

Board of Finance
Town of Stonington, Connecticut

We have audited the basic financial statements of the Town of Stonington, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 15, 2016. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted other matters involving the internal control over financial reporting and its operation that we are reporting to the management of the Town in the attached Recommendations to Management.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



Hartford, Connecticut
December 15, 2016

TOWN OF STONINGTON, CONNECTICUT

RECOMMENDATIONS TO MANAGEMENT

JUNE 30, 2016

We present for your consideration our comments and recommendations relating to internal controls and other operating and administrative matters, which came to our attention during the course of our audit. Comments and recommendations being repeated from the prior year's audit are identified by an "*".

BOARD OF EDUCATION

*Outstanding Checks

CONDITION:

Outstanding check listings for various board of education accounts contained numerous checks that were outstanding for periods in excess of six months.

CAUSE & EFFECT:

Lack of review and maintenance of old outstanding checks is a fraud risk.

RECOMMENDATION:

We recommend that the old outstanding checks either be voided and reissued or be escheated back to the State of Connecticut per the unclaimed property laws.

*Invoice Approval, Authorization and Documentation

CONDITION:

During our audit, it was noted that certain invoices did not have documentation of approval by the Business Manager or department head.

CAUSE & EFFECT:

The cause is the person responsible for the control did not authorize or properly document the approval of the invoices. Without the responsible person approving and authorizing the invoices and disbursements payments may be made in error or to fraudulent vendors.

RECOMMENDATION:

We recommend that the appropriate responsible employee properly approve and authorize all invoices and document the approval to ensure that disbursements are only made based upon proper detailed invoices.

*Expenditure Cutoff

CONDITION:

During our audit, it was noted that some expenditures were not recorded in the proper fiscal year.

CAUSE & EFFECT:

The cause is unknown. The effect is that transactions may be recorded in the incorrect period.

RECOMMENDATION:

We recommend that the Board of Education develop policies and procedures to ensure that transaction are recorded in the proper fiscal year.

Town of Stonington
Recommendations to Management (Continued)

Follow up on Prior Year's Recommendations

The following comments and recommendations from the prior year report are not being repeated since the Town has rectified the situation or it has otherwise been resolved:

- The Town now has a comprehensive investment policy that addresses all funds and the related allowable investments.
- The Town has now implemented the use of a general ledger system for all student activity funds, scholarship trust funds and board of education flex account.
- The Town has properly recorded grant reimbursements as a revenue and expenditure in the financial statements.