

October 31, 2016

To the Board of Selectmen
Town of Barrington, 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 Barrington, New Hampshire for the year ended December 31, 2015, 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 represent an opportunity 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 October 31, 2016. This letter does not affect that report or our report on the basic financial statements dated October 31, 2016.

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, perform an additional study of the matter, 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 our audit procedures, our firm examined monthly statements for all credit cards held by the Town and compared charges on the statements to supporting documentation. In performing these procedures, we noted that there was a lack of supporting documentation for several purchases and several instances of personal charges made on the cards which were subsequently reimbursed by the individual responsible for the charge. Additionally, we noted the Town incurred several finance charges as a result of failing to pay the full statement balance by the due date.

Implication

Controls over the disbursements of the Town are weakened, as a lack of sufficient supporting documentation to substantiate purchases increases the likelihood of misuse or abuse of credit cards. Permitting personal charges to be made on cards also increases the likelihood of misuse and or abuse and the risk that charges may not be refunded by the individual making the purchase. Additionally, finance charges for purchases are not part of the Town's approved budget and result in unnecessary expenditures.

Recommendation

We recommend that all charges on the monthly statements contain proper supporting documentation which indicates the date, amount and details of the purchase. Personal charges should not be permitted on Town credit cards. Additionally, we recommend Town personnel review the statement due dates more closely to ensure payment is made timely in an effort to eliminate unnecessary finance charges.

PAYROLL

Observation

During our testing of controls over payroll disbursements, we noted numerous instances where control policies in place were not properly followed or there was a lack of controls. A selection of 40 payroll transactions was made for testing purposes of which we noted the following: 7 instances where an employee's timecard was not approved by the Department Head; 1 instance where the hours on an employee's timecard were not added correctly; 3 instances where the employee's rate of pay form was not approved by the Department Head; and, 25 instances where an employee's rate of pay form could not be located.

Implication

When controls over payroll disbursements are not properly designed or followed there is an increased risk that an employee will be paid the incorrect amount or at an incorrect rate. As a result, the Town could become susceptible to future compensation claims by employees. There is an increased risk of timecard abuse when controls in place are not adhered to or are inadequate.

Recommendation

We recommend that Town management review control policies that are in place and take steps to ensure they are followed. In addition, we recommend that Town management review its current control policies over payroll transactions for possible revision to ensure that such errors do not occur in the future.