

**TOWN OF HANOVER, MASSACHUSETTS**

**Management Letter**

**For the Year Ended June 30, 2018**

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**Additional Offices:**

Nashua, NH  
Manchester, NH  
Greenfield, MA  
Ellsworth, ME

To the Board of Selectmen  
Town of Hanover, Massachusetts

In planning and performing our audit of the financial statements of the Town of Hanover, Massachusetts as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

*Melanson Heath*

March 26, 2019

## **PRIOR YEAR RECOMMENDATIONS:**

### **1. Improve Timeliness of Bank Reconciliations**

#### Prior Year Issue:

In the prior year, we noted some improvements in the timeliness of bank reconciliations, however, the reconciliations still contained old reconciling items that were not corrected in a timely manner. We recommended that any reconciling items be addressed in a timely manner.

#### Current Year Status:

At the time of this report, we noted that specific bank account reconciliations were current. However, the overall reconciliation between the cashbook and the general ledger has not been reconciled since August 2018. Additionally, the reconciliations still contained old reconciling items that were not corrected in a timely manner.

#### Further Action Required:

We again recommend that all reconciling items be addressed in a timely manner. Additionally, we recommend that the reconciliation between the cashbook and the general ledger be performed monthly and in a timely manner.

#### Town's Response:

At the time the Fiscal Year 2018 audit was being finalized, the Accounting Office was working toward being caught up on the reconciliation between the cashbook and general ledger. As of this writing, this reconciliation was complete through February 2019, and it is expected to be entirely up-to-date by the end of April 2019. Going forward, this reconciliation will be completed monthly.

### **2. Establish Accounting and Administrative Policies and Procedures**

#### Prior Year Issue:

In the prior year, we noted that the Town did not maintain formalized policies and procedures for certain administrative and accounting areas, such as the use of cellular phones.

We recommended the Town develop formal policies and procedures to provide departments with documented guidance over these administrative and accounting areas. This would result in Town-wide consistency, fewer internal conflicts, and minimize the risk of future irregularities or abuses occurring.

#### Current Year Status:

During fiscal 2018, Town did not establish written policies and procedures relating to the use of cellular phones.

Further Action Required:

We again recommend that the Town establish written policies and procedures relating to the use of cellular phones.

Town's Response:

With the recent onboarding of the new Town Manager, the Town intends to pursue the establishment of a cellular phone policy, with a target implementation date by December 31, 2019.

**3. Prepare to Implement GASB 74 and 75 for OPEB**

In the prior year, we recommended that the Town begin planning for the implementation of GASB 74 and 75, which includes gaining an understanding of the new requirements, educating applicable financial statement users, and ensuring that actuarial valuations are performed in a timely manner and in compliance with the new requirements.

Current Year Status:

The Town implemented GASB 74 and 75 during fiscal year 2018 and the necessary actuarial reports were completed timely. **This issue is resolved.**