



# Audit Committee Report

Annual Town Meeting

May 2024

# Audit Committee

- Current Members:

Carolyn Ferguson, Allie Lockberg, Michael Sutphin (Chair), Chris Trakas, Jeremy Zuidema
- “...shall report to the Annual Town Meeting on the ongoing compliance with the Management Letter and internal control recommendations”
  - Suggestions from our auditing firm for opportunities to strengthen internal controls and operating efficiency

# 6/30/23 Management Letter

## One current year item

### **Purchase Orders Dated After Invoice**

During expenditure testing we noted that a number of purchase orders were dated past their corresponding invoice dates. Creating purchase orders after the invoice is received bypasses the Town's purchasing policies and defeats the control that a purchase order system is intended to provide. Purchase orders play a primary role as they allow the Town to ensure that budgetary funds are available and that the purchase has been properly approved before funds are expended.

### Recommendation

We recommend the Town Accountant's Office as well as the Town Administrator's Office work with the Departments found to be in violation of Town policy regarding the use of purchase orders.

## Two prior year items: one closed and one continues

### **Accounting for Debt and Related Proceeds and Premiums**

Short-term notes were being recorded as revenue as opposed to a bond anticipation note payable. The debt premiums were recorded as part of the bond proceeds and not properly broken out to a premium revenue account.

#### **Status: Item Closed**

This prior year matter has been remediated and closed. The Town properly recorded the short-term debt and bond premiums as required.

### **General Long-Term Debt Account Group (GLTDAG)**

The GLTDAG fund had not been updated for new long-term debt issuances in the current year. As a result, the fund did not reconcile to the Treasurer's records or the statement of indebtedness.

#### **Status: Continuing Recommendation**

There has been progress made in the current year to correct this issue, although the recommendations continue for the GLTDAG fund to be reconciled with the Treasurer's long-term debt records at least quarterly, and to the statement of indebtedness at fiscal year-end. This will help to ensure that the general ledger accounts are correct and consistent between the Accounting Office and the Treasurer's Office.