

**REPORT ON INTERNAL CONTROL BASED ON
AN AUDIT OF BASIC FINANCIAL STATEMENTS**

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 (the “Town”) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town’s system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Town’s internal control to be a material weakness:

GENERAL LEDGER REPORTING

Observation

In performing our audit of the Town’s financial statements, it was noted that there are many balance sheet accounts that are not being reconciled accurately during the year or at year end. A monthly review of the trial balance should identify accounts with improper balances, which would allow for quicker resolution and more accurate information being presented. During our audit of the 2023 financial records, we were required to propose 21 audit adjustments to the Town’s General Fund in order for the information to be reported in conformity with accounting principles generally accepted in the United States of America.

Implication

Controls over the financial activities of the Town are weakened as general ledger accounts are not being reconciled on a monthly basis and activity is not being posted to the Town’s general ledger appropriately. Financial decisions may be made based on incomplete or incorrect data.

Also, additional time was necessary to reconstruct the Town's records in order to propose necessary adjustments for them to be reported in accordance with generally accepted accounting principles.

Recommendation

We recommend that all general ledger accounts be reconciled on a monthly basis to detect any errors or omissions on a timely basis, and the accounts be adjusted accordingly. This will help ensure that a more accurate financial position of the Town will be presented, upon which sound business decisions will be made.

Response

The Town has noted that there was discussion from Management to the Finance Department to ensure that all accounts are reconciled each month to ensure that an accurate financial position of the Town is presented.

This communication is intended solely for the information and use of management, the Board of Selectmen, and others within the Town, and is not intended to be, and should not be, used by anyone other than these specified parties.

Vashon Clukay & Company PC

Manchester, New Hampshire
February 11, 2025