

May 5, 2022

To the Supervisor and the
Town Board of the Town of North Salem
266 Titicus Road
North Salem, NY 10560

As part of our planning and performing our audit of the financial statements of the Town of North Salem, New York, for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting 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 in accordance with *Government Auditing Standards*.

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 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 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 and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. This letter does not affect our report dated May 5, 2022 on the financial statements of the Town of North Salem, New York. The accompanying recommendations are those that came to our attention during our examination, but assurances cannot be drawn that there are no other weaknesses.

Certain matters involving the internal control structure and its operation, of a more routine nature, have been discussed verbally with the appropriate administrative personnel.

INTERNAL CONTROLS

During our review of the payroll procedures, we noted that the police timesheet turned over the Director of Finance for processing had no indication of an approval of the amounts reported. The timesheets should be reviewed and approved by a department head before processing.

Management's Response - The Town Supervisor will discuss with the Police Chief about changing the procedures whereby timesheets of individual officers are reviewed and signed off before submitting to the Town Supervisor's or Finance Department for filing and processing.

During our review of the payroll procedures, we were informed that the Highway Superintendent reviews the timesheets and then authorizes the Assistant to the Highway Superintendent to stamp the reports with his signature stamp. However, the signature stamp is kept in the drawer of the Assistant to the Highway Superintendent. Although signature stamps are allowed, there must be controls over access to the stamp so that no unauthorized person signs Town documentation as the Highway Superintendent. We recommend that the Town put controls in place so that only the Highway Superintendent can access his signature stamp.

Management's Response - The Town Supervisor will discuss with the Town Highway Superintendent about internal control over the signature stamp in that it should be in the possession of the Highway Superintendent at all times.

PREVIOUS RECOMMENDATIONS

During our review of the Town's account balances we noted funds being held in escrow with no identifiable project. All escrow balances should have a corresponding schedule that details the individual amounts being held. We recommend that the Town identify the source of these funds and disperse as required.

Management's Response – The Building Department and Planning Department are in the process of reviewing and determining whom any of these balances belong to.

In conclusion, we would like to thank the Staff who assisted us during our examination, and provided us with all the necessary records.

Very truly yours,

Cooper Arias, LLP

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