



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

Honorable Joan M. Pratt, Comptroller  
and Other Members of the  
Board of Estimates  
City of Baltimore, Maryland

We have audited, in accordance with 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 cash basis financial statements of the governmental activities of the Fire Department of the City of Baltimore, Maryland, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Fire Department's financial statements, and have issued our report thereon dated, April 3, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fire Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire Department'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fire Department'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*.

## **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.

A handwritten signature in black ink, appearing to read "Audrey Askew". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Audrey Askew, CPA  
Acting City Auditor

April 3, 2018

**CITY OF BALTIMORE**  
**Fire Department**  
**Schedule of Findings**  
**For Fiscal Years Ended June 30, 2016 and 2015**

**Finding #1 – Incorrect Accounting Entry**

***Criteria***

The Committee of Sponsoring Organizations (COSO) requires entities to maintain a system of internal control that provides reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements.

***Condition***

During our 2016 testing of expenditures of Capital Outlay, we noted an error in posting \$353K as a result of BAPS correcting an entry originally posted in 2008. The posting was to the Capital Projects Clearing account.

***Cause***

In an effort to correct a prior period out of balance issue, BAPS incorrectly prepared a journal entry that affected current year revenue and expenditures.

***Effect***

Expenditures were overstated during 2016. Also, the City may be exposed to reputation risk.

***Recommendation***

We recommend the Fire Department perform a periodic review of transactions posted to its general ledger to ensure the accuracy and appropriateness of the accounting activity.

***Management Response***

The Baltimore City Fire Department acknowledges the audit finding in the biennial financial audit performed and submitted to the Board of Estimates by the Department of Audits. As previously discussed with the auditors their finding on the Capital Projects adjustment which was made to a prior year account was recorded by BAPS for 2008 and we agree that the Fire Department will periodically review transactions of this type to the general ledger moving forward as part of our policy and procedures. We view this audit as an opportunity to review past accounting practices and to make improvements for the current and future periods.