

## **2011 Internal Audit Committee Report to the Board of Directors of the Southern Park County Fire Protection District**

The 2011 Internal Audit Committee met on Friday, January 13, 2012 at the home of the District Treasurer, Anita Long, which is where the financial records of the District (both paper and computer) are currently maintained.

The Committee was composed of two members of the SPCFPD Board (Harry Gintzer, Anita Long) and two independent members of the community (Jack Lawrence, Mary Ann Melvin) who volunteered their time to the District.

The Committee reviewed the 2011 payroll records, including payments to the Chief and the Deputy Chief, to the Fire & Police Pension Association (FPPA), and to various governmental agencies. It also reviewed the quarterly and year-end required reporting to various governmental agencies. We also reviewed the 1099 payments for 2011 and the process for creating the required 1099 forms.

Findings and Recommendations: The payroll records appeared to be accurate and well-organized. All reports appear to have been completed and filed on a timely basis. The Committee compliments the Treasurer on the use of spreadsheets and cross-checks to the appropriate ledger accounts. No changes are needed as regards payroll.

The Committee performed a review of 39 random transactions, approximately 7.5% of the year's total (a list is attached to this report). Additionally, the committee reviewed 4 of the 98 transactions over \$500.00. We verified that payments and deposits were correctly made. New for this year's audit, the committee also viewed 5 cancelled checks online at the District's Sunflower Bank website.

Findings: All transactions pulled and reviewed appeared to be correctly processed and documented. The following item was noted:

Trans # 361: Donavon Johnson, check #6637, dated 11/3/2011 for various expenses (firefighter training, medical training supplies, office supplies, equip/vehicle parts and equipment repairs). The committee noted that the expenses submitted for reimbursement covered a six-week timeframe and included expenses paid to vendors that should have more properly been paid directly to the vendors rather than through reimbursement to Mr. Johnson.

Overall Findings: The Treasurer was well-prepared for the audit. The District's financial records are maintained in a professional manner and the Treasurer attempts to accommodate the needs of the District by writing checks on a weekly basis whenever possible. Viewing cancelled checks online enabled the members of the committee to see images of the actual checks as well as the endorsements on the back of the checks. This provided further substantiation that checks are being issued to the proper parties and that they are being endorsed by the intended recipients.

Recommendations for improvement:

The committee has three suggestions:

1. Items for reimbursement should be submitted on a timely basis even if this means submitting additional expense reports.
2. Whenever possible, vendors should be paid directly by the District rather than through reimbursements on expense reports.
3. Although purchases less than \$500.00 can be approved by the fire chief alone, often a monthly statement or a grouping of invoices paid on a single check can result in a payment to a vendor that appears to exceed the \$500.00 limit. We encourage the District to continue its current informal policy of getting a second approval signature in those instances, even when not technically required to do so.

The committee wishes to acknowledge the considerable time and creativity of the District Treasurer, Anita Long, dedicated to developing the spreadsheets utilized to accommodate and simplify the recording and retrieval of complex accounting information.

Respectfully Submitted by the 2011 Internal Audit Committee:

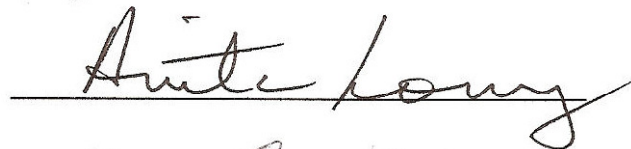
Harry Gintzer



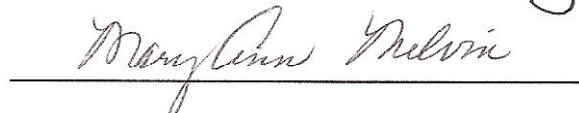
Jack Lawrence



Anita Long



Mary Ann Melvin



January 13, 2012