



Massachusetts Department of Elementary and Secondary Education

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June 29, 2018

Catherine Cooper, M.Ed., JD
Executive Director
SMEC Collaborative
25 Russells Mills Road
Dartmouth, MA 02748

Dear Ms. Cooper,

On April 30 through May 4, 2018 your Collaborative took part in the Massachusetts Department of Elementary and Secondary Education (ESE) Collaborative Compliance and Fiscal Review. The purpose of the review was to ensure compliance with applicable laws and regulations, to determine whether the collaborative is maintaining effective controls over revenues, expenditures, assets, and liabilities, and to corroborate and augment information provided in other reporting documents.

Enclosed, please find the final executive summary generated as a result of the compliance and fiscal review performed. The summary details the SMEC Collaborative employees interviewed and a list of the documentation we retained in the final review file. In addition, we highlighted compliance and fiscal observations made during the review.

The Department of Elementary and Secondary Education would like to thank you and your staff for your cooperation and participation in our collaborative compliance and fiscal review program. Should you have any questions, please call me at 781-338-6531 or email me at esyvanowicz@doe.mass.edu.

Sincerely,

Edward Sylvanowicz
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781-338-6531

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Copy: Jill Brillhante, Director of Finance & Operations

Executive Summary

The Audit and Compliance Unit of the Massachusetts Department of Elementary and Secondary Education performed a compliance and fiscal review of the SMEC Collaborative. The compliance and fiscal review was conducted on April 30 through May 4, 2018.

We have performed the procedures enumerated below primarily to gain a knowledge and understanding of the collaborative's compliance with the written collaborative agreement, with the law and regulations, per M.G.L. c. 40, § 4E and 603 CMR 50.09 and their fiscal policies and procedures. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been prepared or for any other purpose.

Specifically, for purposes of this report, we have performed the following procedures and noted the indicated observations:

- A. Interviewed and documented conversations with various collaborative administrative and business office fiscal staff. Interviews were conducted to gain an understanding of the collaborative agreement and policies and procedures in place. Areas documented included, but were not limited to the Articles of Agreement, Accounts Payable, Accounts Receivable, Payroll, and General Ledger Accounting. The following are the individuals the Audit and Compliance Unit met with:
- Catherine Cooper, Executive Director
 - Jill Brilhante, Director of Finance & Operations
- B. Obtained and retained examples of the collaborative agreement and policies and procedures in place to corroborate the assertions made by the above individuals, but were not tested for accuracy or effectiveness. Items obtained for the review's work papers included but are not limited to:
- Collaborative Articles of Agreement
 - Organization Chart
 - Budget Process
 - Time and Attendance Reports
 - Signed Warrant Cover Pages
 - Purchasing Policies and Procedures
 - Sample Purchase Order
 - State Ethics Certification Form
 - Budget to Actual YTD Report
 - Stipend Listing
- C. Reviewed the information reported to the Department on the Final Financial Report (FR1)

for the Special Education - Program Improvement grant funds (274). The expended line item amounts were traced to the detailed general ledger. Specific line items were verified to ensure that expenditure of funds for each line item corresponds to the description budgeted for that line item. Additionally a sample of general ledger expenditures were selected and reviewed to verify the propriety and origin of these transactions.

Based on the individual interviews and the corroborating evidence provided, we feel comfortable that there is compliance with the written collaborative agreement and with applicable laws and regulations, there are policies and procedures in place.

Observations

The SMEC Collaborative agreement has received approval from ESE, has been approved by all member districts, and has been posted on their website as required.

The SMEC Collaborative Board of Directors is composed of appointed members of School Committees from each member district. Training required by the regulations, 603 CMR 50.05 has been completed by all members. The positions of Executive Director, Business Manager and Treasurer as well as the required segregation of duties between them, are in compliance with the regulations, 603 CMR 50.06.

The regulations, 603 CMR 50.07 require that each collaborative shall adopt and maintain a financial accounting system in accordance with generally accepted accounting principles (GAAP) and establish and manage an education collaborative fund. The regulations, 603 CMR 50.08(1) (d) state that the format and content of the annual report shall be presented in accordance with guidelines established by the Department, and shall include, at a minimum audited financial statements and the independent auditor's report. SMEC Collaborative has an education collaborative fund, maintains a financial accounting system in accordance with GAAP and prepares financial statements (SMEC titles in parenthesis), audited in accordance with generally accepted government auditing standards which satisfies all of the seven required categories.

- a statement of net assets (Statement of Net Position)
- a statement of activities (Statement of Activities)
- a governmental funds balance sheet (Balance Sheet)
- a governmental funds statement of revenues, expenditures, and changes in fund balance (Statement of Revenues, Expenditures, and Changes in Fund Balance)
- a general fund statement of revenues, expenditures and changes in fund balance, budget and actual (Statement of Revenues and Expenditures - Budget And Actual)
- a statement of fiduciary fund net assets (Statement of Net Position- Fiduciary Fund)
- a statement of changes in fiduciary fund net assets (Statement of Changes in Net Position- Fiduciary Fund)

SMEC Collaborative engaged in the following related party transactions during FY 2017; SMEC leases classroom space on an annual basis from the following Collaborative members at several

locations; the Acushnet, Dartmouth, Fairhaven and Old Rochester Public School Districts.

SMEC Collaborative Board of Directors has developed and maintains policies relative to personnel, students, finance, internal controls, health and nursing. SMEC Collaborative has a number of best practices being performed. The Collaborative maintains effective control over compliance with the written collaborative agreement, the budget process, purchasing and payroll.

The Collaborative has set up their Chart of Accounts to reflect the Department of Elementary and Secondary Education's expenditure classifications. This set up allows the Collaborative to meet reporting requirements more efficiently and eliminates the need for a crosswalk.

SMEC Collaborative complies with ESE certification requirements for their administrative staff. MGL states that those employed as a School Administrator are required to hold a license in order to be legally employed. SMEC Collaborative has ensured that this licensing requirement is met or a waiver obtained, in order to be legally employed. The positions of Executive Director, Business Manager and Treasurer as well as the required segregation of duties between them, are in compliance with the regulations, 603 CMR 50.06.

We were not engaged to, and did not perform an audit or examination, the objective of which would be the expression of an opinion on the internal control structure as a whole. Accordingly, we do not express such an opinion. Had we been required to perform additional procedures, matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Massachusetts Department of Elementary and Secondary Education and the SMEC Collaborative and should not be used for any other purpose.

Copy: SMEC Collaborative CPR Fiscal File