

TOWN OF HEBRON, CONNECTICUT

**COMMUNICATION OF CERTAIN
INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2016

To the Members of the Board of Finance and management of the
Town of Hebron, Connecticut

In connection with our audit of the financial statements of the Town of Hebron, Connecticut (the “Town”), as of June 30, 2016 and for the year then ended, auditing standards generally accepted in the United States of America (“US GAAS”) require that we advise management and the Board of Finance (hereinafter referred to as “those charged with governance”) of certain internal control matters identified during our audit.

Our responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as “internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we express no such opinion on internal control effectiveness.

Deficiencies in internal control

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of the Town’s internal control was for the limited purpose described above and was not designed to identify all deficiencies, significant deficiencies or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses and significant deficiencies may exist that have not been identified.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening the Town’s internal controls and operating efficiencies:

CURRENT YEAR RECOMMENDATIONS

Purchasing Process – Board of Education

During our audit, we planned to test the operating effectiveness of the key controls over the disbursement process for the Board of Education. Although we noted that the control process over cash disbursements has been properly designed, we were unable to rely on the effectiveness of the key controls identified due to lack of documentation surrounding the approval of certain disbursements selected for testing.

We recommend that the Board of Education Business Office ensure that the appropriate level of approval authorizing disbursements are being properly documented.

PRIOR YEAR RECOMENDATIONS – UNRESOLVED

Capital Projects Fund: Formal Closing Procedures – Town

During the prior year audit, we identified numerous entries that were required to adjust the Town's Capital Projects Fund to the accrual basis of accounting. No issues were identified in connection with the general cash receipts and disbursements transactions, however year-end entries relating to grant receivables and accounts payable had not been correctly posted. We noted that this issue occurred again in connection with our current year audit.

We recommend the Town develop and implement specific year-end closing procedures to ensure all Capital Projects Fund accounts are properly reconciled and recorded within the general ledger. Specifically, we advise the Town to review year-end invoices and disbursements to ensure proper cut-off of revenue and expenditures. Grant receivable accounts should be reviewed to ensure proper revenue recognition based on the expenditures incurred during the year. In addition, balance sheet accounts should be reviewed at year-end to ensure all prior year receivables and payables have been properly removed when received or spent during the year.

Student Activities – Board of Education

During a previous year's audit, we noted various receipts and disbursements within the Student Activity Funds for which minimal supporting documentation could be obtained. In addition, various selections did not have the proper authorization prior to processing.

We recommended additional policies and procedures be developed by both Elementary Schools, to ensure adequate supporting documentation of all receipts and disbursements are maintained. In addition, we recommended additional policies and procedures be developed and enforced relating to obtaining proper authorization on all transactions prior to processing. In April 2014, the Board of Education approved a School Activities Accounting Guidelines policy, to clearly outline policies and procedures required for the receipt and disbursement of Student Activity Funds.

During the current year audit, we noted that several disbursements relating to field trips did not include the proper authorizations or use of approved student activity disbursement forms. As such, this finding is considered unresolved. We recommend the Board of Education and Board of Education Business Office increase monitoring of all Student Activity Funds operations and strictly enforce the adopted policy at both Elementary Schools or, consider revision of the adopted Student Activity Policy to include documentation requirements for approval for all various expenditure types (i.e. fieldtrip authorization and disbursement approval).

We appreciate the courtesies extended to us by the management and staff of the Town, and would be happy to discuss the above matters further at your request.

This communication is intended solely for the information and use of the Board of Finance and management of Town, the Office of Policy and Management, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 23, 2016