



Proven Expertise & Integrity

December 6, 2023

Selectboard
Town of Richmond
203 Bridge Street
Richmond, VT 05477

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Richmond as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Richmond's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Richmond's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Richmond, Vermont. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Selectboard, management, and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2023, where we expressed an unmodified opinion on our independent auditor's report dated October 30, 2023.

Bank Reconciliations:

While performing the audit for the above-mentioned fiscal year, we noted that bank reconciliations are not reviewed and signed off on, in a timely manner, by an employee other than the preparer, who is familiar with the Town's fiscal operations and oversight. We recommend that the Town review and revise their Bank Reconciliation policy to reflect Generally Accepted Accounting Practices in regards to when they should be approved.

Cash Disbursements:

While performing the audit for the above-mentioned fiscal year, we noted that the Town was not processing all purchase orders in accordance with its own policies and procedures. We recommend that the Town review their own policies and procedures concerning the purchase order process to help ensure that all expenditure transactions are properly recorded in its financial accounting software in compliance with generally accepted accounting principles (GAAP), to help ensure accuracy and completeness of transactions in the correct reporting period and to help avoid material misstatements in the financial statements.

Journal Entries:

While performing our test work for the above-mentioned fiscal year, we noted that journal entries are not required to be reviewed and signed off by an employee other than the preparer under the Town's current policies and procedures for internal control. We recommend that the Town review and revise its current policies and procedures to require that journal entries be reviewed, dated, and signed off on by another employee with knowledge of the fiscal operations to provide complete oversight and to help avoid material misstatements in the financial statements.

We would like to thank Josh, Connie and all of the staff at the Town of Richmond for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs



TOWN OF RICHMOND

RICHMOND TOWN CENTER
203 Bridge Street, P.O. Box 285
Richmond, Vermont 05477



January 2, 2024

Ronald H.R. Smith, Principal
RHR Smith & Company, CPAs
3 Old Orchard Road
Buxton, ME 04093

Dear Ron,

Please consider this our formal response and remedies to the three matters listed on your Management Letter to the Town.

Bank Reconciliations: Currently there is no timeframe listed on the Town's Bank Reconciliation policy. We will review and revise the policy, procedure, and accounting control document, to include an acceptable time frame for the reconciliation to be completed. The Selectboard will review and approve the policy and the remedy will be completed and implemented by the end of Fiscal Year 2024.

Cash Disbursements: Currently the Town has a Purchasing Policy that addresses Purchase Order guidelines; however, the policy needs to be updated with more realistic guidelines giving current day costs. We will review the policy, procedure, and accounting control document, update them. The Selectboard will review and approve the policy and the remedy will be completed and implemented by the end of Fiscal Year 2024.

We have stopped using the NEMRC Purchase Order software as it is not user friendly and has limits regarding purchase orders that need to be amended. However, we have implemented a procedure to address the monitoring of Purchase Orders. Each time an invoice is accompanied by a purchase order the vendor or General Ledger account is reviewed and a NEMRC report is printed as backup showing how much of the Purchase Order is expended. If at any time the purchases exceed the amount on the Purchase Order the Purchase Order is submitted to the original signer, Board, or Commission for amendment. The amended amount will be put on the Purchase Order along with the signature of the designated signer and the date.

Journal Entries: The Town does not currently have a Journal Entry policy, procedure, or accounting control document. However, the Finance Director does attach backup documentation to each journal entry report and the Town Manager reviews the entry and the backup material while reviewing the Bank Reconciliation. If the Town Manager has any questions they are discussed with and addressed by the Finance Director. The Finance Director will draft a policy to reflect the current practice for manual general journal entries. The Selectboard will review and approve the policy by the end of Fiscal

Year 2024. A procedure and control document will be created by the Finance Director when the Policy is approved by the Selectboard.

Respectfully,

A handwritten signature in cursive script that reads "Connie Bona".

Connie Bona
Finance Director
Town of Richmond
802-336-2094
cbona@richmondvt.gov