

**TOWN OF DURHAM, MAINE**

**Reports Required by *Government*  
*Auditing Standards***

**For the Year Ended December 31, 2023**

**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 Board of Selectmen  
Town of Durham, 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, each major fund, and the aggregate remaining fund information of the Town of Durham, Maine as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Durham, Maine's basic financial statements, and have issued our report thereon dated September 9, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Durham, 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 Town of Durham, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Durham, 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 Town of Durham, Maine'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and other comments as items 2023-001 that we consider to be a significant deficiency.

**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 Town of Durham, 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*.

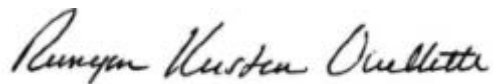
We noted other matters that we reported under the heading “Other Comments” that are opportunities for strengthening internal controls and operating efficiency.

**The Town of Durham, Maine’s Responses to Finding and Other Comments**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Durham, Maine’s responses to the finding and other comments identified in our audit and described in the accompanying schedule of findings and other comments. The Town of Durham, Maine’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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.



September 9, 2024  
South Portland, Maine

**TOWN OF DURHAM, MAINE**  
**Schedule of Findings and Other Comments**  
**December 31, 2023**

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**Findings Required to be Reported under *Government Auditing Standards***

**SIGNIFICANT DEFICIENCY**

**2023-001 Purchase Card Disbursements**

Criteria: The Town has a policy that requires all users of purchase cards to turn in supporting documentation for their purchases, such as a receipt or invoice. Per the policy, repeat offenders will potentially have their purchase card access revoked. Each purchase card user is also supposed to sign a credit card agreement to ensure they will not use the card for unauthorized purposes. In addition, the Town is supposed to retain documentation to support transactions.

Condition: We selected twenty-nine transactions from three separate months in 2023. Of those transactions, ten were missing a receipt or invoice. In addition, there were two employees who were missing signed credit card agreements. We also selected the month of February 2023 to test and the credit card statement and related documentation could not be located.

Cause: The Town experienced turnover in the central office staff, which created inconsistencies in filing and retaining documentation.

Effect: Missing documentation could lead to an increased risk of fraud or error. Employees who are not provided the proper instructions and forms regarding credit card use could inappropriately commit the Town to a purchase that otherwise would not have been executed.

Recommendation: Management should reinforce to all purchase card users the importance of keeping receipts and turning them in to the central office. In addition, management should review the list of purchase card users and verify all have signed credit card agreements on file. In addition, the Town should consider either revising its purchase card policy if it does not intend to reinforce penalties for repeat offenders, or should follow through and revoke purchase card privileges for certain employees. The Town should also review its procedures for filing documentation so that there are no future issues in locating documentation.

**OTHER COMMENTS**

**Cash Disbursements**

During the audit, we selected forty cash disbursements to test controls. Of those forty transactions, there were three disbursements for which the invoices could not be located. In addition, there were two disbursements that were missing documentation of approvals, both of which were for the Fire Department. The disbursements with the missing documentation/approval were all from February and March 2023, which is before the Town switched to the services of Royer and Advisors. As the disbursement process has once again been taken over by the Town, management should reinforce the importance of maintaining documentation and obtaining the required approvals.

**TOWN OF DURHAM, MAINE**  
**Schedule of Findings and Other Comments, Continued**  
**December 31, 2023**

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**Findings Required to be Reported under *Government Auditing Standards*, Continued**

**OTHER COMMENTS, continued**

**Payroll Documentation**

As part of the audit, we selected fifteen employees to test. Of those employees selected, four were missing supporting documentation for their current pay rate. One of the employees was paid at a rate higher than the documentation in the employee's file. Per management, the employee received a raise in 2023 but the raise was not documented. Although the Town has worked to improve the documentation of approved wage rates, there are still gaps in the documentation. We recommend that staff continue reviewing personnel files to ensure that the most recent support for wage rates is included in the files.