

January 30, 2024

To the Board of Selectmen
Town of Alstead, New Hampshire

In planning and performing our audit of the financial statements of the Town of Alstead, New Hampshire for the year ended December 31, 2022, we considered the Town's internal control structure to determine our audit procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that represent opportunities for strengthening internal controls and operating efficiencies. 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 January 30, 2024. This letter does not affect that report or our report on the basic financial statements dated January 30, 2024.

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, to perform additional study of these matters, 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

SPECIAL REVENUE FUND ACCOUNTING

Observation

During our audit, we noted that the Town utilizes off-the-shelf accounting software for accounting and reporting on the activities of its General Fund, however many of the Town's special revenue funds are tracked using solely a spreadsheet. As a result, there is no audit trail available regarding the activities of the special revenue funds tracked through a spreadsheet.

Implication

The use of a spreadsheet for accounting and reporting on the activities of the special revenue funds does not provide the level of detail necessary for preparing financial statements in accordance with GAAP and as a result requires additional summarization prior to being useful in the financial reporting process. Additionally, spreadsheets lack the dual entry controls and change tracking capabilities available in the Town's existing off-the-shelf accounting software, increasing the risk of errors or manipulation.

Recommendation

We recommend the Town utilize its existing off-the-shelf accounting software for the purpose of accounting and reporting on the activities of its special revenue funds.