



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF IPSWICH, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2022



Powers & Sullivan, LLC
CPAs AND ADVISORS

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To the Honorable Select Board
Town of Ipswich, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ipswich, Massachusetts (Town) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting as a basis for designing our auditing 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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.

Powers & Sullivan LLC

December 12, 2022

TOWN OF IPSWICH, MASSACHUSETTS

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Current Year Comments

Purchase Orders

Comment

During expenditure testing, we noted that a number of purchase orders were dated past their corresponding invoice dates. Creating purchase orders after the invoice is received bypasses the Town's purchasing policies and defeats the control that a purchase order system is intended to provide. Purchase orders play a primary role as they allow the Town to ensure the budgetary funds are available and that the purchase has been properly approved before funds are expended.

Recommendation

We recommend that the Town implement procedures to ensure that purchase orders are approved prior to ordering the goods or services.

Maintenance of Capital Assets

Comment

The maintenance of capital assets should include an annual review of the asset listing to identify assets that are no longer in service. This includes both capital assets for the Town's governmental activities and business-type activities. If identified, the asset value and accumulated depreciation should be removed. The procedures used to evaluate each class and type of asset should be different. For example, infrastructure assets cannot be counted or matched to insurance records like motor vehicles, therefore the policies and procedures for evaluating infrastructure assets are expected to be different. In most cases assets no longer in service are fully depreciated and therefore the Town's net position is not in error at year-end. However, there is a risk that the gross values are overstated.

Recommendation

We recommended that the Town implement policies and procedures for reviewing the capital asset listing against actual assets in service at a minimum, annually.