

November 3, 2020

Jeff Slapikas, Chairman  
Prospect Town Council  
36 Center Street  
Prospect, Ct 06712

Dear Chairman Slapikas and Honorable Members of the Prospect Town Council:

In previous communications I had indicated that I would be providing some 'documentation' that I'd hoped the Town Council would be sure was presented to the selected external auditors to assure that all pertinent information related to Prospect's handling of financial recordkeeping was available to them. Instead, I'll expect that all the documents and exhibits that were uncovered and presented during the official Town Council 'Investigation' of August of 2017 will be made available to them. After reviewing various professional audit procedures I'm confident that in following those guidelines that those same documents will be identified in their thorough review of the overall topic.

Those 'Professional Audit Procedures' include language such as:

- *AU Sec. 316 .13 - The auditor should conduct the engagement with a mindset that recognizes the possibility that a material misstatement due to fraud could be present, regardless of any past experience with the entity and regardless of the auditor's belief about management's honesty and integrity. Furthermore, professional skepticism requires an ongoing questioning of whether the information and evidence obtained suggests that a material misstatement due to fraud has occurred. In exercising professional skepticism in gathering and evaluating evidence, the auditor should not be satisfied with less-than-persuasive evidence because of a belief that management is honest.*
- *AU Sec 316 .23 - For entities that have an internal audit function, the auditor also should inquire of appropriate internal audit personnel about their views about the risks of fraud, whether they have performed any procedures to identify or detect fraud during the year, whether management has satisfactorily responded to any findings resulting from these procedures, and whether the internal auditors have knowledge of any fraud or suspected fraud.*

I do have some lingering concerns that in .23 (above) there is an expectation that the entity (in this case the Town of Prospect) actually has internal audit personal. By the Mayor's own admission, he functions as the internal auditor, as that is the specific area where essentially all the various problems have been discovered. Further, by the mayor's own acknowledgement, our 'outside auditor' for 28 years was apparently also employed by the Town and actually assigned the ongoing responsibility for functions such as balancing the monthly bank statements. This may be considered by some as a conflict as I believe no individual should ever be singularly responsible for auditing their own work product.

I therefore strongly encourage the audit firm now engaged in sifting through this quagmire to review all Town Council Meeting Minutes, especially for the June through September of 2017 period to determine the amount of honest cooperation they should anticipate receiving from members of this



Administration. As I was accused by members this administration of asking questions that never should have been asked, I would welcome the opportunity to provide for the auditors any additional information or perspective they may require. I will also provide to the Town Council in a separate writing a list of specific documents that should be available from the Town Clerk's Office that I believe the 'Auditors' will find especially useful in ascertaining the viability of what for all too long has been considered good financial practices by the Town of Prospect.

Best Regards and Stay Healthy,

*Thomas J. Galvin*

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