

**TOWN OF EAST GRANBY, CONNECTICUT**

**COMMUNICATION OF  
INTERNAL CONTROL RELATED MATTERS**

**FOR THE YEAR ENDED JUNE 30, 2021**

To Management of the  
Town of East Granby, Connecticut

In connection with our audit of the financial statements of the Town of East Granby, Connecticut (the "Town"), as of June 30, 2021 and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we communicate to management certain internal control matters identified during our audit.

We noted the following matters involving the Town's internal control over financial reporting and other matters that we offer recommendations for your consideration as part of the ongoing process of modifying and improving internal controls and administrative practices.

***Evaluation of Current Accounting System***

The Town's accounting system was acquired several years ago. The use of an outdated accounting system could result in inefficiencies in the processing and reporting of financial information in addition to increasing security risks. Industry trends have produced more sophisticated systems designed toward reducing redundancy, increasing efficiency, and improving data quality and integrity.

We recommend that management consider implementing a new accounting system that would improve the Town's overall internal control structure and financial reporting processes.

***Maintaining Funds in an Accounting System***

The majority of the Town's governmental funds are not currently being maintained in an accounting system. In addition, only expenditures for the Board of Education's grants fund are being maintained in an accounting system. GAAP requires that governmental funds be accounted for and reported on the modified-accrual basis of accounting. In addition, relevant and reliable information regarding assets, liabilities and the activities of each fund are important for allowing management to make informed decisions.

Although there is typically minimum activity within these funds, we recommend that the assets, liabilities, revenues and expenditures for these funds be maintained in an accounting system.

***Fraud Risk Assessment***

The Town has not performed a formal fraud risk assessment process. A fraud risk assessment process is an important process that can be used by an organization to systematically identify where and how fraud may occur and who may be in a position to commit fraud. The process is used to identify fraud risk schemes as well as respective controls that may prevent or detect these schemes. The benefits of a planned and properly executed fraud risk assessment process includes identifying specific instances of fraud within the organization early, allowing the organization to address and detect fraud risks proactively rather than reactively and deterring potential fraud through its existence and communication to employees.

We recommend that the Town consider performing a formal fraud risk assessment process.

### ***Reporting in the eGrants Management System***

The Town's School District is required to report certain grant activity in the State of Connecticut's Department of Education's eGrants Management System. There were a number of immaterial differences between the expenditure information reported in the eGrants Management System and the actual expenditures recorded in the School District's accounting system.

Although the eGrants Management System was subsequently revised, we recommend that a detailed reconciliation be performed and maintained in order to ensure the accuracy of the expenditure information reported in the eGrants Management System.

### ***Administration of Scholarship Funds***

The Town's School District holds and administers scholarship funds for the benefit of students.

We recommend that the School District consider developing an investment and spending policy for the scholarship funds in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance concerning the management and investment of endowment funds held by certain organizations.

We appreciate the courtesies extended to us by the management and staff of the Town, and would be happy to discuss the above matters further at your request.

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

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
December 17, 2021