

December 4, 2003

Board of Trustees
Township of Richmond
34900 School Section Road
Richmond, MI 48062

Dear Board Members:

We have recently completed our audit of the financial statements of the Township of Richmond for the year ended June 30, 2003. In addition to the audit report and letter to the Board, we offer the following comments and recommendations for your consideration:

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Township of Richmond for the year ended June 30, 2003, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted instances involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be a material weakness.

Bank account reconciliations for the Township were not performed in a timely manner throughout the year. In addition, as bank account reconciliations were prepared, they

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were not appropriately reviewed by someone independent of the cash management function. In order to establish adequate internal control over the cash management function, bank reconciliations should be prepared and reviewed on a timely basis.

We also noted a lack of segregation of duties exists since one individual performs virtually all of the accounting processing. In a small office setting, adequate segregation of duties is challenging. However, controls may be enhanced with the implementation of more formal review, or supervisory review, of general ledger transactions, such as journal entries or check registers, etc. In addition, such review should be evidenced by the reviewer with their initials. Such reviews will facilitate the identification and resolution of differences or unusual relationships in a timely manner.

PAYROLL DISBURSEMENTS

During our review of payroll disbursements, we noted that the frequency of processing payroll changed throughout the year. Payroll was processed bi-weekly, weekly and other times more or less frequently. We recommend that the Township review the cost/benefit of various pay frequencies (i.e. weekly, bi-weekly, monthly, etc.) and consistently apply this frequency throughout the year, perhaps noting the selection within an accounting policy related to payroll.

We would like to thank the Board for the continued opportunity to serve as auditors for the Township. If you have any questions regarding these or any other matters, please contact us.

Very truly yours,

PLANTE & MORAN, PLLC


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