

**CITY OF PORTLAND, MAINE**

**Reports Required by *Maine Uniform  
Accounting and Auditing Practices for  
Community Agencies***

**Year Ended June 30, 2014**

**REVISED**

CITY OF PORTLAND, MAINE  
Reports Required by *Maine Uniform Accounting and  
Auditing Practices for Community Agencies*  
Year Ended June 30, 2014

**REVISED**

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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**

City Council  
City of Portland, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Maine (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements and have issued our report thereon dated December 16, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Portland, Maine's internal control over financial reporting (internal control) to determine the 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 Portland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Portland, 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 City'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 the 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 weakness or significant deficiencies in internal control may exist that were not identified. 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.

**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**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Portland, Maine's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we have reported to the management of the City of Portland, Maine in a separate letter dated December 16, 2014.

**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.



December 16, 2014  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND  
AUDITING PRACTICES FOR COMMUNITY AGENCIES  
(REVISED)**

City Council  
City of Portland, Maine

**Report on Compliance for Each Major Department Agreement**

We have audited the City of Portland, Maine's compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* that could have a direct and material effect on each of the City of Portland, Maine's major department agreements for the year ended June 30, 2014. The City of Portland, Maine's major department agreements are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its department agreements.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Portland, Maine's major department agreements based on our audit of the types of compliance requirements referred to above. 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and *Maine Uniform Accounting and Auditing Practices for Community Agencies*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major department agreement occurred. An audit includes examining, on a test basis, evidence about the City of Portland, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major department agreement. However, our audit does not provide a legal determination of the City of Portland, Maine's compliance.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND  
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED  
(REVISED)**

**Basis for Qualified Opinion on Agreement OMA-14-3008**

As described in finding #2014-002, in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding the following:

Finding #	Agreement #	Program (or Cluster) Name	Compliance Requirement
#2014-002	OMA-14-3008	Targeted Assistance	Reporting

Compliance with this requirement is necessary, in our opinion, for the City of Portland, Maine to comply with the requirements applicable to this agreement.

**Qualified Opinion on Agreement OMA-14-3008**

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph above, the City of Portland, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on agreement OMA-14-3008 for the year ended June 30, 2014.

**Unmodified Opinion on Each of the Other Major Department Agreements**

In our opinion, the City of Portland, 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 department agreements identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

**Other Matters**

The City of Portland, Maine’s response to the noncompliance finding in our audit are described in the accompanying schedule of findings and questioned costs. The City of Portland, Maine’s response was not subjected to the auditing procedures applied in the audit of the compliance and, accordingly, we express no opinion on the response.

This report is replacing a previously issued report dated December 16, 2014. The only change is that additional non-major agreements (OMA-13-3001, OMA-14-3001, subgrants of CDC-14-1186, a subgrant of OSA-14-417, and a subgrant of CDC-14-1432) were subsequently discovered and added to the SEDA.

**Report on Internal Control over Compliance**

Management of the City of Portland, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND  
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED  
(REVISED)**

In planning and performing our audit of compliance, we considered the City of Portland, Maine's internal control over compliance with the types requirements that could have a direct and material effect on each major department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major department agreement and to test and report on internal control over compliance in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Portland, Maine's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 department agreement on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 department agreement will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a department agreement 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2014-001 to be a significant deficiency.

We noted certain other matters that we reported to management regarding the internal control over financial reporting that we have reported in the section "Other Comments".

The City of Portland, Maine's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Portland, Maine's response was not subjected to the 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND  
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED**

**(REVISED)**

**Report on Schedule of Expenditures of Department Agreements Required by *Maine Uniform Accounting and Auditing Practices for Community Agencies***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements. We issued our report thereon dated March 30, 2015, 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 department agreements is presented for the purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* and is not a required part of 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 department agreements is fairly stated in all material respects in relation to the basic financial statements as a whole.



March 30, 2015

South Portland, Maine

CITY OF PORTLAND, MAINE  
 Schedule of Expenditures of Department Agreements  
 Year Ended June 30, 2014  
 (REVISED)

Department Office	Project Code	Grant Name	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	All Other Expenses	Total Department Expenses	Amounts Reported on 2013 SEDA	Quarterly Report Totals	Variance	Comments	
<b>Pass-through Grants</b>																
CDC	GR1358	HP SNAP Education	UNE 290032-09	178,980	7/1/2012-9/30/2013	Health Promotion	Final	\$ 79,745	-	-	79,745	-	N/A	N/A		
CDC	GR1359	HCB SNAP Education	UNE 290032-22	47,048	7/1/2012-9/30/2013	Health Promotion	Final	24,055	-	-	24,055	-	N/A	N/A		
OMA	GR1370	Block Grant	OMA-13-3001	64,253	10/1/2012-9/30/2013	Refugee Services	Final	21,021	-	-	21,021	-	N/A	N/A		
OFI	GR1429	HCB SNAP Education	OFI-14-351	60,929	10/1/2013-9/30/2014	Health Promotion	Interim	36,289	-	-	36,289	-	N/A	N/A		
OFI	GR1430	HP SNAP Education	OFI-14-351	443,665	10/1/2013-9/30/2014	Health Promotion	Interim	228,971	-	-	228,971	-	N/A	N/A		
OMA	GR1468	Block Grant	OMA-14-3001	52,297	10/1/2013-9/30/2014	Refugee Services	Interim	41,769	-	-	41,769	-	N/A	N/A		
<b>Total Pass-through Grants</b>								\$ 431,850	-	-	431,850	-	-	-		
<b>Direct Grants</b>																
CDC	GR1324	CRI	CDC-13-468	135,000	8/10/2012-06/30/2013	Public Health Preparedness	Final	8,223	-	-	8,223	123,850	132,073	-		
CDC	GR1314	School Based Health Center	CDC-13-022	534,800	7/1/2012-6/30/2014	Teen Health	Final	16	222,171	70,942	293,129	239,271	622,785	90,385	Agency commitment \$90,701, accounts payable accrued \$316	
CFS	GR1336	Victim Advocate	CFS-13-2307	34,094	10/1/2012-9/30/2013	Counseling	Final	7,867	-	-	7,867	26,227	62,482	28,388	Agency commitment \$19,865, municipal revenue match \$8,523	
CDC	GR1339	Community Transformation	CDC-13-1412	90,000	10/1/2012-9/29/2013	Health Promotion	Final	49,524	-	-	49,524	37,604	87,128	-		
OMA	GR1342	Targeted Assistance	OMA-13-3008	148,500	10/1/2012-09/30/2013	Refugee Services	Final	89,961	-	-	89,961	54,039	144,000	-		
OSA	GR1346	Partnership for Success HP	OSA-13-417	79,185	12/1/2012-9/30/2013	Substance Abuse	Final	59,283	-	-	59,283	11,273	79,070	8,514	Unspent grant funds returned to State	
CDC	GR1354/55	HIV/STD	CDC-13-255	386,850	1/1/2013-12/31/2014	STD Clinic	Interim	198,018	-	-	198,018	87,977	352,364	66,369	Agency commitment	
CDC	GR1356	HIV Prevention	CDC-13-1045	46,726	1/1/2013-12/31/2014	STD Clinic	Interim	-	31,540	-	31,540	15,538	58,178	11,100	Agency commitment \$11,343, accounts payable accrued \$243	
CDC	GR1373	Smoke Free Environment	CDC-13-899	244,755	3/29/2013-3/28/2014	Health Promotion	Final	219,513	-	-	219,513	25,209	244,722	-		
CDC	GR1441	HP CCHC	CDC-14-1186	122,505	7/1/2013-6/30/2014	Health Promotion	Final	-	120,884	-	120,884	-	134,748	13,864	Agency commitment \$14,096, accounts payable accrued \$232	
CDC	GR14A2	HP HMP	CDC-14-1186	384,984	7/1/2013-6/30/2014	Health Promotion	Final	-	379,094	-	379,094	-	394,132	15,038	Agency commitment \$15,443, accounts payable accrued \$405	
CDC	GR14A3	HP OSA	CDC-14-1186	60,000	7/1/2013-6/30/2014	Health Promotion	Final	59,382	-	-	59,382	-	62,690	3,308	Agency commitment \$3,444, accounts payable accrued \$136	
CDC	GR14B1	HCB Comp A	CDC-14-1186	12,100	7/1/2013-6/30/2014	Health Promotion	Final	-	12,100	-	12,100	-	13,073	973	Agency commitment	
CDC	GR14B2	HCB HMP	CDC-14-1186	120,000	7/1/2013-6/30/2014	Health Promotion	Final	-	120,000	-	120,000	-	120,000	-		
CDC	GR14B3	HCB OSA	CDC-14-1186	20,000	7/1/2013-6/30/2014	Health Promotion	Final	19,607	-	-	19,607	-	19,607	-		
CDC	GR14D1	Lead Poison Prevention LSA	CDC-14-1432	2,000	7/1/2013-6/30/2014	Health Promotion	Final	-	2,000	-	2,000	-	2,000	-		
CDC	GR14D2	Lead Poison Prevention	CDC-14-1432	6,500	7/1/2013-6/30/2014	Health Promotion	Final	-	6,324	-	6,324	-	6,324	-		
CDC	GR14D3	Lead Poison Prevention HAD	CDC-14-1432	24,750	7/1/2013-6/30/2014	Health Promotion	Final	-	24,281	-	24,281	-	24,281	-		
CDC	GR1401	CRI	CDC-14-468	135,000	7/1/2013-6/30/2014	Public Health Preparedness	Final	134,997	-	-	134,997	-	135,000	3	State elected to not reimburse the final \$3	
OSA	GR1404	Office of Substance Abuse	OSA-14-345	27,870	7/1/2013-03/28/2014	Substance Abuse	Final	27,870	-	-	27,870	-	35,789	7,919	Agency commitment	
OSA	GR1405	OSA Medication	OSA-14-346	60,000	7/1/2013-6/30/2014	Substance Abuse	Final	-	53,130	-	53,130	-	60,542	7,412	Agency commitment	
OSA	GR1406	Overdose Prevention	OSA-14-372	74,100	7/1/2013-6/30/2014	Substance Abuse	Final	-	72,698	-	72,698	-	72,698	-		
OSA	GR1407	HP SA Expansion	OSA-14-157	20,000	7/1/2013-6/30/2014	Substance Abuse	Final	19,435	-	-	19,435	-	19,435	-		
OSA	GR1408	HCB SA Expansion	OSA-14-168	15,000	7/1/2013-6/30/2014	Substance Abuse	Final	14,701	-	-	14,701	-	14,701	-		
CDC	GR1415	ODH Sealants	CDC-14-1430	12,000	7/1/2013-6/30/2014	Oral Health	Final	-	12,000	-	12,000	-	12,000	-		
CDC	GR1418	Community Transformation	CDC-14-1412	90,000	10/1/2013-9/30/2014	Disease Prevention	Interim	73,823	-	-	73,823	-	66,894	(6,929)	Accounts payable accrued	
OSA	GR1419	Partnership for Success HP	OSA-14-417	59,389	10/1/2013-9/30/2014	Substance Abuse	Interim	35,387	-	-	35,387	-	31,681	(3,706)	Accounts payable accrued	
OSA	GR1420	Partnership for Success HCB	OSA-14-417	19,796	10/1/2013-9/30/2014	Substance Abuse	Interim	10,729	-	-	10,729	-	10,368	(361)	Accounts payable accrued	
CFS	GR1422	Victim Advocate	CFS-14-1412	42,000	10/1/2013-9/30/2014	Counseling	Interim	31,493	-	-	31,493	-	48,209	16,716	Agency commitment \$8,841, municipal revenue match \$7,875	
OMA	GR1454	Targeted Assistance	OMA-14-3008	174,500	10/1/2013-9/30/2014	Refugee Services	Interim	109,814	-	-	109,814	-	110,396	582	Agency commitment \$2,460, accounts payable accrued \$1,878	
CDC	GR1471	Smoke Fee Environment	CDC-14-899	192,837	3/29/2014-3/28/2015	Health Promotion	Interim	35,803	-	-	35,803	-	N/A	-	Only a closeout was required	
CDC	GR1472	MHP-L Tobacco QX8	CDC-14-1186	3,353	3/1/2014-6/30/2014	Health Promotion	Final	-	3,352	-	3,352	-	3,901	549	Agency commitment	
CDC	GR1473	MHP Lead	CDC-14-1432	4,000	3/1/2014-6/30/2014	Health Promotion	Final	-	3,995	-	3,995	-	4,641	646	Agency commitment	
<b>Total Direct Grants</b>								\$ 1,205,447	1,063,569	70,942	2,339,958	620,988	3,185,912	260,769		
<b>TOTAL</b>								\$ 1,637,297	1,063,569	70,942	2,771,808					

See accompanying notes to schedule of expenditures of department agreements.

**CITY OF PORTLAND, MAINE**  
**Notes to Schedule of Expenditures of Department Agreements**  
**June 30, 2014**

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**PURPOSE OF THE SCHEDULE**

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*Maine Uniform Accounting and Auditing Practices for Community Agencies* requires a Schedule of Expenditures of Department Agreements showing total expenditures for each award as identified in the respective department agreements.

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all department agreements of the City of Portland, Maine for the fiscal year ended June 30, 2014. The reporting entity is defined in Notes to Financial Statements of the City of Portland, Maine.
  
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Department Agreements is presented in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*.
  - 1. Pursuant to *Maine Uniform Accounting and Auditing Practices for Community Agencies*, department agreements are defined as a legally binding written document between two or more parties, including, but not limited to, a document commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.
  
  - 2. Major Agreement - *Maine Uniform Accounting and Auditing Practices for Community Agencies* establishes the levels of expenditures or expenses to be used in defining major department agreements. Major agreements for the City of Portland, Maine have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.
  
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Department Agreements is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

**CITY OF PORTLAND, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2014**  
**(REVISED)**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**State Agreements**

Internal control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for programs tested:	Qualified
Any audit findings disclosed that are required to be reported in accordance with <i>Maine Uniform Accounting and Auditing Practices for Community Agencies</i> ?	Yes

**Federal Awards**

Required to have an audit in Accordance with OMB Circular A-133?	Yes
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Identification of program(s) tested:

<b><u>Agreement Number(s)</u></b>	<b><u>Name of Department - Agreement</u></b>
CDC-13-255	HIV, STD & VH Program
CDC-13-899	Smoke Free Housing Coalition of ME
CDC-14-468	Public Health Emergency Preparedness
CDC-14-1186	Healthy Maine Partnership
OFI-14-351	Supplemental Nutrition Assistance Program
OMA-14-3008	Targeted Assistance Grant

Percentage of department agreements tested:	61%
Auditee qualified as a low-risk auditee?	no

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
**(REVISED)**

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

None

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
**(REVISED)**

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**Section III - Findings and Questioned Costs for State Agreements**

SIGNIFICANT DEFICIENCY

**#2014-001 Identification of MAAP Agreements on the Schedule of Expenditures of Department Agreements**

For the fiscal year ended June 30, 2014, the City of Portland, Maine did not properly identify MAAP agreements for inclusion on the Schedule of Expenditures of Department Agreements (SEDA). We consider these exclusions to be a significant deficiency in the City of Portland, Maine's internal controls, as the error was not identified until after the original 2014 report was issued. These errors resulted in a revised report being filed with the State of Maine. Properly designed internal controls allow employees, in the normal course of performing their assigned functions, to identify and correct errors in a timely manner. We recommend that the City of Portland, Maine review its current policies and procedures regarding identification of MAAP agreements to ensure the proper identification of MAAP agreements in the future.

**Management response/corrective action** – *The City of Portland, Maine tracks all grants in a database. The database (administered by the finance department) includes a field for MAAP applicability. The grants in question (OMA-13-3001, OMA-14-3001, subgrants of CDC-14-1186, a subgrant of OSA-14-417, and a subgrant of CDC-14-1432) were originally flagged as not being MAAP applicable, even though that conflicted with the underlying contract. During FY'14, the program administrator determined the applicable audit requirements for their grants. During FY'14 the policy was changed to include a more detailed review of grant documentation before adding the grant to the database to confirm the administrator's determination. Disagreements on MAAP applicability are now resolved centrally in consultation with the City's auditor, the State of Maine, the program manager, and the finance department. These grants were determined to be MAAP applicable by the City's finance department; however, not before the FY'14 MAAP report had been issued.*

OTHER COMMENT

For the fiscal year ended June 30, 2014, the City of Portland, Maine did not properly report expenditures on both their quarterly reports and their agreement closeout reports. This was the result of the timing of the accounts payable accruals at year-end. The quarterly reports and agreement closeout reports have a reporting deadline, the reports were filed before all accounts payable accruals were finished. This resulted in discrepancies between the Schedule of Expenditures of Department Agreements and the quarterly reports and agreement closeout reports. We recommend, in the future, that the City of Portland, Maine find a way to have the accounts payable accruals booked earlier so they are reflected on the quarterly reports and agreement closeout reports, or revise the quarterly reports and agreement closeout reports to reflect the expenditure totals which agree to the City's general ledger.

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
**(REVISED)**

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**Section III - Findings and Questioned Costs for State Agreements**

**#2014-002 - Noncompliance with Timely Quarterly Financial Reporting Requirements for Agreement OMA-14-3008**

**Criteria** - Rider A of the contracts requires that quarterly fiscal reports and other program specific reports be filed within a certain specified period of time, along with a fiscal close out report after completion of the grant agreement. We reviewed the reports and noted that there was an instance where they had not been filed in a timely manner.

**Condition** - OMA-14-3008 quarterly fiscal report ending March 31, 2014 was filed late.

**Known Questioned Costs** - None

**Likely Questioned Costs** - None

**Cause** - This finding was a due to management oversight.

**Recommendations** - We recommend the City develop a system to track the due dates of these reports so as not to delay future grant funding and to ensure compliance with the requirements of the contracts.

**Management response/corrective action** - Staff will be assigned to monitor the timely submission of reports.

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
**(REVISED)**

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**Section IV - Status of Prior Year Audit Findings**

**#2013-002 - Noncompliance with Budget Projection Reporting Requirement for Agreement CDC-12-255**

**Criteria** - Rider A of the contract requires that a budget projection for the fourth quarter accompany the submission of the third quarter fiscal report.

**Condition** - The budget projection report for the fourth quarter was not prepared or submitted to the State as required by the grant agreement.

**Known Questioned Costs** - None

**Likely Questioned Costs** - None

**Cause** - This finding was a due to management oversight.

**Recommendations** - We recommend the City develop a system to identify all required reports for each grant agreement, along with the due dates of these reports so as not to delay future grant funding and to ensure compliance with the requirements of the contracts.

**Status** – Program was tested again in 2014, all reports were timely filed.

**#2013-003 - Noncompliance with Timely Quarterly Financial Reporting Requirements for Agreement OMA-12-3008 and CDC-12-899**

**Criteria** - Rider A of the contracts requires that quarterly fiscal reports and other program specific reports be filed within a certain specified period of time, along with a fiscal close out report after completion of the grant agreement. We reviewed the reports and noted that there were instances where they had not been filed in a timely manner.

**Condition** - OMA-12-3008 quarterly fiscal report ending 9/30/12 was filed late.  
CDC-12-899 quarterly fiscal report ending 12/31/12 was filed late.  
CDC-12-899 quarterly fiscal report ending 6/30/12 was filed late.

**Known Questioned Costs** - None

**Likely Questioned Costs** - None

**Cause** - This finding was a due to management oversight.

**Recommendations** - We recommend the City develop a system to track the due dates of these reports so as not to delay future grant funding and to ensure compliance with the requirements of the contracts.

**Status** – Programs were tested again in 2014, all reports for CDC-13-899 were timely filed, and one report for OMA-14-3008 was filed late (see current year finding #2014-001).

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
(REVISED)

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**Section IV - Status of Prior Year Audit Findings**

**#2013-004 - Noncompliance with Agreement Close-Out Reporting Requirements for Agreement OMA-12-3008 and CDC-13-1186**

**Criteria** - The Agreement Closeout Report (ACR) is a financial settlement that reconciles agreement awards to actual revenues and expenditures recognized by the provider. Pro-forma agreement settlement forms are included within each agreement and dictate how providers are to close out the contract. One ACR must be completed for each Agreement Settlement Form included in the agreement, with costs being shared among revenue sources based on amounts awarded (i.e., federal, state, and other).

**Condition** - Agreement OMA-12-3008 reported all funds on line 7 as "Other", rather than on line 6 as "Federal" as specified in the pro-forma. Also, lines 9-14 of the ACR were not accurately reported.

Agreement CDC-13-1186, which contains three separate ACR's, did not subtract an adjustment for the amount paid to subrecipients, and reported 100% of the agreement cost sharing on line 5 of the originally filed ACR instead of sharing between state funds and unrestricted funds as specified in the pro-forma.

**Known Questioned Costs** - None

**Likely Questioned Costs** - None

**Context** - This issue did result in a compliance finding for City of Portland, Maine, but it did not result in a questioned cost, as no amounts were due to be returned to the State.

**Cause** - This finding was a due to management oversight.

**Effect** - The effect of this finding was an incorrect sharing of costs among the funding source providers.

**Recommendation** - We recommend City of Portland, Maine implement a policy whereby the ACR is prepared in accordance with related pro-forma agreement settlement forms as included in each respective contract. We also recommend each ACR be reviewed by someone other than the preparer to ensure proper methodologies are being followed.

**Status** - Programs were tested again in 2014, closeouts were correctly filed.

CITY OF PORTLAND, MAINE  
Schedule of Findings and Questioned Costs, Continued  
**(REVISED)**

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**#2013-005 – Noncompliance with MAAP Reporting Requirements for CDC-13-468**

**Criteria** – Each department agreement with expenditures during the current year must be identified by the City of Portland, Maine by state department, division or office, agreement number, agreement amount, agreement term, service area, agreement status and related Federal and State expenses and reported on the SEDA.

**Condition** - Agreement CDC-13-468 was flagged as a non-MAAP grant by the City of Portland, Maine for the fiscal year 2013, resulting in agreement being excluded on the original SEDA.

**Known Questioned Costs** - None

**Likely Questioned Costs** - None

**Context** - This issue did result in a compliance finding for City of Portland, Maine, but it did not result in a questioned cost, as no amounts were due to be returned to the State.

**Cause** - This finding was a due to management oversight.

**Effect** - The effect of this finding was a revised SEDA being filed to the State of Maine for the 2013 fiscal year with CDC-13-468 being added and tested as an additional major program.

**Recommendation** - We recommend City of Portland, Maine implement a policy whereby all federal and state agreements be reviewed to ensure that in the future all MAAP agreements are identified and reported on the SEDA.

**Status** – Program was tested again in 2014, accurately reported on the SEDA.