

December 28, 2018

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Biddeford, 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 Biddeford, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Biddeford, 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.

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

During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. They have been identified in the Schedule of Comments and Responses as "Other Comments".

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of the City of Biddeford, Maine during the course of our audit. We will review the status of these comments during our next audit engagement. We have already discussed them with various City and School personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The City of Biddeford Maine's responses to the other comments identified in our audit are described in the accompanying Schedule of Comments and Responses. The City of Biddeford, 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.

This communication is intended solely for the information and use of management, City Council, School Committee, and others within the City of Biddeford, Maine, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, reading "Raymond Kursten Ouellette". The signature is written in a cursive style with a large initial 'R' and 'O'.

CITY OF BIDDEFORD, MAINE
Schedule of Comments and Responses
June 30, 2018

OTHER COMMENTS

Gift Card Usage

As part of our control testing, we reviewed all of the credit card disbursements for the month of December 2017 to ensure that management is following the established controls. It was noted that several gift cards were purchased using credit cards without any documentation of who received them. As gift cards are treated like cash, they are highly susceptible to abuse. We suggest that management avoid the use of gift cards; however, if gift cards are purchased, management should ensure that a receipt form is signed by the gift card recipient to ensure they are being used and given out for their intended purpose.

Management response/corrective action plan: During the fire that displaced many citizens, we rushed out to get gift cards for Walmart and Hannaford to hand out for urgent essentials. We did not keep a log during the process of giving them out to the citizens. There are a few left, and General Assistance will keep a log of remaining cards, and any future cards that get purchased.

School Lunch Claims

During our testing of the School Nutrition Cluster, we found that management over reported 43 adult meals and 9 free meals for the January 2018 school lunch claim form. These errors did not cause a material effect on the reimbursement for the month, however accurate reporting is important to ensuring that all meals served are accounted for. We suggest that in the future, management assigns a second individual to compare the internal meal counts to the claim form prior to finalizing the claim. This will ensure that all meals are accurately reported to the State of Maine.

Management response/corrective action plan: The Business Manager will meet with the Food Service Director and devise a plan on how we can better maintain accurate meal counts for both staff and students.