

BlumShapiro

To the Board of Finance
Town of New Fairfield, Connecticut

In planning and performing our audit of the financial statements of the Town of New Fairfield, Connecticut, as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of New Fairfield, Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 of New Fairfield, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of New Fairfield, Connecticut's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

Disaster Recovery

The Town has continued progress towards developing a Disaster Recovery Plan. Data restoration plans have been developed for a localized disaster in the computer room which would cause some or all servers in the computer room to become inoperable. While data restoration is part of a complete Disaster Recovery Plan, the plan should contain other elements listed below. In addition, the Town should develop a Disaster Recovery Plan to recover from a building-wide disaster that would cause the whole building to become inoperable. We recommend that the effort continue and that the final plan include the following:

- A list of recovery team members and alternatives;
- A description of what constitutes a disaster and how to notify key personnel;
- A prioritized list of systems to be recovered;
- Acceptable downtimes and restoration goals for the prioritized systems;
- Names and locations of key vendors and other external companies;
- Recovery procedures for the prioritized systems;
- Procedures for testing, reviewing and updating the Plan.

Accounting Records

Various fund accounting records are maintained on a manual basis and are not under general ledger control. General ledger control encompasses the recording of all transactions utilizing double entry procedures. Assets, liabilities, along with revenue and expenditure activity are recorded. The following is a list of funds that are not maintained under general ledger control:

- School Lunch Program
- Small Cities Program
- Dog Fund
- Library Fine and Book Replacement
- Social Services
- Scholarships
- Beaver Bog Cemetery

We recommend that all fund accounting records be maintained under general ledger control.

This letter should be read in conjunction with our report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 13, 2007.

This communication is intended solely for the information and use of management, the Board of Finance, Board of Selectmen, Board of Education, others within the organization, and federal and state awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 13, 2007



TOWN OF NEW FAIRFIELD

Municipal and School Financial Services

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New Fairfield, CT 06812-2665
(203) 312-5657 FAX (203) 312-5658

CORRECTIVE ACTION PLAN RE: AUDITORS' RECOMMENDATIONS TO MANAGEMENT FOR THE YEAR ENDED 6/30/07

Disaster Recovery

We are currently 25% into our financial system conversion. When completed, the new system will include a recovery program which will allow us to have a pro active procedure process in the event of a disaster. For the past 6 months, we have had our tapes picked up on a weekly basis and stored offsite. The vendor is Iron Mountain. We are able to recreate our financial data with off-site computers. Non-financial information is handled by the Town's Emergency Management Plan.

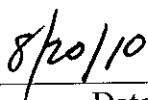
Update: Resolved

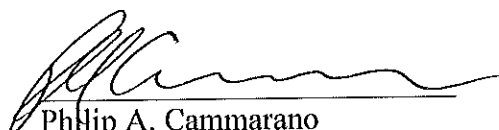
Accounting Records

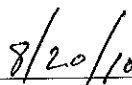
The 7 listed funds are currently being set up on the general ledger. This involves setting up fund names and account numbers. Currently, these funds are reconciled monthly by members of the Finance staff, so there is not a control issue related to the current status. These funds will be in our General Ledger by the end of January.

Update: Resolved


Jay P. Waterman
Director of Finance


Date


Phillip A. Cammarano
Treasurer


Date