

February 11, 2025

To the Board of Selectmen
Town of Warner, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire for the year ended December 31, 2023, we considered the Town's system of internal control over financial reporting (internal control) to determine our audit procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the Town's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated February 11, 2025, contains our report on internal control. We previously reported on the Town's internal control in our report dated February 11, 2025. This letter does not affect that report or our report on the financial statements dated February 11, 2025.

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 an 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

PERSONNEL RECORDS

Observation

In performing our audit, we selected several payroll transactions for testing of proper control and compliance. During such testing, we noted that for the selected employees, the Town did not obtain or retain signed rate of pay forms.

Implication

The effect is that the Town is not in compliance with the provisions of state statute and Department of Labor administrative rules which require documentation of rates of pay, which are acknowledged and approved by the employee and their supervisor.

Recommendation

We recommend that the Town formally documents and retains rates of pay for all employees, as well as updating the document when an employee receives a pay increase.

Response

The Town has indicated that in 2025 employee personnel records will be reviewed to ensure compliance and acknowledgement.

DEPOSITS

Observation

During our audit, we selected transactions for testing the cash receipts processes of the Town. In performing our testing, we noted three separate deposits selected for testing that were not made in a timely manner.

Implication

The internal controls over cash are weakened, as untimely deposits increase the risk of loss or theft of the Town's funds. Additionally, the Town is not in compliance with the state law that states that all deposits must be made within 7 days.

Recommendation

We recommend that the Town deposits all funds on at least a weekly basis to adhere with the State RSA 41:29, which states that all deposits are required to be deposited within 7 days of receiving the money.

Response

The Town has indicated that the finding has been addressed with the employee(s) responsible for the deposits, and the State RSA was reiterated.

CREDIT CARDS

Observation

During our audit, we performed testing of Town credit card activity. In performing such testing, we noted several finance charges incurred. Additionally, we noted several instances of supporting documentation not being included to support charges on the credit card statements.

Implication

Controls over credit card transactions are weakened, as without sufficient supporting documentation to substantiate purchases increases the likelihood of misuse or abuse of credit cards. Additionally, there is an increased risk that fraudulent activity could occur and be paid for by the Town if statements are not reconciled on a monthly basis. Lastly, incurring late fees and finance charges results in the Town funds being used without any benefit to Town activities.

Recommendation

We recommend that all credit card statements are paid on time and that such statement is reviewed to ensure that the Town maintains all receipts and all purchases are deemed appropriate. In the case where a receipt cannot be located, we recommend that the Town put a policy in place where the employee who made the purchase indicates the reason why the receipt was not maintained and if they made an effort to look for the missing receipt.

Response

The Town has indicated that the Town has partnered with the State of New Hampshire for purchasing cards. Payment will be completed via ACH to ensure activity is completed on time. A policy is written and approved by the Board for Town employees using the card.