

January 28, 2021

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, 2019, we considered the Town's internal control structure to determine audit procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control structure.

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. We previously reported on the Town's internal control structure in our report dated January 28, 2021. This letter does not affect that report or our report on the basic financial statements dated January 28, 2021.

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 matter, or to assist you in implementing the recommendation.

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

Sincerely,

*Vachon Clukay & Company PC*

Vachon Clukay & Company PC

## **PAYROLL RECORD KEEPING**

### ***Observation***

During our audit procedures performed over payroll, we noted inconsistencies in file documentation of Town payroll. It has been noted that the Town has strengthened controls over record keeping; however, there are still instances where employment forms are not included in personnel files, and pay rates or timecards are not appropriate for the employee and selected payroll.

### ***Implication***

Without proper documentation, there is an increased risk that an employee is paid inappropriately.

### ***Recommendation***

We recommend that all employee payroll documentation is maintained as needed for employment and each payroll cycle.

## **TIMELY DEPOSITS**

### ***Observation***

During our audit procedures performed over cash receipts, we noted untimely deposits to the bank. In one transaction tested, it was noted that money was received at the Town Hall and not deposited in the bank until 19 days later.

### ***Implication***

Internal controls over cash receipts are weakened. The Town is exposed to an increased risk that funds could be lost, stolen, or misplaced.

### ***Recommendation***

We recommend that the Town makes weekly deposits of funds, adhering to the State law, RSA 41:29. The Treasurer shall ensure that all monies remitted be deposited at least on a weekly basis, or daily whenever funds remitted from all departments collectively total \$1,500 or more.