

March 27, 2024

To the Board of Directors
Town of Erwin Community Development Agency

In planning and performing our audit of the financial statements of the Town of Erwin Community Development Agency 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 Town of Erwin Community Development Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Erwin Community Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Erwin Community Development Agency'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 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 also noted certain operational matters that are presented for your consideration, and have been identified as "other comments and recommendations" in the following pages. These other comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. This letter does not affect our report dated March 27, 2024 on the financial statements of Town of Erwin Community Development Agency. We will review the status of these comments during our next engagement.

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

Very truly yours,

EFPR Group, CPAs, PLLC

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Town of Erwin Community Development Agency
Other Comments and Recommendations
December 31, 2023

Other Comment - Information Technology (IT) Policies and Procedures: During our audit we noted that there are not documented IT policies and procedures, including a policy regarding password controls.

Recommendation: We recommend IT policies and procedures be documented and approved by the Board of Directors. This policy should include a specific policy related to the controls over the computer password process.

Management's Response: *The Agency has a robust process for cyber security including firewalls, two-factor authentication for remote access, and employee processes to safeguard our IT facilities. The new state requirement for a written IT policy came into effect during 2023. During our numerous transitions, the policy was not drafted in 2023. The board is adopting the policy in 2024.*

Other Comment - Board Approval of Bank Reconciliations: During our audit we noted that while bank reconciliation's were prepared, they were not prepared on a timely basis to allow for timely Board approval.

Recommendation: We recommend bank reconciliations be prepared monthly to allow for Board approval in the following month.

Management's Response: *Due to unforeseen circumstances, the planned transition of budgeted overlap between the retiring bookkeeper and new hire did not occur. There was a gap in bookkeeper services, this has been addressed through state comptroller and peer training for the new bookkeeper. Timely standard practice is back in place.*