The City's 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'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 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'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.

Opinion on Each Major Federal Program

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 major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed 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 2015-002 and 2015-003. Our opinion on each major federal program is not modified with respect to these matters. The City's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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 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'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003, that we consider to be significant deficiencies.

Honorable Mayor and City Council
City of Waltham, Massachusetts

The City's responses 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 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City. We issued our report thereon dated December 22, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
December 22, 2015

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Passed Through the State Department of Elementary and Secondary Education:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program - Cash Assistance	10.553	09-308	\$ 215,132
National School Lunch Program - Cash Assistance	10.555	09-308	1,114,137
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-308	155,125
Special Milk Program for Children	10.556	09-308	852
Subtotal - Child Nutrition Cluster			1,485,246
Fresh Fruit and Vegetable Program	10.582	09-308	34,396
Total U.S. Department of Agriculture			1,519,642
U.S. Department of Housing and Urban Development			
<u>Direct Program:</u>			
Community Development Block Grant	14.218	Not Applicable	1,262,461
U.S. Department of Justice			
<u>Passed Through the State Executive Office of Public Safety:</u>			
Edward Byrne Memorial Justice Assistance Grant	16.738	Not Available	20,076
U.S. Department of Transportation			
<u>Passed Through the State Office of Emergency Management:</u>			
Hazardous Materials Emergency Preparedness	20.703	FY14HMEP0000000WALTH	1,499
U.S. Department of Education			
<u>Direct Program:</u>			
Physical Education Grant	84.215F	Not Applicable	133,062
<u>Passed Through the State Department of Elementary and Secondary Education:</u>			
<i>Title I, Part A Cluster</i>			
Title I Distribution (fiscal year 2014)	84.010	0305-024808-2014-0308	144,848
Title I Distribution (fiscal year 2015)	84.010	0305-048111-2015-0308	446,957
Title I School Support (fiscal year 2014)	84.010	323-024-4-0308-O	11,620
Subtotal - Title I, Part A Cluster			603,425

See accompanying Notes to Schedule of Expenditures of Federal Award Programs.

CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS (CONTINUED)
YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (Continued)			
<u>Passed Through the State Department of Elementary and Secondary Education:</u>			
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2014)	84.027	240-246-4-0308-O	140,603
SPED 94-142 Allocation (fiscal year 2015)	84.027	240-245-5-0308-P	1,331,157
SPED Program Improvement (fiscal year 2014)	84.027	274-318-4-0308-O	6,387
SPED Program Improvement (fiscal year 2015)	84.027	274-074-5-0308-P	27,141
SPED Transition (fiscal year 2014)	84.027	243-095-4-0308-O	731
SPED Early Childhood Program Improvement (fiscal year 2014)	84.027	298-266-4-0308-O	1,500
<u>Passed Through the State Department of Early Education and Care:</u>			
SPED Early Childhood Allocation (fiscal year 2014)	84.173	26214WALTHAMPUBLIC	8,405
SPED Early Childhood Allocation (fiscal year 2015)	84.173	26215WALTHAMPUBLIC	41,673
Subtotal - Special Education Cluster			1,557,597
<u>Passed Through the State Department of Elementary and Secondary Education:</u>			
Carl Perkins Occupational Education (fiscal year 2014)	84.048	400-035-4-0308-O	6,499
Carl Perkins Occupational Education (fiscal year 2015)	84.048	400-049-5-0308-P	13,606
Education for Homeless Children & Youth (fiscal year 2014)	84.196	310-023-4-0308-O	963
Education for Homeless Children & Youth (fiscal year 2015)	84.196	310-027-5-0308-P	19,813
Title III - English Language Acquisition (fiscal year 2014)	84.365	180-037-4-0308-O	81,377
Title III - English Language Acquisition (fiscal year 2015)	84.365	180-073-5-0308-P	45,258
Title III ELA (fiscal year 2015)	84.365	184-016-5-0308-P	5,035
Title IIA - Improving Teacher Quality (fiscal year 2014)	84.367	0140-031073-2014-0308	40,576
Title IIA - Improving Teacher Quality (fiscal year 2015)	84.367	0140-061749-2015-0308	154,666
ARRA - Race to the Top (fiscal year 2014)	84.395	201-015702-2014-0308	24,310
Total U.S. Department of Education			2,686,187
U.S. Department of Health and Human Services			
<u>Passed Through the State Executive Office of Health and Human Services:</u>			
School-Based Medicaid Reimbursement Program	93.778	110030884	234,947
U.S. Department of Homeland Security			
<u>Passed Through the State Office of Emergency Management:</u>			
Emergency Management Performance Grants	97.042	FY14EMPG1200000WALTH	22,030
Emergency Management Performance Grants	97.042	FY15EMPG1314000WALTH	44,435
Total U.S. Department of Homeland Security			66,465
Total			\$ 5,791,277

See accompanying Notes to Schedule of Expenditures of Federal Award Programs.

CITY OF WALTHAM, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS
JUNE 30, 2015

NOTE 1 SINGLE AUDIT REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Award programs (Schedule) presents the expenditures of all federal award programs of the City of Waltham, Massachusetts (City) for the year ended June 30, 2015. Federal Financial Assistance received includes funds received directly from federal agencies, as well as Federal Financial Assistance passed through other governmental agencies.

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 Milk Program for Children represent cash receipts from federal reimbursements.

(c) U.S. Department of Health and Human Services

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements for Administrative Activity Claims.

(d) U.S. Department of Homeland Security

The amounts reported for the Emergency Management Performance Grants represent federal reimbursements.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program Description	CFDA Number	Amount
Community Development Block Grant	14.218	\$ 548,117

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x 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? _____ yes x 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: Unmodified
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, 10.556
14.218
84.010

Child Nutrition Cluster
Community Development Block Grant
Title I Distribution

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditors' Results (Continued)

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

\$ 300,000

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

 yes

 x no

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs – Major Federal Programs

2015-001

Federal agency: U.S. Department of Agriculture

Federal program: Child Nutrition Cluster

CFDA Number: 10.553, 10.555, 10.556

Award Period: July 1, 2014 – June 30, 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Compliance Requirement: Procurement and 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 disbarred or whose principals are suspended or disbarred. "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 did not obtain a debarment certification or check the System for Award Management website for vendors contracted with in excess of \$25,000 related to the grant program. Upon further review, it was determined that the vendors were not suspended or debarred.

Questioned costs: None

Context: The City did not verify that either of the two vendors tested were not suspended or debarred.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Cause: Procedures are not in place to verify if vendors contracted with in excess of \$25,000 related to the Child Nutrition Cluster program are not suspended, debarred, or otherwise excluded from doing business.

Effect: Noncompliance with the federal award program's suspension and debarment compliance requirements could occur and not be detected and corrected timely.

Recommendation: Procedures must be implemented to ensure all vendors contracted with have not been suspended or debarred or otherwise excluded from doing business, prior to procuring their services. In order to verify this, program management should either obtain debarment certifications from the vendors or check the System for Award Management website. Procedures must also be implemented to maintain documentation supporting the debarment and suspension checks performed.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with this finding; however the following is an explanation of how this non-compliance came to be.

Waltham Public Schools Food Service Department is part of a purchasing cooperative known as the Urban Ring, consisting of 8 school districts (Brookline, Watertown, Quincy, Methuen, Cambridge, Greater Lawrence, Medford, Somerville). Both bids tested were hosted through other school district/city procurement offices. The Grocery bid was awarded to Thurston Foods and hosted through Somerville Public Schools. The Produce bid was awarded to A. Russo's & Sons and was hosted through Quincy Public Schools. In lieu of debarment certificates, these communities allowed a 'letter of good standing' from the Massachusetts Secretary of the Commonwealth.

Actions planned in response to finding: Waltham Public Schools and the City of Waltham will do its own due diligence in obtaining debarment certifications from the vendors or check the System for Award Management website for all awards issued through purchasing cooperatives. Documentation supporting the debarment and suspension checks performed will be kept on file with the vendor contract.

Responsible party: April Liles, Food Services Director

Planned completion date for corrective action plan: Immediately

Plan to monitor completion of corrective action plan: The Food Services Director will be responsible for ensuring that debarment certifications are obtained for all Food Service Department vendor contracts which exceed \$25,000.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

2015-002

Federal agency: U.S. Department of Agriculture

Federal program: Child Nutrition Cluster

CFDA Number: 10.553, 10.555, 10.556

Award Period: July 1, 2014 – June 30, 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Noncompliance

Compliance Requirement: Reporting

Criteria or specific requirement: To receive reimbursement payments for meals, an institution must submit claims for reimbursement to its administering agency. At a minimum, a claim must include the number of reimbursable meals served by category and type during the period covered by the claim. All meals claimed for reimbursement must (a) be of types authorized by the institution; (b) be served to eligible children; and (c) be supported by accurate meal counts and record indicating the number of meals served by category and type.

Condition: Per review of supporting documentation, meal counts submitted to the Massachusetts Department of Elementary and Secondary Education (DESE) were inaccurate.

Questioned costs: None

Context: One of the 15 monthly claims for reimbursement tested contained inaccurate meal counts.

Cause: Procedures were not in place to reconcile the meal counts reported with the supporting daily records maintained by the schools for the month in question.

Effect: The number of free and paid lunches reported for two of the schools for the month of October 2014 were misstated, which resulted in the City's reimbursements being less than they should have been, based on the actual number of meals that were served.

Recommendation: Procedures must be implemented to ensure that all meal counts reported on the claims for reimbursement submitted to the DESE are reconciled with the supporting records and reflect accurate information.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with this finding; however the following is an explanation of how this non-compliance came to be.

The October 2014 meal claim errors were due to transposed numbers. The free meals claimed were 4,692 but 4,962 was the number entered for the final claim to DESE for reimbursements. Total errors resulted in 270 free meals under claimed for the month.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Actions planned in response to finding: The Waltham Public Schools Food Services Director has created procedures for ensuring meal counts reported on the claims for reimbursement submitted to DESE are reconciled with supporting documents and reflect accurate information. Additionally, in June 2015, the new Mosaic software program was installed which provides accurate supporting documents streamlining all schools, days and meals into MASS FP-9 documents for claim entry into the DESE portal. The Food Services Department continues these procedures monthly to ensure accurate claiming.

Responsible party: April Liles, Food Services Director

Planned completion date for corrective action plan: Immediately

Plan to monitor completion of corrective action plan: The Food Services Director will be responsible for monitoring reconciliations between the claims and supporting documentation. These reconciliations will be conducted each month.

2015-003

Federal agency: U.S. Department of Housing and Urban Development

Federal program: Community Development Block Grant

CFDA Number: 14.218

Award Period: July 1, 2014 – June 30, 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Noncompliance

Criteria or specific requirement: As stated in OMB Cost Circular A-87, the City is required to maintain documentation supporting the salaries and wages charged to the grant program. For employees that work on both CDBG program and other grant or non-grant related activities, personnel activity reports must be maintained that (1) reflect an after-the-fact distribution of the actual activity of the employee, (2) account for the total activity for which the employee is compensated, (3) are prepared at least monthly and coincide with one or more pay periods, and (4) must be signed by the employee.

Condition: The salaries and wages charged to the grant program for one of the employees were not supported by the required time and effort reports (i.e., periodic certifications, personnel activity reports or time sheets), as prescribed in OMB Cost Circular A-87.

Questioned costs: \$1,889

Context: The salaries charged to the grant for 6 of the 25 pay periods tested for one of the four grant employees were not supported by time and effort reports.

Cause: Procedures were not in place to maintain time and effort reports for all employees paid from the grant.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Effect: The salary charges for those pay periods are subject to disallowance.

Recommendation: Procedures must be implemented to ensure that all salaries charged to the grant are appropriate and supported by the required time and effort reports, as prescribed in Cost Circular A-87.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: None

Actions planned in response to finding: Timecards have been changed. Beginning July 1, 2015, only quarterly timecards reflecting effort percentages are used.

Responsible party: Planning Department

Planned completion date for corrective action plan: Completed

Plan to monitor completion of corrective action plan: Each quarter, time and effort reports will be checked and signed by the respective supervisor.

Section IV – Prior Year Major Federal Program Findings

2014-002 – Sub-recipient Monitoring – Community Development Block Grant

Last year's testing of sub-recipient monitoring identified that the City did not conduct any sub-recipient monitoring procedures. During this year's testing, no instances of noncompliance were noted. Resolved.

2014-003 – Procurement and Suspension and Debarment – Community Development Block Grant

Last year's testing of procurement and suspension and debarment identified that the City did not obtain a debarment certification or check the *System for Award Management* website for vendors contracted with in excess of \$25,000. During this year's testing, no instances of noncompliance were noted. Resolved.

2014-004 – Cash Management – Community Development Block Grant

Last year's testing of cash management identified that there was no evidence of supervisory personnel review of the drawdowns submitted to the federal agency. During this year's testing, no instances of noncompliance were noted. Resolved.

2014-005 – Reporting – Assistance to Firefighters Grant

Last year's testing of reporting identified that the City did not file the required semi-annual SF-425 financial reports, final financial report or final performance report by the filing deadlines. This grant ended for the City in fiscal year 2014 and, therefore, testing of this requirement in the current year was not applicable.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

2014-006 – Cash Management – Assistance to Firefighters Grant

Last year's testing of cash management identified that the City requested an advance of funds more than 30 days prior to the delivery of the fire truck purchased. This grant ended for the City in fiscal year 2014 and, therefore, testing of this requirement in the current year was not applicable.