

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS**

To the Board of Commissioners
Gunstock Area Commission

In planning and performing our audit of the financial statements of the Gunstock Area Commission, as of and for the year ended April 28, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Gunstock Area Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gunstock Area Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gunstock Area Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 attention by those charged with governance. We consider the following deficiencies in internal control to be a significant deficiency:

GOVERNANCE CONTROL

Observation

As part of our audit, we performed testing procedures over the significant financial transaction classes of the Commission which included inquiry, inspection, examination of individual transactions and review of control policies. In performing such procedures, we noted that the Commission lacks formal policies and procedures that allow or require the Board of Commissioners to exercise control as the governing body of the Commission. More specifically this includes no formal review or approval process over cash

disbursements, payroll transactions, contracts, bank accounts, and a detailed budget of Commission expenditures.

Implication

Internal control over financial reporting processes is weakened when those charged with governance are not actively involved and participating in the review and approval process. Lack of formal policy and procedures which include governance oversight, makes it difficult for the Board of Commissioners to exercise its authority over the Commission. When those charged with governance are not formally reviewing and approving expenditures, contracts, bank accounts, and a detailed budget, there is an increased risk that inappropriate or unauthorized transactions will be paid for by the Commission.

Recommendation

We recommend that the Commission review and update their internal control policies and procedures over significant financial transaction classes. Such policies and procedures should include formal review and approval by the Board of Commissioners over vendor and payroll disbursements, binding contractual agreements, bank accounts, and a detailed budget of the Commission's expenditures.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Gunstock Area Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Vashon Clukay & Company PC

Manchester, New Hampshire
October 19, 2022