

TOWN OF COVENTRY, RHODE ISLAND
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2022



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Town Council
Town of Coventry, Rhode Island

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Coventry, Rhode Island's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Town of Coventry, Rhode Island's major federal programs for the year ended June 30, 2022. The Town of Coventry, Rhode Island's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Coventry, Rhode Island complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Coventry, Rhode Island and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Coventry, Rhode Island's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Coventry, Rhode Island's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Coventry, Rhode Island's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Coventry, Rhode Island's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Coventry, Rhode Island's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Coventry, Rhode Island's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Coventry, Rhode Island's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-007 and 2022-008, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Coventry, Rhode Island's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Town of Coventry, Rhode Island's response was not subjected to the other 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coventry, Rhode Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Rhode Island's basic financial statements. We have issued our report thereon, dated September 6, 2024, 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 the Uniform Guidance 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 6, 2024

TOWN OF COVENTRY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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		\$ -	\$ 18,396
Total Highway Safety Cluster				<u>\$ 18,396</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		775,324
Career & Technical Education - Basic Grants to States	84.048	2725-15302-801		129,335
Supporting Effective Instruction State Grants	84.367	2725-16402-071		197,270
Student Support and Academic Enrichment Grants	84.424			152,475
COVID-19 Education Stabilization Fund	84.425D			2,869,439
Comprehensive Literacy Development	84.371	2725-22002-010		123,153
Special Education Cluster (IDEA):				
State Education - Grants to States	84.027	2725-13202-801	1,348,022	
Special Education Preschool Grants	84.173	2725-13502-801	38,331	
Total Special Education Cluster (IDEA)				<u>1,386,353</u>
Total U.S. Department of Education				<u>5,633,349</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			3,528
Child Nutrition Cluster:				
National School Lunch Program	10.555		23,000	
Summer Food Service Program for Children	10.559		1,875,989	
Total Child Nutrition Cluster				<u>1,898,989</u>
Total U.S. Department of Agriculture				<u>1,902,517</u>
U.S. Department of Health and Human Services:				
<i>Passed through the State of Rhode Island Department of Behavioral Healthcare:</i>				
Public Health Emergency Preparedness	93.069			20,136
Substance Abuse and Mental Health Services	93.243			218
Medical Assistance Program	93.778		253,637	
Total Medicaid Cluster				<u>253,637</u>
Total U.S. Department of Health and Human Services				<u>273,991</u>
U.S. Federal Communications Commission:				
<i>Direct:</i>				
Emergency Connectivity Fund Program	32.009			481,098
Total U.S. Federal Communications Commission				<u>481,098</u>
U.S. Department of Homeland Security:				
<i>Passed through the State of Rhode Island:</i>				
Emergency Management Performance Grant	97.042			5,952
Total U.S. Department of Homeland Security				<u>5,952</u>
U.S. Department of the Treasury:				
<i>Passed through the State of Rhode Island Department of Education:</i>				
COVID-19 Supplemental Impact Education Aid	21.019		37,097	
<i>Passed through the State of Rhode Island:</i>				
COVID-19 Coronavirus Relief Funds	21.019		31,553	68,650
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027			330,046
Total U.S. Department of the Treasury				<u>398,696</u>
United States Corporation for National and Community Service				
<i>Passed through the State of Rhode Island Department of Education:</i>				
Every Student Succeeds Act Preschool Development Grants	94.434	10.072.2725221.02		300,893
Total United States Corporation for National and Community Service				<u>300,893</u>
U.S. Department of Justice:				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	16.607			2,373
Total U.S. Department of Homeland Security				<u>2,373</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 9,017,285</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, 2022**

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, 2022. 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 \$23,000 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**

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, 2022, 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 September 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Town of Coventry, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Coventry, Rhode Island'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004, and 2022-005 that we consider to be material weaknesses.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-006.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Coventry, Rhode Island's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Coventry, Rhode Island's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 6, 2024

**TOWN OF COVENTRY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	<u> X </u>	yes	<u> </u>	no
• Significant deficiency(ies) identified?	<u> </u>	yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	<u> X </u>	yes	<u> </u>	no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u> </u>	yes	<u> X </u>	no
• Significant deficiency(ies) identified?	<u> X </u>	yes	<u> </u>	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)?	<u> X </u>	yes	<u> </u>	no
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Major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.559	Child Nutrition Cluster
84.425D	COVID 19 – Education Stabilization Fund

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

Auditee qualified as low-risk auditee?	<u> </u>	yes	<u> X </u>	no
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II. FINANCIAL STATEMENT FINDINGS

Finding No. 2022-001

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

Condition

During the audit, Town management identified that the following errors in the previously reported financial statements:

Governmental Activities

- To record property tax allowance. Overstatement of the receivable and net position of \$1,462,000.

General Fund

- To record health insurance payable that was not previously recorded. This resulted in an understatement of payables and an overstatement of fund balance of \$157,664.
- To remove RI telephone tax receivable. This resulted in an overstatement of receivables and fund balance of \$412,395.
- To record police detail receivable that was not previously recorded. This resulted in an understatement of receivables and fund balance of \$88,489.

Business-Type Activities – Sewer Fund

- To properly record receivables balances. This resulted in understatement of receivables and net position of \$95,389.
- To add activity related to the intermunicipal sewer agreement. This resulted in the recording of interest of \$15,617, Debt of \$4,009,274, and Intangible asset of \$11,341,304.

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.

Repeat Finding

Yes

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

Management agrees with the findings.

Finding No. 2022-002

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

Condition

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, 2022. 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.

Repeat Finding

Yes

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

Management agrees with this finding.

Finding No. 2022-003

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

Condition

During the audit, Coventry Public Schools management identified that the following errors in the previously reported financial statements:

- School unrestricted fund responsibility of retiree benefit credits. This resulted in an overstatement of fund balance and understatement of interfund payable of \$117,833.
- The retiree benefits custodial fund did not record all deposits and benefit payment activity in the previous year. This resulted in interfund receivable activity being understated by \$749,488 and other receivables being understated by \$4,508 and net position being understated by \$753,996.

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.

Repeat Finding

Yes

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

Management agrees with the findings.

Finding No. 2022-004

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

Condition

Coventry Public Schools department does not have adequate controls in place to ensure that all liabilities that are invoiced after year-end are being accrued in the proper period. As a result, grant accounting transactions in relation to non-exchange revenues were not properly recorded.

There were instances of invoices received after year-end that were not recognized in the correct period in accordance with U.S. GAAP. This resulted in the understatement of expense and account payable/accrued expenses totaling \$573,922. In addition, non-exchange grant revenue and the associated intergovernmental receivable were not recorded at year-end.

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 required an adjusting journal entry be made to ESSER and Emergency Connectivity Grant funds.

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

Management agrees with this finding.

Finding No. 2022-005

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

Condition

During the audit, Coventry Public Schools management identified that the following error in the previously reported financial statements:

- School unrestricted fund did not properly accrue for employer portion of teacher pension contributions in the current year or prior year. This resulted in an overstatement of fund balance of \$903,061. In addition, the current period accrued payroll was understated by \$886,833 which required adjustment.

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 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.

Repeat Finding

Yes

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

Management agrees with the findings.

Finding No. 2022-006

Type of Finding: Noncompliance Material to the Financial Statements

Condition

Coventry Public Schools' School Unrestricted Special Revenue fund is in violation of Rhode Island Law § 45-12-22.1. *Municipal deficits — Purpose* which states that municipalities and school districts are to prevent year-end deficits.

Criteria or specific requirement

During the year ended June 30, 2022, the School Unrestricted Special Revenue fund had a deficit fund balance of \$610,036.

Effect

As a result of this fund being in a deficit position, Coventry Public Schools is in noncompliance with Rhode Island General Laws.

Cause

Coventry Public Schools does not have sufficient fund balance to remain in compliance with Rhode Island General Laws.

Recommendation

We recommend that the Coventry Public Schools to remedy the deficit through available options.

Views of Responsible Officials

Management agrees with this finding.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2022-007

Procurement

Federal Agency: U.S. Department of Agriculture; U.S. Department of the Treasury

Federal Program Name: Child Nutrition Cluster; Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 10.559; 21.027

Federal Award Identification Number and Year: 214RI306N1099/214RI306N1199 - 2022

Award Period: Fiscal Year 2022

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

Criteria or specific requirement

The Town and Coventry Public Schools must comply with procurement standards set out at 2 CFR sections 200.303 and 200.318 through 200.326 within Uniform Guidance.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 elements as outlined in 2 CRF sections 200.303 and 200.318 through 200.326 noted above.

Questioned Costs

None

Context

Although the Town's purchasing policies within Coventry Public Schools do not include all elements as outlined in 2 CRF sections 200.303 and 200.318 through 200.326, we did not identify transactions where contracts were awarded without proper justification in 4 of 4 procurement transactions tested.

Cause

Management was not aware of the procurement standards set out at 2 CFR sections 200.303 and 200.318 through 200.326 within Uniform Guidance.

Effect

The Town and Coventry Public Schools are at risk for noncompliance with Federal grants as it relates to procurement.

Repeat Finding

Yes

Recommendation

We recommend that the Town and Coventry Public Schools updates its procurement policy to include all elements identified in 2 CRF sections 200.303 and 200.318 through 200.326.

Views of Responsible Officials

Management agrees with this finding.

Finding No. 2022-008**Suspension and Debarment**

Federal Agency: U.S. Department of the Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: 2022

Award Period: Fiscal Year 2022

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

Criteria or specific requirement

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Compliance: 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. 2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person

Condition

The Town does not have policies and procedures in place to ensure that they do not contract with or make subawards to parties that are suspended or debarred.

Questioned Costs

None

Context

Although the Town does not have policies or procedures in place to ensure that they do not contract with or make subawards to parties that are suspended or debarred, we did not identify instances where Federal grant awards were paid to suspended or debarred vendors for 3 of 3 suspension and debarment transactions selected for testing.

Cause

Management was not aware of the requirements of 2 CFR section 180 within Uniform Guidance.

Effect

The Town is at risk for noncompliance with federal grants as it relates to suspension and debarment.

Repeat Finding

No

Recommendation

We recommend that the Town implement policies and procedures to ensure that potential vendors are not suspended or debarred prior to contracting with them for goods or services.

Views of Responsible Officials

Management agrees with this finding.