

**CITY OF SACO, MAINE**

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

**For the Year Ended June 30, 2019**

**CITY OF SACO, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2019**

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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 and School Board  
City of Saco, 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 Saco, Maine as of and for the year ended, June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Saco, Maine's basic financial statements and have issued our report thereon dated December 27, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Saco, 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 Saco, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Saco, 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

**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 Saco, 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 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 other matters that we reported to management regarding internal control over financial reporting that we have reported in the section “Other Comments.”

**City of Saco, Maine’s Responses to Findings and Other Comments**

The City of Saco, Maine’s responses to the findings and other comments identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Saco, Maine’s responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

**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 27, 2019  
South Portland, Maine



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**

City Council and School Board  
City of Saco, Maine

**Report on Compliance for Each Major Federal Program**

We have audited the City of Saco, 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 City of Saco, Maine's major federal programs for the year ended June 30, 2019. The City of Saco, Maine's major federal programs 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Saco, Maine's major federal programs 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 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). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City of Saco, 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 federal program. However, our audit does not provide a legal determination of the City of Saco, Maine's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Saco, 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 major federal programs for the year ended June 30, 2019.

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

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal program is not modified with respect to this matter.

City of Saco, Maine's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Saco, 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.

**Report on Internal Control over Compliance**

Management of the City of Saco, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Saco, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Saco, Maine's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

**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 Saco, Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Saco, Maine's basic financial statements. We issued our report thereon dated December 27, 2019, 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.



December 27, 2019  
South Portland, Maine

**CITY OF SACO, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Total Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Education, passed through					
Maine Department of Education:					
Title IA	84.010	3107	\$ 357,062		-
Title IA - Program Improvement	84.010	3106	27,980	385,042	-
Special Education Cluster:					
Local Entitlement	84.027	3046	732,074		-
IDEA School Age - Math4ME	84.027	3049	7,163		-
Preschool Grant	84.173	6247	13,326		-
Total Special Education Cluster				752,563	
Title III - English Language Acquisition	84.365	3115	4,150		-
Title IIA - Supporting Effective Instruction	84.367	3042	92,248		-
Title IV - Student Support and Academic Enrichment	84.424	3345	11,663		-
Total U.S. Department of Education			1,245,666		-
U.S. Department of Agriculture, passed through					
Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3024	256,130		-
School Breakfast Program	10.553	3014	146,482		-
Summer Food Service Program	10.559	3016	35,018		-
Food Donation Program	10.555	3024	46,923		-
Total Child Nutrition Cluster				484,553	
Total U.S. Department of Agriculture			484,553		-
U.S. Department of Homeland Security, passed through					
Maine Emergency Management Agency:					
Disaster Grants - Public Assistance	97.036	N/A	424,391		-
Total U.S. Department of Homeland Security			424,391		-
U.S. Environmental Protection Agency, passed through					
Maine Department of Environmental Protection:					
2017 Goosefare Brook Watershed	66.605	06A 20161216*1908	41,856		-
Total U.S. Environmental Protection Agency			41,856		-



**CITY OF SACO, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Total Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development, passed through the Maine Department of Economic and Community Development:					
CDBG Workforce Development	14.228	N/A	319,811		-
Total U.S. Department of Housing and Urban Development			319,811		-
U.S. Department of the Interior, passed through Maine Historic Preservation Commission:					
Historic Preservation Fund Grants-In-Aid	15.904	N/A	5,331		-
Total U.S. Department of the Interior			5,331		-
U.S. Department of Justice,					
Direct Program:					
Body Armor	16.592	N/A	2,599		-
Passed through the County of York, Maine:					
Edward Byrne Justice Assistance Grant (JAG)	16.738	GMS-2018-H2781-ME-DJ	12,672		-
Total U.S. Department of the Justice			15,271		-
U.S. Department of Transportation, passed through Maine Department of Public Safety:					
Highway Safety Cluster:					
State and Community Highway Safety - Speed Enforcement	20.600	PT-17-023	8,085		-
Total Highway Safety Cluster				8,085	
Total U.S. Department of Transportation			8,085		-
<b>Total federal awards</b>			<b>\$ 2,544,964</b>		<b>-</b>

*See accompanying notes to schedule of expenditures of federal awards.*

**CITY OF SACO, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2019**

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**PURPOSE OF THE SCHEDULE**

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Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Saco, Maine for the fiscal year ended June 30, 2019. The reporting entity is defined in the Notes to Basic Financial Statements of the City of Saco, 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 City of Saco, Maine are 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 Saco, Maine's fund financial statements.
  
- D. Indirect Cost Rate - The City of Saco, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

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**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? Yes

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: Unmodified

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**SIGNIFICANT DEFICIENCIES**

**2019-001 – Tax Commitment**

Criteria: Accurate tax assessments must be made yearly to ensure the City is collecting sufficient taxes to support ongoing services that the City provides to its citizens.

Statement of Condition: Prior to the commencement of the 2019 audit, management determined that the 2019 tax commitment was under-committed. The amount of the under-commitment was equal to \$1,093,173, and was due to the homestead reimbursement (\$803,136) and the BETE reimbursement (\$290,039) both being counted twice when calculating the commitment.

Cause: When calculating the tax rate for fiscal year 2019, management erroneously included BETE and Homesteaded as part of "Other Revenue" and as separately listed City revenues.

Effect: This error reduced the amount of the committed taxes by \$1,093,173.

Recommendation: We recommend that the assessor create the tax rate calculation and a second individual such as the City's Finance Director review the calculation prior to committing taxes. Having a second individual review and approve the calculation will help to ensure that errors are detected prior to committing taxes.

Management response/corrective action plan: Management will update the formal Council motion approving annual the Municipal budget such that the total numbers tie out to the fields in the Commitment Document. This ensures a formal Council Vote and Council Minutes are available as supporting documentation on the Tax Commitment form and eliminate reliance on manual calculations based on the line-item budget.

**2019-002 – Certificate of Assessment**

Criteria: Statutes in the State of Maine require that the Assessor of the City prepare a Certificate of Assessment to be returned to the Tax Collector to officially commit taxes for the upcoming fiscal year.

Statement of Condition: While reviewing the Certificate of Assessment during the 2019 audit, we found numerous errors on the form. These errors included placing valuations on the Certificate as opposed to assessments, formula errors causing totals to be incorrect, and an incorrect net assessment for commitment.

Cause: The prior assessor was in their last month of employment before retiring when the form was completed. As such, the Certificate contained errors that were undetected until after the Certificate had been signed and submitted.

Effect: These errors rendered the Certificate of Assessment to be unreliable and caused differences between actual committed taxes and the reported net assessment for commitment.

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

Recommendation: We recommend that the new assessor take care in preparation of the Certificate and ensure that errors such as this do not occur in the future.

Management response/corrective action plan: Management will review and verify exported assessments from the tax billing software for correct net assessment numbers, prior to the signage of commitment documents establishing a commitment date. This will ensure that management is in agreeance that the numbers tie out before establishing commitment.

**OTHER COMMENTS (NOT SIGNIFICANT DEFICIENCIES)**

**Activity Funds (School)**

As part of our annual audit, we performed certain procedures with respect to the individual student activity funds. These procedures included gaining an understanding of the internal control procedures, and performing certain control and substantive testing. Areas for improvement related to this testing are as follows:

**Saco Middle School Cash Receipts (repeat)** - During our testing of cash receipts, we noted eight of thirty-eight transactions tested in which the deposits were made over two weeks after receipt of the funds. Excess funds held onsite are at a greater risk of theft or misuse than funds deposited in a bank. We recommend that Saco Middle School develop a policy to reduce the risk of theft or misuse of cash on hand by limiting the amount of time that cash is held onsite. Personnel should be properly trained and equipped to implement policies and procedures.

**Saco Middle School Cash Disbursements** - During our testing of cash disbursements, we noted three of forty transactions tested in which the supporting documentation such as the invoice was either not retained or was misplaced. Additionally, we found six instances where sales tax was paid on purchases. Finally, we found one instance where a Hannaford gift card was purchased. We recommend that Saco Middle School adhere to the policies and procedures set forth by the Central Office regarding cash transactions for student activity funds. Specifically, all purchases need to be accompanied by an invoice, sales tax is not be paid as the entity is nontaxable, and gift cards are not to be purchased due to the risk of abuse.

Management Response: During the review of the Saco Middle School activity funds, it was noted that several of the tested cash deposits had been made two weeks after receipt of the funds. Due to onsite risk the Auditors would like to see deposits made sooner to help reduce that risk. We have advised Saco Middle School to encourage a weekly deposit to help minimize this risk moving forward.

I have reviewed these findings with Saco Middle School staff to remind them of our policy around disbursements. They have ensured us they will do a significantly better job maintaining proper back up, as well as not reimbursing for sales tax. I reminded them as well that no gift cards of any kind should be purchased through the activity fund because there is no way to track the use of those funds.

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**OTHER COMMENTS (NOT SIGNIFICANT DEFICIENCIES)**

**Payroll Disbursement Process (School)**

As part of our testing of the School Department's payroll control process, we compared employee and employer portions of health insurance charges to the employee elections made during open enrollment. During this testing in the current year, we discovered that management had errors on five of forty employees tested. These errors included incorrect employer portions of health insurance for two Ed Techs and three employee health insurance election forms missing or being filled out incorrectly. We suggest that management assign a second individual to review employee health elections in the ADS accounting system before the school year begins. Additionally, management should ensure that employee health insurance election forms are maintained in each employee personnel file.

Management Response: We have implemented a three-person verification process to ensure proper review of all new incoming employees. We have one individual that reviews the personnel packet. Another individual enters the employee information into ADS and other software systems, and finally one individual check all the information has been accurately accounted for.

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has recently released several new pronouncements that reshape certain accounting practices within the governmental field. Two pronouncements that are of particular significance are GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 87, *Leases*.

GASB Statement No. 84, *Fiduciary Activities*, redefines the criteria for identifying fiduciary activities for state and local governments. The new criteria focuses on control of assets for fiduciary activities and who are the beneficiaries of the assets. Under the new criteria, there will be some changes in how these fiduciary relationships are reported. As such, the City should evaluate current fiduciary relationships under the new criteria in order to determine the proper method of accounting and reporting under the new pronouncements. GASB Statement No. 84, *Fiduciary Activities* will be effective for the fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting for state and local governments. Under the new model, all leases will be required to be recognized in the Statement of Net Position; there is no longer a distinction between operating and capital leases. Instead, all leases will be represented on the Statement of Net Position by a right to use asset and a lease liability. GASB Statement No. 87, *Leases*, also sets new standards for note disclosures in order to provide more meaningful information to the users of the financial statements. To assist in implementing the requirements of GASB No. 87, *Leases*, the City should assess all current leasing arrangements and begin accumulating the necessary data to facilitate the calculations required. GASB Statement No. 87, *Leases*, will be effective for the fiscal year ending June 30, 2021.

**Contact person for corrective actions:**  
**Jason DiDonato, School Finance Director**  
**207-284-5951**

**Glenys Salas, City Finance Director**  
**207-710-5015**

**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Federal Award Findings and Questioned Costs**

**2019-003 – Uniform Guidance Procurement Standards**

Criteria: One of the more significant provisions of the Uniform Guidance that affects the City and School Department is the procurement standards under 2 CFR sections 200.318 through 200.326. Under the new procurement standards, the City and School Department is required to have a documented purchasing policy, which at a minimum, incorporates the provisions of the Uniform Guidance.

Statement of Condition: The Office of Management and Budget (OMB) revised regulations applicable to federally funded programs. The new regulations are contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance replaced OMB Circulars A-133, A-87, and A-110 and incorporates new requirements for grant recipients. The Uniform Guidance includes not only protocols for program management and administration, but also updates compliance regulations for federal awards. Currently the School Department does not have a formal written procurement policy that incorporates all provisions of the Uniform Guidance procurement standards.

Cause: The School Department have not adopted a procurement policy that covers all aspects required by the Uniform Guidance. However, during our testing of procurement over federal expenditures, we did not notate any violations of the Uniform Guidance procurement standards.

Effect: Items required by the Uniform Guidance procurement standards that are not currently addressed in the School Department’s procurement policy are as follows:

- Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms
- Bonding requirements
- Contract provisions
- Subrecipient and contractor determinations

Recommendation: We recommend that management review the applicable provisions of the Uniform Guidance procurement standards and update the School Department’s procurement policy appropriately. This would include adding any missing components to the School Department current procurement policy and updating definitions of types of procurement, i.e. micro-purchases, small purchases, and small acquisition threshold, to match the language used in the Uniform Guidance procurement standards.

Management response/corrective action plan: We have implemented and approved the new Uniform Guidance Procurement Policies for the Saco School Department for July 1, 2019.



**CITY OF SACO, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV – Summary Schedule of Status of Prior Year Findings and Questioned Costs for Federal Awards and Government Auditing Standards**

**Federal Awards – None**

***Government Auditing Standards -***

**School Expenditures in Excess of Budget**

In accordance with the State of Maine Department of Education audit requirements and MRA Title 20-A §6051, we determined that the School Department has exceeded its authority to expend funds, as provided by the total budget summary article. The School Department exceeded its total budget by \$177,912.

Criteria: In accordance with the State of Maine Department of Education audit requirements and MRA Title 20-A §6051, we determined that the School Department has exceeded its authority to expend funds, as provided by the total budget summary article.

Statement of Condition: The School Department exceeded its total budget by \$177,912.

Cause: The School Board elected to purchase Chrome Books in the amount of \$125,000 for grades 3-5 when the State of Maine granted Saco an additional \$355,000 in State Subsidy. This decision was made due to the current inadequate equipment to ensure proper State testing requirements.

Effect: The School Department violated MRA Title 20-A §6051.

Recommendation: In the future, the School Department needs to remain within its authority to expend funds.

**Status:** The School Department stayed within its authority to expend funds in fiscal year 2019.