

CITY OF AUBURN, MAINE

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

**For the Year Ended
June 30, 2022**

CITY OF AUBURN, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2022

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**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**

To the City Council and School Committee
City of Auburn, 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 City of Auburn, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements, and have issued our report thereon dated August 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Auburn, 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 City of Auburn, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

**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 City of Auburn, 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*.


During our audit, we became aware of opportunities for strengthening internal controls and operating efficiency that we have reported to management of the City of Auburn, Maine in a separate letter dated August 29, 2023.

The City of Auburn, Maine's Response to Finding

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



August 29, 2023
South Portland, Maine

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

To the City Council and School Committee
City of Auburn, Maine

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Auburn, Maine'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 City of Auburn, Maine's major federal programs for the year ended June 30, 2022. The City of Auburn, 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 the Community Development Block Grant (CDBG)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Auburn, Maine, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant program for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Auburn, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

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 City of Auburn, 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.

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

Our audit does not provide a legal determination of City of Auburn, Maine's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Community Development Block Grant (CDBG)

As described in the accompanying schedule of findings and questioned costs, the City of Auburn, Maine did not comply with requirements regarding Assistance Listing 14.218 Community Development Block Grant as described in finding 2022-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City of Auburn, 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 City of Auburn, 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 City of Auburn, 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 City of Auburn, 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 City of Auburn, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

- Obtain an understanding of the City of Auburn, 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 City of Auburn, Maine'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.

Other Matters

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

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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 City of Auburn, Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements. We issued our report thereon dated August 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Maine's 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.



August 29, 2023
South Portland, Maine

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing	Pass- through number	Federal expenditures	Assistance Listing/ Cluster totals	Passed through to subrecipients
U.S. Department of Education,					
passed through the Maine Department of Education:					
Adult Basic Education	84.002	6296	\$ 27,211		-
Title IA	84.010	3107	882,813		-
Title IA - Program Improvement	84.010	3106	15,259	898,072	-
Special Education Cluster:					
Special Education - Grants to States (IDEA, Part B)	84.027	3046	1,074,570		-
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027X	7170	223,714		-
Special Education - Preschool Grants (IDEA Preschool)	84.173	6247	36,995		-
COVID-19 - Special Education - Preschool Grants (IDEA Preschool)	84.173X	7171	9,230		-
Total Special Education Cluster				1,344,509	
21st Century - Community Learning Center	84.287	3356	193,135		-
Special Education - State Personnel Development (Math4ME)	84.323	3049	101,582		-
Title III - Language Acquisition	84.011	3115	18,308		-
Title IIA - Supporting Effective Instruction	84.367	3042	161,165		-
School Improvement Grant	84.377	3105	16,357		-
Title IV - Student Support and Academic Enrichment	84.424	3345	50,937		-
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	7006	120,186		-
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	7041	1,658,741		-
COVID-19 - Elementary and Secondary School Emergency Relief III	84.425U	7071	1,686,107		-
COVID-19 - Homeless Children and Youth II	84.425W	N/A	6,324	3,471,358	-
Total U.S. Department of Education			6,282,634		-
U.S. Department of Agriculture,					
passed through the Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3020/3022/3023/ 3024/3125	1,439,255		-
Donated Commodities	10.555	N/A	124,058		-
Healthy Meals	10.555	6662	38,979		-
School Breakfast Program	10.553	3014	436,672		-
Summer Food Service Program	10.559	3016/3018	103,296		-
Fresh Fruit and Vegetable Program	10.582	3028	61,324		-
Total Child Nutrition Cluster				2,203,584	
State Administrative Expenses for Child Nutrition: Supply Chain Assistance	10.560	6670	58,588		-
COVID-19 - Pandemic EBT Administrative Costs: SNAP	10.649	6184	4,912		-
passed through the Maine Department of Agriculture,					
Conservation, and Forestry's Maine Forest Service:					
Project Canopy: Urban and Community Forestry Program	10.675	N/A	7,997		-
Total U.S. Department of Agriculture			2,275,081		-
U.S. Department of Justice,					
Direct Programs:					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	10,816		-
Bullet Proof Vest	16.607	N/A	2,806		-
Edward Byrne Justice Assistance Grant	16.738	N/A	15,676		-
Equitable Sharing Program	16.922	N/A	39,512		-
Total U.S. Department of Justice			68,810		-

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing	Pass- through number	Federal expenditures	Assistance Listing/ Cluster totals	Passed through to subrecipients
U.S. Department of Transportation,					
passed through the Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction - Mill Street and Main Street	20.205	WIN 018651.00	\$ 1,545		-
Highway Planning and Construction - Hotel Rd.	20.205	WIN 022384.00	23		-
Highway Planning and Construction - Traffic Signals	20.205	WIN 018658.00	7,491		-
Total Highway Planning and Construction Cluster				9,059	
passed through the Maine Bureau of Highway Safety:					
Highway Safety Cluster:					
Pedestrian Safety Grant	20.600	PS22-003	3,654		-
Evidence Based Impaired Driving (OUI Grant)	20.600	N/A	2,379		-
Speed Enforcement Program	20.600	PT22-020	14,391		-
HV Distracted Driving Enforcement Project	20.616	DD22-027	7,383		-
Total Highway Safety Cluster				27,807	
Total U.S. Department of Transportation			36,866		-
U.S. Department of Housing and Urban Development:					
Direct Programs:					
CDBG - Entitlements Grants Cluster:					
Community Development Block Grant - Entitlement	14.218	N/A	1,055,695		90,463
Community Development Block Grant - Entitlement - School Department	14.218	N/A	1,781		-
COVID-19 - Community Development Block Grant - Entitlement	14.218	N/A	36,629		-
Total CDBG - Entitlements Grants Cluster				1,094,105	
Home Investment Partnership Program	14.239	N/A	170,611		-
COVID-19 - Home Investment Partnership Program	14.239	N/A	1,271	171,882	-
Lead Hazard Reduction Demonstration Grant	14.905	N/A	12,470		-
Total U.S. Department of Housing and Urban Development			1,278,457		90,463
U. S. Department of the Treasury,					
Direct Programs:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	816,448		30,000
Total U. S. Department of the Treasury			816,448		30,000
U.S. Department of Health and Human Services,					
passed through the Maine Department of Health and Human Services:					
COVID-19 - Childcare and Development Block Grant	93.575	N/A	347,258		-
Total U.S. Department of Health and Human Services			347,258		-
U.S. Department of Homeland Security,					
passed through the Maine Emergency Management Agency:					
Disaster Grants - Public Assistance	97.036	N/A	32,579		-
Assistance to Firefighters Grant	97.044	N/A	1,695		-
Homeland Security	97.067	N/A	160,045		-
Total U.S. Department of Homeland Security			194,319		-
Totals			\$ 11,299,873		120,463

CITY OF AUBURN, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

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 City of Auburn, Maine for the fiscal year ended June 30, 2022. The reporting entity is defined in Notes to Basic Financial Statements of the City of Auburn, 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 levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Auburn, Maine have been identified in the summary of auditor's results section 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 City of Auburn, Maine's fund financial statements.

- D. The City of Auburn, Maine has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs
June 30, 2022

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? Yes
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control over major federal programs:
 Material weaknesses identified? No
 Significant deficiencies identified? None reported

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>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>
<u>14.218</u>	<u>Community Development Block Grant - Entitlement</u>
<u>84.425D, 84.425U, 84.425W</u>	<u>Elementary and Secondary School Emergency Relief</u>
<u>84.027, 84.027X, 84.173, 84.173X</u>	<u>Special Education Cluster</u>

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

Auditee qualified as low-risk auditee? No

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

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

MATERIAL WEAKNESS

2022-001 Grant Account Reconciliations

Criteria: The City and School Department utilize many different sources of funding to provide services to citizens. Funding from Federal or State sources generally include restrictions and regulations that determine the specific manner in which funds must be expended. Proper segregation, tracking, and management of these funds is essential to demonstrate compliance with all rules and regulations and to ensure funds are properly utilized and accurately reported.

Condition: Significant audit adjustments were necessary to reconcile grant funds to subsidiary ledgers.

Cause: The City and School Department utilize several different systems to administer and track grant funds. The City's Munis accounting system is utilized for most financial information, Profund is used to track school financial information, the Mortgage Office software is utilized to track outstanding loans, Maine Department of Transportation (MDOT) projects are tracked in Microsoft Excel, and the U.S. Department of Housing and Urban Development IDIS system is used to track certain CDBG and HOME grant project achievements. As such, information must be entered and logged on different systems and must be coordinated with several different personnel. The coordination of reporting and data tracking was impeded during the year due to staff turnover.

Effect: Maintaining continuity of information on different systems is burdensome and can lead to inaccuracies and improper use of funds.

Recommendation: All information entered into Munis, Profund, the Mortgage Office software, Microsoft Excel, and IDIS should be reconciled monthly to ensure that financial information and data is consistent across all platforms. Quarterly and year-end financial reporting should be prepared and reconciled to the Munis accounting system and supporting documentation should be maintained on file according to the City's document retention policies. Additionally, daily routines and procedures should be established to ensure coordination between key City and School Department personnel so that all grant requirements and data are communicated and understood.

Questioned Costs: None

Management's Response/Corrective Action Plan: *During FY23 we have been putting into place processes to make sure that these things are happening on a regular basis. We will continue to monitor until all processes comply with recommendations.*

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

2022-002 U.S. Department of Housing and Urban Development, for the period July 1, 2021 through June 30, 2022, CFDA #14.218 Community Development Block Grant

Criteria: Compliance under Reporting for CDBG requires the PR26 CDBG Financial Summary to be submitted annually. Also, there are PR 29 Cash on Hand reports due quarterly. Both reports include financial information that should be reported on a basis consistent with grant terms.

Condition: Certain information related to the PR29 CDBG Cash on Hand report and the PR26 CDBG Financial Summary could not be reconciled to the City's accounting system or to underlying documentation.

Cause: The City utilizes several different systems to administer and track results of the CDBG program. The City's Munis accounting system is utilized for most financial information, the Mortgage Office software is utilized to track outstanding loans, and the U.S. Department of Housing and Urban Development IDIS system is used to track project achievements. As such, information must be entered and logged on three different systems. Maintaining continuity of information on all three systems is burdensome and can lead to inaccuracies and data mismanagement.

Effect: Failure to complete reports accurately and maintain proper supporting documentation for amounts reported could skew the financial position of the program and related projects. As such, measurement of results and management decisions for future projects could be based on inaccurate information.

Recommendation: All information entered into Munis, the Mortgage Office software, and IDIS should be reconciled monthly to ensure that financial information and data is consistent across all platforms. Quarterly and year-end financial reporting should be prepared and reconciled to the Munis accounting system and supporting documentation should be maintained on file according to the City's document retention policies.

Questioned Costs: None

Management's Response/Corrective Action Plan: The Community Development Department acknowledges that the sporadic nature of drawdowns and their corresponding reports during the audit period has posed challenges in terms of reconciling systems and accurately assessing the financial standing of the City. In response to this matter, the Community Development Department has collaborated closely with the Department of Housing and Urban Development (HUD) to formulate and implement a uniform set of policies and procedures. These measures have been designed to mitigate the aforementioned issue by mandating a minimum monthly reconciliation between financial reporting systems. Additionally, the establishment of monthly drawdown requirements has been introduced to ensure more consistent and predictable financial operations.

Person responsible for corrective action of City comments:

Jill Eastman, Finance Director, (207) 333-6600

Anticipated completion date:

Corrective action will be complete within 12 months.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards and *Government Auditing Standards*

2021-001 U.S. Department of Housing and Urban Development, for the period July 1, 2020 through June 30, 2021, CFDA #14.218 Community Development Block Grant

Criteria: Compliance under Reporting for CDBG requires the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary to be submitted annually. Both reports include financial information that should be reported on a basis consistent with grant terms. Additionally, the PR03 report also includes certain demographic and performance measures that allows for evaluation of project achievements.

Condition: Certain information related to the PR03 CDBG Activity Summary Report and the C04PR26 CDBG Financial Summary were not made available or could not be reconciled to the City's accounting system or to underlying documentation.

Cause: The City utilizes several different systems to administer and track results of the CDBG program. The City's Munis accounting system is utilized for most financial information, the GMS system is utilized to track outstanding loans, and the U.S. Department of Housing and Urban Development IDIS system is used to track project achievements. As such, information must be entered and logged on three different systems. Maintaining continuity of information on all three systems is burdensome and can lead to inaccuracies and data mismanagement.

Effect: Failure to complete reports accurately and maintain proper supporting documentation for amounts reported could skew the financial position of the program and related projects. As such, measurement of results and management decisions for future projects could be based on inaccurate information.

Recommendation: All information entered into Munis, GMS, and IDIS should be reconciled monthly to ensure that financial information and data is consistent across all platforms. Quarterly and year-end financial reporting should be prepared and reconciled to the Munis accounting system and supporting documentation should be maintained on file according to the City's document retention policies. Additionally, all demographic and project achievement data should be updated in IDIS regularly and reconciled to underlying documentation.

Questioned Costs: None

Status: See current year finding 2022-002.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards and *Government Auditing Standards*, continued

2021-002 U.S. Department of the Treasury, for the period July 1, 2020 through June 30, 2021, CFDA #21.019 Coronavirus Relief Fund

Criteria: Allowable costs under the Coronavirus Relief Fund (CRF) must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms.

Condition: Certain payroll costs allocated to the CRF grant were not properly documented.

Cause: During the pandemic, the City utilized several different systems to administer and track results of the CRF program across the many different departments at the City. Certain time and effort documentation obtained from the City was not detailed enough to properly substantiate that the activities by City personnel met allowable cost requirements.

Effect: Certain activities performed by City personnel may not meet the allowable cost requirements.

Recommendation: All City employees allocating time to grant activities should properly complete documentation based on the requirements of 2 CFR § 200 to ensure amounts are reasonable and allowable. They City should standardized documentation and requirements across all departments to facilitate a simple and reliable reporting process.

Questioned Costs: None

Status: *The City had proper documentation for grant expenditures in the current year.*

2021-003 U.S. Department of Housing and Urban Development, for the period July 1, 2020 through June 30, 2021, CFDA #14.239 Home Investment Partnership Program

Criteria: Program income generated by federal grants must be properly identified, recorded, and utilized in accordance with 2 CFR § 200.307 and other grant specific requirements.

Condition: Program income generated by the Home Investment Partnership Program was not properly utilized by the City.

Cause: Program income is routinely generated as part of the Home Investment Partnership Program at the City. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Due to turnover in key positions at the City, the program income was not properly recognized and deducted from current allowable costs before initiating drawdowns of new federal funds.

Effect: The City is holding excess federal funds and these funds are not being utilized in accordance with grant requirements.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards and *Government Auditing Standards*, continued

Recommendation: All program income should be properly identified, reported, and utilized. The City should establish monthly procedures to identify and reconcile program income to records. Additionally, the drawdown process should be standardized and done routinely on a monthly basis to assist in transparency, reconciliations, and to minimize the time that federal funds are held by the City.

Questioned Costs: None

Status: *Program income was properly documented and utilized in the current year.*