

TOWN OF COVENTRY, RHODE ISLAND
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021



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**TOWN OF COVENTRY, RHODE ISLAND
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Town Council
Town of Coventry, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Town of Coventry, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Coventry, Rhode Island's major federal program for the year ended June 30, 2021. The Town of Coventry, Rhode Island's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town of Coventry, Rhode Island's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Coventry, Rhode Island'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 the major federal program. However, our audit does not provide a legal determination of the Town of Coventry, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Coventry, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed 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 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

Town of Coventry, Rhode Island's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Coventry, Rhode Island's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town of Coventry, Rhode Island, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Coventry, Rhode Island'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Coventry, Rhode Island'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 a 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-005, that we consider to be significant deficiencies.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
November 29, 2022

**TOWN OF COVENTRY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation:				
<i>Passed through the State of Rhode Island, Department of Transportation:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600		\$ 19,899	
Total Highway Safety Cluster				<u>19,899</u>
U.S. Department of Education:				
<i>Passed through the State of Rhode Island, Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2725-11702-801		836,690
Career & Technical Education - Basic Grants to States	84.048	2725-15302-801		263,666
Higher Education Institutional Aid	84.031			3,441
Improving Teacher Quality State Grants	84.367	2725-16402-071		248,515
Consolidated Grant to Outlying Areas	84.403			0
Student Support and Academic Enrichment Grants	84.424			30,849
COVID-19 ESSER I	84.425D			1,333,886
Safe and Drug-Free Schools and Communities National Program	84.184			10,171
Striving Readers	84.371	2725-22002-010		155,546
Special Education Cluster (IDEA):				
State Education - Grants to States	84.027	2725-13202-801	1,432,311	
Special Education Preschool Grants	84.173	2725-13502-801	47,234	
Total Special Education Cluster (IDEA)				<u>1,479,545</u>
Total U.S. Department of Education				<u>4,362,309</u>
U.S. Department of Agriculture:				
<i>Passed through the State of Rhode Island, Department of Education:</i>				
Fresh Fruit and Vegetable Program	10.582			25,184
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559		1,323,140	
Total Child Nutrition Cluster				<u>1,323,140</u>
Total U.S. Department of Agriculture				<u>1,348,324</u>
U.S. Department of Health and Human Services:				
<i>Passed through the State of Rhode Island Department of Behavioral h</i>				
Public Health Emergency Preparedness	93.069			7,669
Substance Abuse and Mental Health Services	93.243			857
Medical Assistance Program	93.778		125,525	
Total Medicaid Cluster				<u>125,525</u>
Total U.S. Department of Health and Human Services				<u>134,051</u>
U.S. Department of Homeland Security:				
<i>Passed through the State of Rhode Island:</i>				
Emergency Management Performance Grant	97.042			10,906
Total U.S. Department of Homeland Security				<u>10,906</u>
U.S. Department of of the Treasury:				
<i>Passed through the State of Rhode Island:</i>				
COVID-19 Coronavirus Relief Funds	21.019		2,300,617	
<i>Passed through the State of Rhode Island Department of Education:</i>				
COVID-19 Substitute Teacher Pool and Recruitment	21.019		91,387	
COVID-19 Supplemental Impact Education Aid	21.019		725,374	
Total U.S. Department of of the Treasury				<u>3,117,378</u>
United States Corporation for National and Community Service				
<i>Passed through the State of Rhode Island Department of Education:</i>				
PreSchool Expansion	94.434	10.072.2725221.02		296,346
Total United States Corporation for National and Community Service				<u>296,346</u>
U.S. Department of Justice:				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	16.607			7,306
Total U.S. Department of Homeland Security				<u>7,306</u>
Total Expenditures of Federal Awards			<u>\$ 0</u>	<u>\$ 9,296,519</u>

The accompanying notes are an integral part of this schedule

**TOWN OF COVENTRY, RHODE ISLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Coventry, Rhode Island, under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town of Coventry, Rhode Island, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Coventry, Rhode Island.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, with exception of assistance listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

The Town of Coventry, Rhode Island, has elected to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance when applicable.

3. NONCASH AWARDS

Donated commodities in the amount of \$76,855 are included in the Department of Agriculture's National School Lunch Program, Assistance Listing #10.555. The amount represents the market value of commodities received.



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

To the Members of the Town Council
Town of Coventry, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Coventry, Rhode Island, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Rhode Island's basic financial statements, and have issued our report thereon dated November 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Coventry, Rhode Island's internal control over financial reporting (internal control) as a basis for designing 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 Town of Coventry, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Coventry, Rhode Island's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002 and 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town of Coventry, Rhode Island'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 financial statements. 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*.

The Town of Coventry, Rhode Island's Response to Findings

The Town of Coventry, Rhode Island'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 Town of Coventry, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town of Coventry, Rhode Island'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 Town of Coventry, Rhode Island's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Cranston, Rhode Island
November 29, 2022

**TOWN OF COVENTRY, RHODE ISLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? X yes no

Major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.CNC	Child Nutrition Cluster
21.019	COVID 19 - Coronavirus Relief Funds
84.425D	COVID 19 - ESSER I

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

II. FINANCIAL STATEMENT FINDINGS

Finding No. 2021-001

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

Condition and Context

During the audit, it was identified that the following errors in the previously reported financial statements:

- Capital assets in the governmental activities were not properly capitalized at June 30, 2020. Identification of the unrecorded assets were made both by management and us. Management performed a yearend inventory of vehicle related assets which discovered \$230,779 of assets, with associated accumulated depreciation of \$20,251, that were not properly capitalized in previous periods.

- We identified, through audit procedures, a property that was purchased in the previous fiscal year, that was not properly recorded in the amount of \$796,779. All of these assets were not properly identified by the previous finance directors as assets identified spanned multiple years. This resulted in the understatement of capital assets, net of accumulated depreciation, and the understatement of net position at June 30, 2020 totaling \$1,007,307 (net).
- There was a payable in the police complex capital projects fund that did not represent a valid payable. These payables represented expenditures that were accrued in previous years and were never relieved. As a result, when these accruals were paid, an overstatement to accounts payable and an understatement to fund balance for \$667,141.

Criteria or specific requirement

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect

The identified errors required the restatement of the beginning net positions reported in the governmental activities and beginning fund balance of the general fund, and aggregate for the amounts identified above.

Cause

Internal controls were not in place to ensure the balances reported in the prior year financial statements were properly supported and reported in accordance with U.S. GAAP.

Recommendation

We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to present the external financial statements in accordance with U.S. GAAP.

Views of Responsible Officials

The finance department and the town manager intern did an inventory listing of vehicles. It was determined, by Town of Coventry finance department that several fixed assets were not being properly added to the depreciation schedules nor were deletions being addressed. There were significant change made by finance to reconcile our vehicles to our insurance policy. The auditors found a Land Trust purchase as of 6.30.20 that was booked on July 1, 2020, in the incorrect year (6.30.21) and made the appropriate adjustments.

A separate software system used to track capital assets. Management reviewed assets on the town's insurance policy to our data base and there were significant difference. Most of the assets that were previously disposed of but still on the data base have been fully depreciated. Management's focus for FY21 was registered vehicles and heavy equipment, the remaining assets need to be inventory to determine the accuracy. Also, currently the school and the towns assets are comingled and need to be inventoried and segregated in the future.

There was a payable in the police complex capital projects fund that did not represent a valid payable. There payable represented expenditure that were not accrued at a prior year and were never relieved. As a result, when these accounts were paid, an overstatement to account payable and an understatement to fund balance for \$667,141. Errors in Payable balances were present as early as 2017. The current financial director reviewed and corrected the payable accounts through the fiscal year 2021.

Finding No. 2021-002

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

Condition and Context

During the audit, we identified that there was no listing of capital asset being depreciated for the business-type activities which is comprised of the sewer fund which comprises of capital assets totaling \$32,109,792 at June, 30, 2021. Management has searched for an asset listing, but no file has been found.

Criteria or specific requirement

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect

The identified error will make it hard for the Town to maintain and identify the assets owned by the sewer fund. In addition proper asset tracking will be difficult to identify disposals and additions of equipment, identifying when assets are fully depreciated, and calculate gain or loss on the disposal of capital assets, and calculate the annual depreciation of the assets that are in service.

Cause

Internal controls were not in place to ensure the balances reported in the financial statements were properly supported and reported in accordance with U.S. GAAP.

Recommendation

We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to provide a reasonable basis of support for accounts that have a material effect on the reader of the financial statements.

Views of Responsible Officials

The schedules for capital assets for the sewer fund were not available last year as well as this year. Management has searched for the detail construction in process accounts for the sewer fund and no excel spreadsheet file could be found

Finding No. 2021-003

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

Condition and Context

The Town does not record all the required entries within the sewer fund in accordance with U.S. GAAP. This resulted in the following audit adjustments to be recorded:

- Entry to agree beginning net position to the prior year end financial statements
- Entry to adjust accrued interest payable to actual
- Entry to record current year depreciation
- Entry to amortize the loss on the refunding of the conduit debt Series 2018
- Entry to book sewer assessment revenue and related year end receivables
- Entry to book sewer usage fees revenue and related year end receivables
- Entry to correct a miss posting of revenue to a sewer liability account

Criteria or specific requirement

Internal controls should be in place to provide reasonable assurance that reconciliations are prepared in accordance with U.S. GAAP.

Effect

The identified errors above required audit adjustments to be recorded.

Cause

Internal controls were not in place to ensure the balances reported in the financial statements were properly supported and reported in accordance with U.S. GAAP.

Recommendation

We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to provide a reasonable basis of support for accounts that have a material effect on the reader of the financial statements.

Views of Responsible Officials

For June 30, 2020 the sewer had no material weakness even though there was \$6.8 million in adjustments. Proper staffing in which one Senior Accountant will be responsible for all special revenue and enterprise funds is a priority. We believe more attention needs to be focused on these funds, including but not limited, policies and procedure, monthly reports from tax collection office and a proper data base for depreciable assets.

Finding No. 2021-004

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

Condition and Context

Management, through the account reconciliation process, has identified variances within the bank reconciliation for both the Town's payroll and general operating cash accounts.

- Management identified a variance within the general operating cash account of \$542,297 of which \$241,500 related to prior year encumbrances that were liquidated while the remaining \$300,797 which relate to previous periods, which neither the current Town Finance Director nor Deputy Finance Director were employed at the time. As the Town's finance department had turnover at both the Finance Director and Deputy position, identification of what the variance relates to would require a lookback at multiple years of activity and use of a different account system.
- Management also identified that there is no bank reconciliation in relation to the Town's payroll account. Management identified that the variance relates to outstanding uncashed checks of \$215,386. The bank, where the account is held, has a feature that identifies which checks are not cashed, but the Bank nor the Town had this feature implemented.

Criteria or specific requirement

Internal controls should be in place to provide reasonable assurance that reconciliations are prepared in accordance with U.S. GAAP.

Effect

The identified error required the restatement of the beginning net positions reported in the governmental activities and beginning fund balance of the general fund for the Town's general operating cash account identified above. For the Town's payroll account, a passed adjustment has been booked for the error.

Cause

Internal controls were not in place to ensure the balances reported in the financial statements were properly supported and reported in accordance with U.S. GAAP.

Recommendation

We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to provide a reasonable basis of support for accounts that have a material effect on the reader of the financial statements.

Views of Responsible Officials

Prior to this year’s audit, 50 cash and investment accounts were not reflected on the Town’s general ledger, accounting software. The current finance department had to compile all this information and make sure it was properly reflected in the Towns books.

Management in the Finance Department changed during the fiscal year and subsequent to the fiscal year which resulted in a staffing shortage. The town was without a Deputy Finance Director for a significant period contributing to the backlog. At the direction of the auditing firm, the Finance Director put over fifty cash accounts on the town’s books that that were not previously recorded on the books.

The Town’s payroll cash account has been inactive effective for the FY22 year end. The town has opened a new payroll cash account with a different bank. The new payroll cash account will be reconciled monthly. The old payroll cash account will be left open to allow time for employees to cash outstanding paychecks. At this time, the town does not have an outstanding listing of checks for the Citizens Bank cash account.

Both the balance sheet and the adopted budget numbers for expenditures and revenues for FY21 did not agree to the budget that was passed, these corrections had to be made. In addition, the Balance Sheet did not balance and the Fund balances were off over \$2 million. The finance director had to post prior year audit entries and correct opening balance that were never put in the new account software correctly. There are several inadequately with regards to our financial software, to note one, the Town cannot download a detail trial balance without the system aborting.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2021-005

Procurement

Federal Agency: U.S. Department of Agriculture

Federal Program Name: Child Nutrition Cluster

Assistance Listing Number: 10.559

Federal Award Identification Number and Year: 2021

Award Period: Fiscal Year 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement

The Coventry Public Schools must comply with procurement standards set out at 2 CFR sections 200.318 through 200.326 within Uniform Guidance.

UG §200.318 General procurement standards. (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the

following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

§200.320 states that the non-Federal entity must use one of the prescribed methods of procurement.

(a) Informal procurement methods. When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT), as defined in §200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) Micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of micro-purchase in §200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

(2) Small purchase. Procurement by small purchase is the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(b) Formal procurement methods. When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with §200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) Sealed bids. Bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

(2) Proposals. Either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids.

(c) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the allowed circumstances apply.

Condition

The Town's purchasing policies within Coventry Public Schools do not include all essential elements as outlined in 2 CRF sections 200.318 through 200.326.

Questioned Costs

None

Context

Although the Town's purchasing policies within Coventry Public Schools do not include all essential elements as outlined in 2 CRF sections 200.318 through 200.326, we noted no transactions where contracts were awarded without proper justification.

Cause

Management was not aware of the procurement standards set out at 2 CFR sections 200.318 through 200.326 within Uniform Guidance.

Effect

Coventry Public Schools is at risk for noncompliance with Federal grants as it relates to procurement.

Repeat Finding

No

Recommendation

We recommend that Coventry Public Schools updates its procurement policy to include all essential elements identified in 2 CFR sections 200.318 through 200.326.

Views of Responsible Officials

Management agrees with this finding.