

TOWN OF BRUNSWICK, MAINE

Reports Required by *Government Auditing Standards* and the Uniform Guidance

For the Year Ended June 30, 2024

TOWN OF BRUNSWICK, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the year ended June 30, 2024

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Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

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

Finance Committee
Town of Brunswick, Maine

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 Brunswick, Maine as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Brunswick, Maine's basic financial statements and have issued our report thereon dated January 15, 2025.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brunswick, Maine'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*.

In addition, we noted other opportunities for strengthening internal controls and operating efficiency in a separate letter to management dated January 15, 2025.

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.



January 15, 2025
South Portland, Maine



Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

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

Finance Committee
Town of Brunswick, Maine

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Town of Brunswick, Maine's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Brunswick, Maine's major federal programs for the year ended June 30, 2024. The Town of Brunswick, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on ALN# 21.027 Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Town of Brunswick, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Funds program for the year ended June 30, 2024.

Unmodified Opinion on ALN# 84.027/84.173 Special Education Cluster (IDEA)

In our opinion, the Town of Brunswick, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Brunswick, Maine 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 Brunswick, Maine's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Matters Giving Rise to Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, the Town of Brunswick, Maine did not comply with requirements regarding Assistance Listing #21.027, Coronavirus State and Local Fiscal Recovery Funds as described in finding 2024-001 for Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the Town of Brunswick, Maine to comply with the requirements applicable to that program.

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 Brunswick, Maine's federal programs.

Auditor's 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 Brunswick, Maine'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 generally accepted auditing standards, *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 Brunswick, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Brunswick, Maine'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 Brunswick, Maine'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 Brunswick, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-004 for assistance listing #84.027/#84.173 Special Education Cluster (IDEA). Our opinion on the Special Education Cluster (IDEA) major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Brunswick, Maine's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Brunswick, Maine'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.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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 2024-002 and 2024-003 to be significant deficiencies.

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

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 the Town of Brunswick, Maine's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Brunswick, Maine's responses were not subjected to the other 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 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 Brunswick, Maine as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprise the Town of Brunswick, Maine's basic financial statements. We issued our report thereon dated January 15, 2025, 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 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.



January 15, 2025
South Portland, Maine

TOWN OF BRUNSWICK, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Number	Total Federal Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Education,					
Passed through the Maine Department of Education:					
Title IA	84.010	3107	\$ 492,824		-
English Language Acquisition	84.365	3115	8,600		-
Title IIA - Supporting Effective Instruction	84.367	3042	46,561		-
Title IVA - Student Support and Academic Enrichment	84.424	3345	24,784		-
Elementary and Secondary School Emergency Relief 2 - COVID-19	84.425D	7041	3,209		-
Elementary and Secondary School Emergency Relief 3 - COVID-19	84.425U	7071	601,837		-
ARP Elementary and Secondary School Emergency Relief - Learning Loss - COVID-19	84.425U	N/A	15,641		-
ARP Elementary and Secondary School Emergency Relief - COVID-19	84.425U	7072	49,060		-
ARP Homeless Children & Youth I - COVID-19	84.425W	3161	13,736	683,483	-
Special Education Cluster (IDEA):					
Special Education State Grants	84.027	3046	838,966		-
ARP Local Entitlement - COVID-19	84.027X	7170	88,450		-
Preschool 619	84.173	6247	11,882		-
Total Special Education Cluster (IDEA)				939,298	
Total U.S. Department of Education			2,195,550		-
U.S. Department of Agriculture,					
Passed through the Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program - Subsidized Hot Lunch	10.555	3024	384,803		-
Breakfast Program	10.553	3014	133,425		-
State Administrative Expenses for Child Nutrition: Supply Chain Assistance	10.555	6670	55,569		-
Food Distribution/Food Donation Program	10.555	N/A	80,069		-
Total Child Nutrition Cluster				653,866	
Pandemic EBT Administrative Costs: SNAP - COVID-19	10.649	6184	2,612		-
Total U.S. Department of Agriculture			656,478		-
U.S. Environmental Protection Agency,					
Passed through the Maine Department of Environmental Protection:					
Nonpoint Source Implementation Grants	66.460	Project # 20230003	35,522		-
Total U.S. Environmental Protection Agency			35,522		-
U.S. Department of the Interior,					
Passed through the Maine Department of Agriculture, Conservation, and Forestry:					
Land and Water Conservation Fund Grant	15.916	CSN23-00908	627,768		-
Passed through the Maine Department of Inland Fisheries and Wildlife:					
Fish and Wildlife Cluster:					
Sport Fish Restoration Program	15.605	N/A	7,499	7,499	
Total U.S. Department of the Interior			635,267		-
U.S. Department of Homeland Security,					
Passed through the Cumberland County Emergency					
Management Agency:					
Homeland Security Grant	97.067	EMW-2022-SS-00032	26,606		-
Total U.S. Department of Homeland Security			26,606		-
Page sub-total			\$ 3,549,423		-

TOWN OF BRUNSWICK, MAINE
Schedule of Expenditures of Federal Awards, continued
For the year ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Number	Total Federal Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Justice, Direct Program:					
Missing Alzheimer's Disease Patient Assistance Program	16.015	N/A	\$ 1,072		-
Bulletproof Vest Partnership Program	16.607	N/A	1,399		-
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	8,680		-
Public Safety Partnership and Community Policing Program	16.710	N/A	45,000		-
Total U.S. Department of Justice			56,151		-
U.S. Department of Housing and Urban Development, Passed through the Maine Department of Economic and Community Development:					
Community Development Block Grants	14.228	2023-1288-1831	100,000	100,000	
Total U.S. Department of Housing and Urban Development			100,000	100,000	
U.S. Department of Treasury, Direct Program:					
State and Local Fiscal Recovery Funds - COVID-19	21.027	N/A	812,019		-
Passed through Maine Department of Education:					
State and Local Fiscal Recovery Funds PreK - COVID-19	21.027	8010	83,524		-
State and Local Fiscal Recovery Funds Extended Learning Opportunities - COVID-19	21.027	8010	130,687	1,026,230	-
Total U.S. Department of Treasury			1,026,230		-
U.S. Department of Transportation, Passed through the Maine Department of Transportation:					
Consolidated Rail Infrastructure and Safety Improvements	20.325	N/A	46,043		-
Highway Planning and Construction	20.205	43932	38,789		-
Passed through the Maine Bureau of Highway Safety:					
Highway Safety Cluster:					
High Visibility Enforcement	20.600	HV24-014	10,538		-
Distracted Driving	20.600	DD24-014	5,213		-
DRE - Forensic Phlebotomy	20.600	ID24-104	9,280		-
Total Highway Safety Cluster			25,031		
Total U.S. Department of Transportation			109,863		-
Page sub-total			1,292,244	100,000	
Total			\$ 4,841,667	100,000	

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF BRUNSWICK, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town of Brunswick, Maine for the fiscal year ended June 30, 2024. The reporting entity is defined in notes to basic financial statements of the Town of Brunswick, Maine.
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.
 - 1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.
 - 2. Major Programs - The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the Town of Brunswick, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Town's fund financial statements.
- D. The Town of Brunswick, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

 Material weaknesses identified? Yes

 Significant deficiencies identified? Yes

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes

Identification of major federal programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	Coronavirus State and Local Fiscal Recovery Funds
<u>84.027/84.173</u>	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? Yes

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

NONE

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

MATERIAL WEAKNESS

2024-001 U.S. Department of Treasury, Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Funds Program for the period of July 1, 2023 through June 30, 2024

Criteria: Uniform Guidance section 2 CFR 200.430(g) *Standards for Documentation of Personnel Expenses* requires records to support the distribution of employee salaries or wages when they are allocated amongst more than one Federal award or a Federal award and a non-Federal award. Budget estimates alone do not qualify as support for charges to Federal awards.

Condition: During our testing of payroll expenditures at the School Department over the Coronavirus State and Local Fiscal Recovery Funds Program, we were unable to obtain actual time worked for employees split between multiple grants or Federal and non-Federal activities. Employee time was allocated based on budget estimates throughout the year.

Cause: There is currently no system in place to require staff split between multiple grants or Federal and non-Federal activities to maintain weekly timesheets reflecting actual time worked.

Effect: Actual time worked could differ from budgeted estimates. Without adequate support, payroll charges could be deemed unallowable.

Known Questioned Costs: \$4,422

Likely Questioned Costs: \$31,105

Recommendation: We recommend a timesheet system be implemented to ensure that employees split between multiple grants or Federal and non-Federal activities are charging actual time worked to the applicable Federal grant.

Management Response/Corrective Action Plan: The School Department completed the necessary time and effort documents for expense reimbursement that were approved by the Department of Education. The time and effort was not specific to actual time worked for those split among multiple grants or funds. Moving forward, any employee who has time split between multiple grants or Federal and non-Federal activities will be expected to complete a personnel activity report. This report will record actual time spent working on eligible activities for each fund. If the employee has a regular schedule, the employee's schedule will suffice as their personnel activity report, as long as it follows the guidelines. The personnel activity reports will be requested each month during the reimbursement request process and will be signed by the employee and their supervisor.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

SIGNIFICANT DEFICIENCY

2024-002 U.S. Department of Education, Assistance Listing #84.027/84.173 Special Education Cluster (IDEA) for the period of July 1, 2023 through June 30, 2024

Criteria: Uniform Guidance section 2 CFR 200.430(g) *Standards for Documentation of Personnel Expenses* requires records to support the distribution of employee salaries or wages when they are allocated amongst more than one Federal award or a Federal award and a non-Federal award. Budget estimates alone do not qualify as support for charges to Federal awards.

Condition: During our testing of payroll expenditures at the School Department over the Special Education Cluster (IDEA), we were unable to obtain actual time worked for employees split between multiple grants or Federal and non-Federal activities. Employee time was allocated based on budget estimates throughout the year.

Cause: There is currently no system in place to require staff split between multiple grants or Federal and non-Federal activities to maintain weekly timesheets reflecting actual time worked.

Effect: Actual time worked could differ from budgeted estimates. Without adequate support, payroll charges could be deemed unallowable.

Known Questioned Costs: \$1,243

Likely Questioned Costs: \$7,394

Recommendation: We recommend a timesheet system be implemented to ensure that employees split between multiple grants or Federal and non-Federal activities are charging actual time worked to the applicable Federal grant.

Management Response/Corrective Action Plan: The School Department completed the necessary time and effort documents for expense reimbursement that were approved by the Department of Education. The time and effort was not specific to actual time worked for those split among multiple grants or funds. Moving forward, any employee who has time split between multiple grants or Federal and non-Federal activities will be expected to complete a personnel activity report. This report will record actual time spent working on eligible activities for each fund. If the employee has a regular schedule, the employee's schedule will suffice as their personnel activity report, as long as it follows the guidelines. The personnel activity reports will be requested each month during the reimbursement request process and will be signed by the employee and their supervisor.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

SIGNIFICANT DEFICIENCY

2024-003 U.S. Department of Education, Assistance Listing #84.027/84.173 Special Education Cluster (IDEA) for the period July 1, 2023 through June 30, 2024

Criteria: In accordance with 2 CFR part 180, non-Federal entities are prohibited from contracting with parties that are suspended or debarred when a covered transaction is expected to equal or exceed \$25,000 or meet certain other criteria specified in 2 CFR 180.220. The non-Federal entity must verify the contractor is not suspended or debarred by (1) checking the System for Award Management (SAM) exclusions maintained by the General Services Administration at SAM.gov, (2) collecting a certification from the entity, or (3) adding a clause or condition to the contract with that entity.

Condition: During our disbursement test, we selected a consulting contract that did not include documentation that one of the three suspension and debarment verifications were performed.

Cause: Although the School's procurement policy references the suspension and debarment requirements, the School does not have a procedure in place to ensure compliance with the requirement prior to contracting with a vendor.

Effect: The vendor could have been suspended or debarred from entering into a contract funded by Federal grants. Noncompliance can result in the grantor withholding Federal funds for the program.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendation: We recommend management review the requirements under 2 CFR part 180 and develop procedures to add to their Federal Procurement Manual to ensure that one of the three verifications is present prior to entering into a covered transaction.

Management Response/Corrective Action Plan: Once notified of this requirement, the School District put procedures in place to comply with 2 CFR part 180. If federal funds are to be used to contract with a party that is expected to equal or exceed \$25,000, the finance department will check SAM.gov exclusions to ensure the contractor is not suspended or debarred. Administration who may enter into a contract with a party using federal funds will be given a memo describing the need to notify the finance department before entering into a contract.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

OTHER MATTERS

2024-004 U.S. Department of Education, Assistance Listing #84.027/84.173 Special Education Cluster (IDEA) for the period July 1, 2023 through June 30, 2024

Criteria: Brunswick School Department teachers participate in the MainePERS retirement program. Teacher salaries and benefits, including the employer portion of MainePERS contributions, are charged to the Special Education Cluster (IDEA). Teacher employer contribution rates for the MainePERS retirement system were 4.47% for non-Federally funded teachers, and 19.57% for federally funded teachers during fiscal year 2024. Employees allocated to federal and non-federal activities should have their contributions prorated using the non-Federal and Federal rates based on the percentage of time allocated to each activity.

Condition: We performed a payroll test of two employees charged to the Special Education Cluster (IDEA). One of the two employees tested had an incorrect MainePERS retirement contribution calculation.

Cause: The employee tested was allocated 9% to the Federal grant and 91% to non-Federal activities. The contribution rates were not updated in the payroll system to reflect the correct allocation of Federal and non-Federal rates.

Effect: As a result, the Special Education Cluster (IDEA) grant was overcharged for the employer portion of MainePERS contributions.

Known Questioned Costs: \$386

Likely Questioned Costs: \$3,205

Recommendation: We recommend all employees charged to both Federal and non-Federal activities be reviewed in the payroll system to ensure the system is calculating the correct Federal and non-Federal rates. We also recommend developing policies to ensure that the correct rates are updated in the system each year and rates are properly applied when employee additions or allocation changes are made.

Management Response/Corrective Action Plan: We have had a lot of turnover in the business office with a new finance director, payroll coordinator, and finance accounts coordinator (bookkeeper). Since being notified of the issue, we have put procedures in place to ensure issues related to MainePERS contributions do not occur and/or are resolved in a timely manner. As employees are hired, or change funding accounts, the payroll coordinator now has procedures in place to check the appropriate deductions for each account. We also are up to date with MainePERS reconciliation, which includes reviewing contributions for federally funded employees. If an error occurs, the process will cause us to review the issue and reconcile the accounts as necessary.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

NONE