

To The Board of Finance
Town of Seymour, Connecticut

In planning and performing our audit of the financial statements of The Town of Seymour, Connecticut, as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered The Town of Seymour, Connecticut 's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Accounts Payable recording for WPCA

During our testing it was noted that several material accounts payable amounts were not recorded in the correct period. It was noted that the reason for the error was due to lack of internal control between information flow between the WPCA and the Finance Department.

We recommend that at year end, the Finance Department request and the WPCA provide a list of outstanding payables so that the Finance Department can adequately record the accounts payable and any other accrual related adjustments.

Timely Deposits for Grant Funds at the School Department

During our testing it was noted that there were numerous deposits which were made several months after receiving the check from the State of Connecticut. These checks were received during the months of July 2007 through September 2007 and were deposited in September and October 2007.

We recommend that the school develop an internal control policy which calls for all deposits to be deposited within a week of receipt.

Purchase Orders

During our test work, we noted that many Town expenditures tested either were accompanied by purchase orders which were dated after the date of the related invoice, or had no purchase order. Although the related expenditures were supported by vendor documentation, the purchase order system was incorrectly used. Town Charter, Section 17.6 (Purchasing) states "All purchasing for Town boards, except the Board of Education, shall be done through the Finance Office and only upon the issuance of a purchase order". In addition to this requirement, effective internal control and corresponding effective administration of the purchasing function requires that all purchase orders be properly prepared prior to an item being ordered. The Town was following the purchase order system which is the finance department's policy which varies from the town charter.

The Finance department's policy for purchase orders has been to have a purchase order for the purchase of merchandise but not for services. Most services have a contract which the Finance Department uses as the purchase order. We recommend that the Town establish a single policy (either finance department's policy or Town Charter) for purchase orders and follow that policy.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 30, 2008 on the financial statements of The Town of Seymour, Connecticut. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Accounts Payable recording for WPCA

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We recommend that at year end, the Finance Department request and the WPCA provide a list of outstanding payables so that the Finance Department can adequately record the accounts payable and any other accrual related adjustments.

Accounting Policies and Procedures Manual - Town

Management created an updated accounting policies and procedures manual to replace its 1994 edition.

We recommend the new document be submitted for review to the Boards of Finance and Selectmen, and after such review and any changes, be formally adopted by the Town.

Deposit, Investment and Risk Policy

The Town of Seymour does not have a formal policy regarding financial institutions and related risk acceptance. State statutes provide a general guide to depository practices, but many municipalities adopt formal policies to address their specific operations.

We recommend the Town consider the formulation and implementation of such policies to strengthen controls over its fiscal activities.

Funds Outside The Control of the Finance Department

Several funds reflected within the Town's annual report are operated outside the control of the Town's Finance Department. Deposits, checks, and financial activity are done apart from the regular Town funds. Reporting to the Finance Department is done once a year for purposes of the annual audit.

We recommend the Town incorporate these accounts into the Town's regular financial recording and reporting systems. The departments administering these accounts should, at a minimum, provide the Finance Department with monthly bank reconciliations, and reports of their financial activity to the Finance Department to facilitate recording into the Town's financial system on a monthly basis. The Town should also then take steps to conduct reviews of transactions and supporting documentation within these funds periodically throughout the year.

Student Activity Funds - Board of Education

Student activity funds are processed without the benefit of an updated written policy as to their administration. Their current policy is dated March 18, 1996.

Proper administration and control over these funds requires the establishment of an updated written policy that defines procedures to be used in processing receipts and disbursements (including reimbursements to individuals), individuals who would have expenditure and check signing authority, requirements for reconciliations and reporting, and any other items the Board would consider necessary for the handling of these funds.

Personnel Files – Board of Education

During our field work we found that several of the personnel files reviewed did not contain Federal I-9 forms (Employment Eligibility Verification – required for those hired after November 1, 1986). We did note that all files reviewed did contain federal form W4 (Withholding Tax) and Connecticut form CT-W4 (Withholding Tax). Certification documents relating to the certified staff members were contained in the Board's payroll database.

We recommend that the Board review its personnel files and make sure each file contains the missing documentation noted above.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

James A. George, P.C.
Boston, Massachusetts
December 30, 2008