

**TOWN OF LONGMEADOW, MASSACHUSETTS**

Management Letter  
For the Year Ended June 30, 2020

**DRAFT**

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**DRAFT**

To the Select Board

Town of Longmeadow, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Longmeadow, Massachusetts (the Town) as of and for the year ended June 30, 2020, 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, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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 we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town’s written responses to our comments and suggestions have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

To be dated upon the acceptance  
of the financial statements  
Greenfield, Massachusetts

DRAFT

## CURRENT YEAR ISSUES

### 1. Review Procedures in Recreation Department

During our review of processes and procedures in the Recreation Department, we noted the following areas where improvements could be made:

- While infrequent, there are instances where overdue balances are written off. When this occurs, the Recreation Director oversees the process, but there is not oversight from outside the department. We recommend that an individual outside of the department formally approve all write-offs.
- The Recreation Department uses ActiveNet for its online registration platform. As part of the registration process, fees are also collected through ActiveNet and ActiveNet automatically deducts their share of the fee before funds are remitted to the Town. This cost does not get captured in the general ledger, nor is it formally reviewed. We recommend the Town review the cost of using ActiveNet for collections to ensure it is the best and most economical choice for Recreation Department registration collections.

*Town's Response:*

### 2. Other Issues

The following section of the management letter identifies other recommendations for improvements which are reported in a summarized manner.

#### ***Re-evaluate Town Bonding Insurance***

The bonding insurance coverage for the Town's Treasurer/Collector is only \$100,000. This places the Town at risk in the event that an irregularity occurs.

We recommend that the Town re-evaluate the insurance bond and consider increasing coverage.

*Town's Response:*

#### ***Send Letters Periodically to Local Banks***

Occasionally, quasi-governmental or nonprofit entities (school scholarship, "friends of" or volunteer organizations) use a Town's identification number (EIN) to establish bank accounts without the knowledge or approval of the Town's government. The

existence of these accounts increases the risk that inappropriate activity is being conducted under the Town's EIN umbrella.

While we are not aware of any such accounts in the Town of Longmeadow, we recommend the Town take steps to determine if these types of accounts exist. We therefore recommend the Treasurer periodically request local banks to report all bank accounts established using the Town's EIN. Any accounts unduly authorized should be reviewed for inappropriate transactions and either formally authorized or closed.

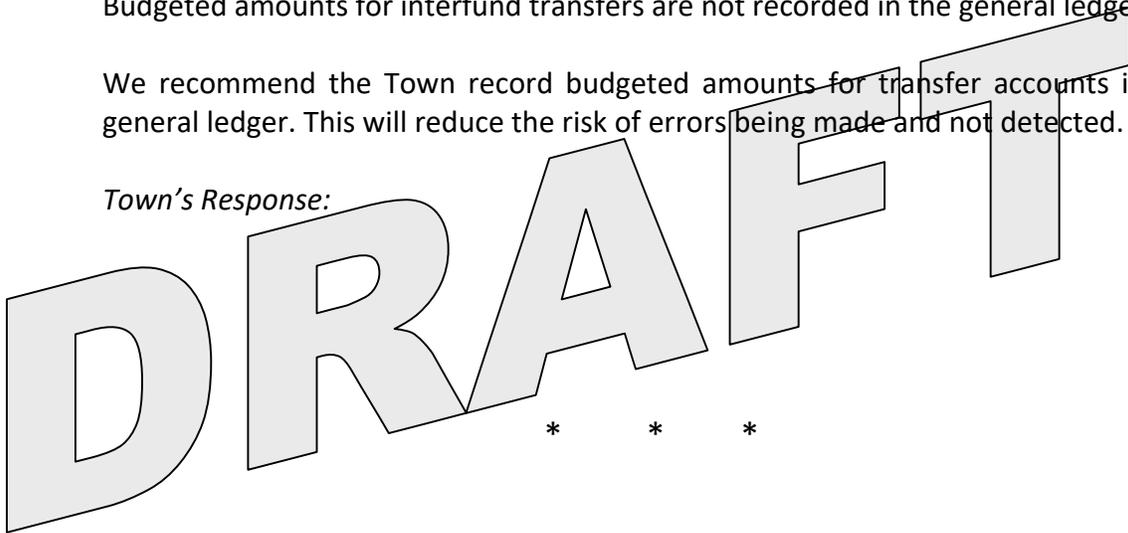
*Town's Response:*

**Record Budgeted Amounts for Transfers**

Budgeted amounts for interfund transfers are not recorded in the general ledger.

We recommend the Town record budgeted amounts for transfer accounts in the general ledger. This will reduce the risk of errors being made and not detected.

*Town's Response:*



All other prior year issues have been satisfactorily resolved.