



September 26, 2025

To Members of the Audit Committee
Town of Dewey Beach, Delaware

Dear Ladies and Gentlemen:

In planning and performing our audit of the financial statements of the Town of Dewey Beach, Delaware (the Town) as of and for the year ended March 31, 2025, 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 auditing procedures for the purpose of expressing our 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 weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 26, 2025, on the financial statements of the Town. 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 or result in other operating efficiencies. Our comments are summarized as follows:

Budget

Mitchell Titus recommends that an organization consider the use of best practices and available resources to enhance its financial reporting processes. The Government Finance Officers Association (GFOA) is a respected organization that provides such resources. As described within the GFOA website, the GFOA established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality, reflecting both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting. The program also recognizes individual governments that succeed in achieving that goal.

200 East Pratt Street
Baltimore, MD 21202
T +1 410 385 5200
F +1 410 385 5201
mitchelltitus.com



Approximately 1,900 governments, including states, cities, counties, special districts, school districts, and more have been recognized for transparency in budgeting. To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and TCP communication tool.

The Town may consider participating in the GFOA budgetary awards program or simply use the 13-page criteria (*i.e.*, checklist) provided on the GFOA's website to consider when preparing its annual budget document, as follows: Distinguished Budget Presentation Awards Program

Authorization and Segregation of Duties

We noted that bank reconciliations and journal entries are prepared by one individual; however, we recommend that another individual, separate from the preparer, should review and approve the bank reconciliations and journal entries to maintain effective internal control.

Information Technology Developments

During FY25, the Town of Dewey relied on Buddy Punch Time Clock Services for employee payroll processing. During FY26, the Town transitioned to TimeClock Plus (TCP) for workforce payroll management. Additionally, the Town's leadership is discussing the decommissioning of QuickBooks and replacing the software with Edmunds Gov Tech for FY27.

We recommend that the Town consider incorporating a post-implementation review or testing of TCP to ensure the continued operational effectiveness of the new system.

For the Edmunds Gov Tech financial or general ledger system, best practices generally include the following planning activities:

1. Establishment of a committee to discuss and approve key decisions of the Edmunds Gov Tech financial or general ledger system implementation.
2. Adequate testing to ensure data conversion and migration was successful.
3. Proper training is provided and available to key users of the new financial system.
4. User roles are defined, including appropriate segregation of duties, and applied within the system (*i.e.*, avoidance of 'super users').
5. Appropriate user access is established to prevent unauthorized users and activity.
6. System changes are reviewed and approved before going live.

After the system has been implemented, a post-implementation project phase can be considered. Industry best practices typically include the following components:

1. Remediation of open deficiencies not resolved prior to go-live.
2. Established process for incident reporting and assignment of appropriate support personnel.



3. Periodic system reviews to ensure the original objectives of the new system are being met.

Status of Prior-Year Comments

Trial Balances

Resolved.

Fixed Assets System

Resolved.

Policies and Procedures

Resolved.

IT

Resolved.

Fund Balance

In progress. Additionally, we recommend that the Town's General Fund Balance Policy include allowable uses (expenditures) from its rainy-day fund.

We believe that the implementation of these recommendations will provide the Town with a stronger system of internal control while also making its operations more efficient. We would be pleased to discuss the details of these recommendations with you at your convenience.

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

Respectfully,