

January 29, 2015

To the Board of Selectmen
Town of Warner, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire for the year ended December 31, 2013, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. We previously reported on the Town's internal control structure in our report dated January 29, 2015. This letter does not affect that report or our report on the basic financial statements dated January 29, 2015.

We have already discussed these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of the matters, or to assist you in implementing the recommendations.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,



Vachon Clukay & Company PC

CREDIT CARD PURCHASES

Observation

As part of every audit engagement, we test credit card purchases for proper documentation and propriety of expenditures. Our procedures disclosed inconsistencies with regards to department head approval on the individual purchases and purchase receipts not always being retained and attached to the monthly credit card statement. We also noted an instance in which a town employee had used the Town credit card for a personal purchase and subsequently reimbursed the Town for this charge.

Implication

Controls over credit cards purchases are weakened. Improper expenditures may be made using the Town's credit cards which may go undetected without adequate controls.

Recommendation

We recommend that all employees be instructed to attach the detailed purchase to the monthly credit card statements. The supporting documentation should indicate what was purchased and that the purchase was approved by the proper officials. We further recommend that the Board implement a policy prohibiting the use of Town credit cards for personal purchases.