

**TOWN OF BREWSTER, MASSACHUSETTS  
COMMUNICATION OF INTERNAL CONTROL  
RELATED MATTERS  
JUNE 30, 2018**

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To the Honorable Select Board  
Town of Brewster, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Brewster, Massachusetts, as of and for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing an 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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as discussed below, we identified deficiencies in internal controls that we consider to be a material weakness and a significant deficiency.

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 in a timely basis. We consider the following deficiencies in the Town's internal controls noted on pages 2- 3 to be a material weakness and a significant deficiency.

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

Respectfully,



Certified Public Accountant

June 7, 2019

**TOWN OF BREWSTER, MASSACHUSETTS  
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS  
JUNE 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROLS**

**INTERDEPARTMENTAL RECONCILIATION OF WATER ACCOUNTS RECEIVABLE**

**Finding**

The water accounts receivable balance and monthly activity maintained by the Water Department was not reconciled to the general ledger on a monthly and timely basis. As a result of the above deficiency, there was a significant water receivable variance between the Water Department and the Town Accountant's general ledger balances at year-end. At year end, journal entry adjustments were made to the general ledger to agree with Water Department balances.

We have concluded that this control deficiency represents a material weakness in internal controls.

**Recommendation**

The reconciliation of accounts receivable is a very important internal control. The Water Department's receivable report balances and activity must be reconciled to the Town Accountant's general ledger receivable balance on a monthly basis and in a timely manner.

**Managements Response**

The Town concurs with the auditor's finding. The Town Accounting office has been working directly with the Water Department to establish a better system of reconciling accounts receivable on a monthly basis. We will continue to work collaboratively on timing of commitments and aging report.

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**SIGNIFICANT DEFICIENCY IN INTERNAL CONTROLS**

**RECONCILIATION OF REVENUE AND EXPENSES SUBSIDIARIES**

**Finding**

The revenue and expense subsidiaries for the various funds were not reconciled to the general ledger revenue and expense control balances on a monthly and timely basis. As a result of the above deficiency, there were variances between the various subsidiary ledgers and the related general ledger control accounts. At year end, several significant journal entry adjustments were made to reclassify the variances in the various funds and the general fund. Upon analysis, we have proposed several adjustments to these year-end journal entries.

We have concluded that this control deficiency represents a significant deficiency in internal controls.

**Recommendation**

The reconciliation of the revenue and expense subsidiaries to the general ledger control accounts is a very important internal control. The revenue and expense subsidiaries must be reconciled to the related revenue and expenditure control balances on a monthly basis and in a timely manner.

**Managements Response**

The Town concurs with the auditor's finding. The Abrahams Group was hired to reconcile FY 2018. This process has identified several links within the revised chart of accounts that were not correct.

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Statement on Audit Standards #115 - Definitions:

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 significant deficiency - is a deficiency, or a 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 (Must be communicated in writing).

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 in a timely basis (Must be communicated in writing).