

February 27, 2025

To Board of Supervisors
West Vincent Township
Chester Springs, Pennsylvania

In planning and performing our audit of the financial statements of West Vincent Township as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered West Vincent Township's system of 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control. Accordingly, we do not express an opinion on the effectiveness of West Vincent Township's system of internal control over financial reporting.

Our consideration of the system of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

Bank Reconciliations:

- There were several cash accounts where the bank statement and reconciliations did not agree to the trial balance requiring adjustments to the trial balance. All accounts should be reconciled to the trial balance. If activity is booked after reconciliations are performed, the reconciliations should be updated. While one person may be performing the reconciliation process, a second person should be tasked with reviewing the reconciliation, and ensuring the process has been completed accurately and thoroughly. This process will substantially increase control over cash.

- During our audit, we noted bank reconciliations included reconciling items that had been outstanding for several months. This issue hinders the accounting personnel's ability to reflect an accurate cash balance in the financial statements and adds an unnecessary step to the process of bank reconciliations. Tracking reconciling items such as outstanding checks and deposits is an important control procedure that ensures that all activity is properly accounted for. We suggest that an accurate list of reconciling items be kept for each bank account and a periodic review of the list be performed on a timely basis. These items should also be reviewed regarding whether they should be written off with appropriate stop orders placed with the bank. This practice will provide a much stronger control over cash and the bank reconciliation process.

Interfunds:

- During our audit we determined that the interfund activity did not reconcile. If a transaction is recorded as a transfer in in the receiving fund, it should be recorded as a transfer out in the paying fund. We noted that the Township does not consistently record transfers between funds as transfer revenue in the receiving fund and transfer expense in the paying fund. We recommend that interfund activity be regularly reconciled to ensure the activity balances and nets to zero.

As discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated February 27, 2025 on the financial statements of West Vincent Township. 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 please to discuss these comments in further detail at your earliest convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

Our comments are summarized as follows:

Recordkeeping:

- We noted that the Township had difficulty locating certain records that were requested as a part of the audit process. The availability of records and documentation can be critical to an organization in the event of an audit by federal agencies, a lawsuit, an insurance claim, or any number of other circumstances. We strongly recommend that the Township maintain a better recordkeeping system. A clear, written record-retention policy can help ensure that the appropriate records are available when they are needed.

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Approved Salary:

- While conducting our audit, we noted that approved salary data was not available for Township employees. While the Township approves percentage increases and generally approves salary as part of the annual budget, we believe there is room to strengthen the internal controls and allow for better internal analysis of payroll expense. We recommend the Township approve a specific salary or hourly pay amount for each employee as part of the annual budgeting process each year. That document should then be maintained as documentation for the rates at which all employees are paid during the year.

This communication is intended solely for the information and use of management, Board of Supervisors, others within the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



MAILLIE LLP
*Certified Public Accountants and
Business Consultants*