

TOWN OF
EAST MONTPELIER, VERMONT
Town Treasurer

October 14, 2021

Sullivan, Powers & Company
77 Barre St
Montpelier, Vermont 05602

This letter is in response to the Deficiencies in Internal Control – Material Weakness finding in your audit report for the fiscal year ending June 30, 2021:

2021-01 Segregation of Duties - Cash

The town acknowledges that the town treasurer, due to the limited number of town office employees, handles a number of duties and responsibilities that should in a perfect world be separated, an inherent weakness of small towns. The treasurer does:

- collect cash (the treasurer occasionally collects cash; this is generally handled by front office personnel; all cash is received in accordance with the East Montpelier Cash Receipts, Petty Cash, and Returned Check Policy);
- post to the journals (with review and approval of all journal entries by the town administrator, in accordance with the East Montpelier Journal Entry Policy);
- make deposits (the treasurer develops all deposits; the actual delivery to the bank is generally handled by the town's municipal assistant);
- have check signing authority (one of three persons with check signing authority; two must sign every check); and,
- reconcile the bank accounts (the town's elected auditors review the monthly reconciliations, a fact noted in the elected auditors annual report to town residents).

The town disputes that the town's internal controls "made its assets susceptible to misappropriation" and believes that controls are in place to ensure the proper handling, safety and reporting of town finances. The town does, however, acknowledge that the reliance on elected town auditors to review the reconciliations is not an optimum solution and will endeavor to develop a more effective protocol to ensure timely and appropriate review of the reconciliations.

Sincerely,



Donald B. Welch
East Montpelier Town Treasurer

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