

August 23, 2022

To the Board of Selectmen
Town of Littleton, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire for the year ended December 31, 2021, we considered the Town's internal control structure to determine 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 efficiency. 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 August 23, 2022. This letter does not affect that report or our report on the basic financial statements dated August 23, 2022.

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, perform an additional study of the 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

Vachon Clukay & Company PC

DEBT SEVRVICE

Observation

During our audit, we noted that the Town allocated debt service expenditures between individual funds based on budgetary authorization. However, it was also noted the methods and assumptions used in constructing the budgeted debt service allocations were inconsistent with prior periods and in some cases did not consider the actual events that transpired during the year.

Implication

Debt service expenditures should be allocated between the funds in a consistent and rational manner. Failure to do so could result in a fund incurring debt service costs that are not commensurate with the level of benefit attributed to that fund's purpose.

Recommendation

We recommend that the Town evaluate the allocation of actual debt service expenditures on an individual basis in addition to comparing the allocations against total amounts budgeted.

PAYROLL

Observation

During the course of our audit, we noted two instances of insufficient payroll documentation. This included one instance of employee rate of pay and one instance of hours worked not being documented in accordance with the documentation standards as required under State of New Hampshire RSA 275:49 and New Hampshire Administrative Rules Chapter LAB 803.03.

Implication

As a result of the above referenced observation, the Town is not in compliance with the provisions of state statute and department of labor administrative rules which require documentation of rates of pay, including employee acknowledgment of said rates, and time worked.

Recommendation

We recommend that the Town review its policies and procedures relating to documentation of employee rates of pay and hours worked. Additionally, we recommend that each employee receive written notification of their rate of pay, and that a copy of the written notification including the employee's signature, be retained within the employee's personnel file.