



**INCORPORATED VILLAGE OF NORTHPORT**

**MEMORANDUM ON ACCOUNTING PROCEDURES  
AND INTERNAL CONTROLS  
2021**



To the Board of Trustees of  
the Incorporated Village of Northport:

In planning and performing our audit of the financial statements of the Incorporated Village of Northport (the "Village") as of and for the year ended February 28, 2021, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Village's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of matters involving the internal control structure or other operational matters that are presented for your consideration in the accompanying memorandum. This memorandum presents information as to the status of prior audit recommendations. This letter does not affect our report dated September 15, 2021 on the financial statements of the Village. 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 structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations.

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

Hauppauge, New York  
September 15, 2021

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**MEMORANDUM ON ACCOUNTING PROCEDURES**  
**AND INTERNAL CONTROLS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2021**

**CURRENT YEAR RECOMMENDATIONS:**

**1. Timing of deposits**

During our work performed related to cash receipts, we noted the Village had several instances where deposits were not being made timely. This situation increases the risk of inaccurate financial reporting.

We recommend that the Village create formal policies and procedures for the management and timely depositing of cash receipts. In this manner, internal controls over financial reporting may be enhanced.

**2. Bank reconciliations**

During our work performed in the cash area, we noted that the Village bank reconciliations were not being completed timely. This situation increases the risk that cash balances may be misstated at a given time.

We recommend that the Village create formal policies and procedures by which bank reconciliations are done on a timely basis. In this manner, internal controls over financial reporting may be enhanced.

**STATUS OF PRIOR AUDIT RECOMMENDATIONS:**

In connection with the prior year audit of the financial statements of the Village, certain recommendations were reported. Reference is made to that letter dated August 1, 2020 for details on these observations and recommendations. The following presents an overview of these matters, as well as our understanding of their current status:

**1. Credit cards**

We recommended that the Village reconcile all credit card charges monthly and ensure that appropriate supporting documentation be attached to each monthly statement.

During our current year's audit, we noted this recommendation was in the process of being implemented.

**2. Payroll deductions**

We recommended that a quarterly review of all payroll liability account balances be performed within the General Fund in order to ensure that the balances recorded are accurate.

During our current year's audit, we noted this recommendation was in the process of being implemented.

3. **Year-end closing procedures (Prior Year Material Weakness)**

It was recommended that the Village develop specific procedures to help coordinate a timely and accurate closing of the books and records.

During our current year's audit, we noted this recommendation was in the process of being implemented.