

**TOWN OF ASHBY, MASSACHUSETTS**

Management Letter

For the Year Ended June 30, 2013

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY LETTER</b>	1
<b>CURRENT YEAR ISSUES</b>	
1. Obtain Suspension and Debarment Certification – Assistance to Firefighters Grant	3
2. Implement Fixed Asset Inventory for Federally-Funded Equipment – Assistance to Firefighters Grant	3
<b>PRIOR YEAR ISSUES</b>	4



# MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT ADVISORS

51 Davis Street  
Greenfield, MA 01301-2422  
Tel (413) 773-5405 • Fax (413) 773-7304  
[www.melansonheath.com](http://www.melansonheath.com)

To the Board of Selectmen  
Town of Ashby, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Ashby, Massachusetts as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

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

During our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*Melanson Heath + Company P.C.*

Greenfield, Massachusetts  
January 15, 2014

## **CURRENT YEAR ISSUES:**

### **1. OBTAIN SUSPENSION AND DEBARMENT CERTIFICATION – ASSISTANCE TO FIREFIGHTERS GRANT**

Federal requirements state that cities, towns and school districts are prohibited from contracting with parties that are suspended or debarred, or whose principal is suspended or debarred. To satisfy this requirement, communities may have the vendor sign a certification statement, include a certification statement directly in the purchase agreement, or the community may verify the party is not excluded by checking the “List of Parties Excluded From Federal Procurement or Non-Procurement Programs” issued by the General Services Administration. This list can be subscribed to in hard copy, or it can be accessed on the internet.

During our testing we noted that certification of debarment or verification against the list of excluded parties was not documented for a vendor contracted with for the purchase of equipment valued at \$212,000. We were, however, able to determine that the vendor was not suspended or debarred.

We recommend the Town ensure certifications of suspension and debarment are completed, or other alternative documentation is retained, evidencing that the contracted party is not suspended or debarred. This is required for contracts over \$25,000 and on all subrecipient agreements of Federally-funded programs.

#### Town’s Response:

The Town will be checking to see if any contracted party has been suspended or debarred. All subrecipient agreements to be included.

### **2. IMPLEMENT FIXED ASSET INVENTORY FOR FEDERALLY-FUNDED EQUIPMENT – ASSISTANCE TO FIREFIGHTERS GRANT**

Procedures over Federally funded equipment (that have a useful life of more than one year and an acquisition cost of \$5,000 or more per unit), must comply with certain Federal regulations. These include requirements to maintain equipment records that would include identification numbers, location, description, and date of purchase; tagging all equipment, taking a physical inventory of the equipment at least once every two years, and reconciling the physical count to the equipment records.

Although the Town does maintain a list of capital items (that have a useful life of more than one year and an acquisition cost of \$5,000 or more per unit), this list does not meet all of the federal requirements noted above.

We recommend the Town amend their current procedures over fixed asset recordkeeping to ensure they comply with Federal requirements for any item purchased with Federal funds.

Town's Response:

The Fire Department will follow the procedures for fixed asset inventory as outlined.

**PRIOR YEAR ISSUES:**

All prior year issues satisfactorily resolved.