

December 13, 2016

To the Management of the Town of Brunswick,
Maine and Brunswick School Department:

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 Town of Brunswick, Maine as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Brunswick, Maine's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Town of Brunswick, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brunswick, 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 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 certain other matters that are an opportunities for strengthening internal controls and operating efficiency. The attached schedule summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated December 13, 2016 on the financial statements of the Town of Brunswick, Maine.

The Town of Brunswick, Maine's responses to the comments in the attached schedule have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Management of the Town of Brunswick,
Maine and Brunswick School Department
December 13, 2016

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of the Town of Brunswick, 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 Town and School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Finance Committee, Town Council, School Board, and others within the organization, 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 "Ryan K. Ouellette". The signature is written in a cursive, flowing style.

TOWN OF BRUNSWICK, MAINE
Schedule of Comments and Responses
June 30, 2016

Accrued Compensated Absences (repeated)

During our review of accrued compensated absences, we discovered that several employees have accumulated vacation time above the maximum allowed under their employment agreements. As a result, the Town is carrying a higher balance of accrued compensated absences on the Statement of Net Position than would otherwise be necessary. The amount in question is approximately \$2,106 for School Department employees. We recommended increased scrutiny by management to ensure employees do not accrue more than the maximum amount. Management is actively pursuing methods to reduce the amounts over-accrued, which are fair to both the Town and the employees in question.

Management Response/corrective action plan: The School Department will ensure that progress continues to be made to reduce the accrued balances and will address specific needs for exception (if any) with action by the superintendent.

Contact person responsible for corrective action:

Kelly Wentworth, Business Manager, (207) 319-1900

School Payroll and Wage Adjustments

Our testing over the payroll process at the School Department revealed that four of forty employees tested were paid incorrect wage rates. Through our discussions with management and the payroll clerk we found that the incorrect wages paid were due to adjustments entered into the accounting system; these adjustments were intended to compensate employees for additional hours worked. However, the manner in which the adjustments were entered into the system was incorrect and the employees were subsequently paid a reduced salary. We recommend that management approve all wage adjustments and review related payroll reports to ensure accuracy for additional pay.

Management Response/corrective action plan: We concur with the finding and recommendation. We note that the error was discovered during the pre-audit review in May. It would have been discovered and corrected by payroll staff in the normal course of reconciling payroll at the end of the fiscal year.

Contact person responsible for corrective action:

Kelly Wentworth, Business Manager, (207) 319-1900

School Activity Fund Receipts and Disbursements

During our testing of the receipts process at the Brunswick Junior High School, we found that documentation was inadequate to facilitate a clear trail from receipt to deposit. Our inquiry and testing determined that often several batches of receipts were grouped together and deposited. However, there was no summary or other documentation available that indicates which batches are included with each deposit. As a result, the risk of error or fraud is increased. We recommend that the school establish a standard policy for receipt documentation that provides a clear trail from receipt to deposit.

BRUNSWICK, MAINE
Schedule of Comments and Responses, Continued
June 30, 2016

Our testing over the cash disbursement process at the Brunswick High School and the Brunswick Junior High School revealed several instances of incomplete documentation. Out of eighty transactions tested across the two schools, we found nine instances where there was no invoice or other documentation to support the disbursement and we found another five transactions that did not have documented approval. Also, we found certain purchases for gift cards that did not document the purpose or the end recipient. We recommend that all documentation is collected and completed in its entirety prior to payment being processed. Additionally, we recommend that purchases of gift cards be accompanied by documentation, which shows the end recipient's acknowledgement of their receipt.

Management Response/corrective action plan: We concur with the finding and recommendations. The business office will continue the process of semi-annual reviews of the funds for compliance with proper procedures. The principals of the high school and junior high school have been tasked review existing procedures, update as necessary, and to develop a written procedure to ensure that best practices are followed on a routine basis.

*Contact person responsible for corrective action:
Kelly Wentworth, Business Manager, (207) 319-1900*

Grant Reimbursement Provided to Subrecipients

In our tests over controls related to the Community Development Block Grant (CDBG), we found a reimbursement to a subrecipient that included costs and match documentation which had previously been submitted. In order to prevent future duplication, we recommend that the Town adopt procedures for such grants that includes a secondary review and approval process to ensure that duplicate payments and other errors are caught prior to final processing.

Management Response/corrective action plan: Town management has instituted procedures to ensure that duplicate requests for reimbursement and/or match documentation for grants are detected. For grants which pay multiple requisitions, all invoices will be logged into a listing by date/vendor/description/amount. When sorted by date and vendor, any duplicates will become obvious. As standard practice, and in the case noted here, staff requested approval from the grantor prior to disbursing funds. In the future, staff will include the invoice list in the request.

*Contact person responsible for corrective action:
Julia Henze, Finance Director, (207) 725-6652*