



Accessible  
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To the Town Council  
Town of Newmarket, New Hampshire  
Newmarket, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Newmarket, New Hampshire (the Town) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's 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.

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.

However, during our audit we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions concerning those matters. This letter does not affect our report, dated October 21, 2016, on the financial statements of the Town.

### **Establish Written Card Use Policy**

We obtained an understanding of the use of credit cards within the Town and examined an example of credit card transactions. In the items we selected for testing we did not identify any transactions that appeared to be improper. However, we did discover that the Town does not have a written policy regarding issuing credit cards and the appropriate use of credit cards. We recommend that the Town implement a written credit card policy to include which positions are authorized to have a credit card, the appropriate use of the credit cards, the spending limits and establish formal procedures for the approval of credit card activity.

### **Approval of Purchase Orders and Obtaining Vendor Quotes**

We examined a sample of expenditure transactions and found the following:

- Several instances where purchase orders were not used.
- Several purchase orders did not contain procurement support.

We understand procurement support is entered into the financial software, but is not retained once the purchase order is approved. We recommend purchase orders be used for all purchases in conformity with the purchasing policy. Further, we recommend the Town retain support for each purchase order, documenting conformity with the purchasing policy.

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### **Accounting for Capital Reserve Cash and Investment Accounts**

The past practice has been to not account for the capital reserve cash and investment accounts within the general ledger (accounting system) on a monthly basis. Instead the practice has been to make an adjustment only at year-end for the capital reserve accounts and related activity in order to include them within the financial statements. We recommend that the accounting department establish general ledger accounts within the accounting system to account for the capital reserve cash and investment accounts on a more regular basis throughout the year, rather than to only record the balances and activity at year-end. This will help provide management and the Council with more up to date information on the related accounts throughout the year.

### **Improve the Timing of Issuance of the Financial Statements**

The completion of the audit was delayed because the financial statements and audit documentation were not provided to the auditors timely. Management should implement procedures that will help improve the completion of the financial statements and audit documentation in a timely manner.

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

*Macpage LLC*

South Portland, Maine  
October 21, 2016