

**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**Management Letter**

**For the Year Ended June 30, 2009**

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To the Town Council  
Town of Newmarket, New Hampshire

In planning and performing our audit of the financial statements of the Town of Newmarket, New Hampshire, as of and for the year ended June 30, 2009, 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Additional Offices:

Andover, MA • Greenfield, MA • Ellsworth, ME • Manchester, NH

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. The recommendation that accompanies this letter summarizes our comment and suggestion concerning this matter.

This communication is intended solely for the information and use of management, the Town Council, 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 comment and recommendation, we would be pleased to discuss it with you.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
January 11, 2010

## **CURRENT YEAR RECOMMENDATION:**

### **1. Control Access to Tax Software**

Personnel in the Finance Department currently have access to the Tax Collector's receivable software system. These same individuals also control the Town's general ledger, resulting in a lack of adequate segregation of duties.

We recommend the Finance Department personnel be limited to inquiry, but not posting capability of the tax software. This will improve control over the tax receivable system, and reduce the risk of errors or irregularities occurring and going undetected.

#### Town Response:

We have reviewed your comments relating to "Control Access to Tax Software" and have found that access needs to be granted for reconciliation purposes. "Read only" access does not allow the Finance Office sufficient detail to properly reconcile cash and accounts receivable. We will be working with Munismart in an effort to have them make software changes to allow "read only" access to see sufficient detail to reconcile cash and accounts receivable.