



STATE OF WYOMING

DEPARTMENT OF AUDIT

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March 20, 2018

Board of Directors
c/o Aaron Sharpe
Laramie County Fire District #6
PO Box 103
Burns, WY 82053

Dear Chairman Sharpe:

We are issuing this audit report pursuant to the requirements of W.S. 9-1-507(a) (v). This statute authorizes the Department of Audit to audit special districts. In accordance with W.S. 9-1-507 (a) (vii), the special district submits the annual Survey of Local Government Finances – F-32 Report (census report) providing financial information to the Department of Audit (DOA) each fiscal year.

Objective: The purposes of our audit were to determine;

1. the accuracy of the numbers reported in the census report,
2. if management and officials manage government monies and use their authority properly and in compliance with select laws and regulations,
3. if the District's services are provided effectively, efficiently, economically, ethically, and equitably,
4. and if there are weaknesses in the Districts controls.

Scope and Methodology: We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of the audit was from July 1, 2016 through June 30, 2017 including the census report. We interviewed the fire chief, Board president and bookkeeper from the District. The following list of tests was accomplished during the performance of the audit.

- Compared census report revenues to State of Wyoming and County Treasurer distribution reports
- Traced selected other revenues in the census report from receipting to bank deposits
- Vouched selected expenditures in the census report to supporting documentation and Board member approval
- Performed bank reconciliation and verification
- Reviewed the internal controls and computer controls used to manage all revenues, expenditures and cash and investments.

Based on the procedures identified above, the numbers in the annual report were found to be materially accurate. However, a weakness was noted in how the management and District officials managed government monies and ensured the District was in compliance with laws and regulations. In addition, there appeared to be a weakness in how the District provided their services effectively, efficiently, economically, ethically, and equitably. Finally, there were weaknesses in internal controls.

The findings are presented in the accompanying summary of findings and recommendations.

This report is intended solely for the use of the specified users listed; however, this report is a matter of public record and its distribution is not limited.

Public Funds

Public Funds

cc: Governor's Office
County Clerk

EXECUTIVE SUMMARY

The overall fiscal responsibility and accountability for the Laramie County Fire District #6 rests with the governing body. This audit focused on Wyoming Statutes and how the District complied with them. The audit also determined the accuracy of the census report by reviewing supporting documentation. The areas specifically focused on were:

1. Compliance
 - Compliance with selected Wyoming Statutes
2. Accuracy
 - Cash and Investments
 - Revenues
 - Expenditures

For more detail on the areas audited, refer to each specific section in the rest of the report.

Compliance

The District had not adopted an official policies and procedures manual. As a result, several control weaknesses were noted as well as possible Statute and Constitution violations. Additionally, the prepaid credit card maintained by the district had several weaknesses noted.

Accuracy

The F-32 Census report for the District appears to be materially accurate.

Summary of Findings

Objective: To determine if there were weaknesses in the districts controls.

Conclusion: Although the District had controls in place that would help prevent or detect error or fraud, there were weaknesses identified;

No Policy and Procedures manual - The District did not have a written accounting policy, investment policy, credit card policy or policy on information technology. Additionally, there was not a policy on how to mitigate a lack of segregation of duties. This was also identified in a prior audit conducted by the Wyoming DOA for fiscal year 2013. Without such a document, the District subjects themselves to increased risk of fraud, errors and loss of knowledge if an integral employee were to leave. As a result, the following areas of concern were identified when testing;

- General Expenditures
 - Inadequate supporting documentation (missing invoices) for six of the 25 tested expenditures
 - 12 of the 25 expenditures were paid before they were approved in the meeting minutes
- Cash and investments
 - The Board did not have on file an investment policy as required by W.S. 9-4-831(h)
 - The application from the banking institution as described in W.S. 9-4-818 was not on file with the District
- IT Controls
 - Passwords had not been changed on a routine basis
 - The backups of the District financials were not routinely checked to ensure they are properly working

Additionally, it was found while the Board did sign off on the required follow-up paperwork to be submitted to the Department of Audit, it appears they had not reviewed the F-32 Census report prior to submitting.

Recommendations: The Board should adopt a policies and procedures manual. This should include policies regarding proper accounting, information technology, investments, credit card use and maintaining adequate segregation of duties. This would include having the Board open an unopened bank statement and reconcile it to the District general ledger on an annual basis. Ensure adequate documentation is maintained for all expenses and approved by the Board. All expenditures must be approved by the Board before payment is made. If there is a circumstance in which a routine bill is invoiced after the Board meeting and is due prior to the following Board meeting; a policy should be created for this vendor in which the bill can be approved in the prior meeting minutes. It can then be paid; however, it should be noted in the following meeting minutes along with the amount for the Board to review.

The Board should follow Statutes regarding the investment policy as well as obtain the application from their banking institution as described in Statute.

Passwords for the computer should be updated on a routine basis. Routinely restore one of the backups taken of the accounting software and ensure it is backing up the information correctly. This can be performed on an annual basis.

The Board should review the F-32 prior to submission. This should include looking for errors and ensuring the correct information is reported.

Objective: To determine if there were weaknesses in the districts controls over the prepaid credit card.

Conclusion: It was determined the district utilized a prepaid credit card for training purposes for the volunteer firemen. There were no written policies or procedures for this card. The controls over the prepaid credit card had significant weaknesses and increased the risk for fraud and misuse.

Prepaid Card- It was found the District maintained a prepaid card for the purpose of travel and training related costs. There was a transfer from checking to the prepaid card asset account in the general ledger, but then it was zeroed out at the end of the fiscal year. This account was not reconciled. Therefore, none of the expenditures on the prepaid card were recorded in the general ledger. The Board would move to approve a transfer to the card when they knew training was coming up, but then when the trainee returned and provided individual receipts, those transactions were not run through the Board meetings and approved in the minutes. As a result the following areas of concern were identified with the prepaid card:

- One of the two transfers from the checking account to the prepaid card was not approved in the minutes as required by W.S. 16-4-403
- None of the individual expenditures were approved in the minutes as required by Article 16, Section 7 of the Wyoming Constitution
- Four of the ten tested expenditures did not have a supporting invoice and were questionable if they were for training purposes as required by Article 16, Section 7 of the Wyoming Constitution
- None of the expenditures had perjury statements as required by Article 16, section 7 of the Wyoming Constitution.

Additionally, a cash withdrawal was found from the September 2015 prepaid card statement; that transaction had inadequate supporting documentation and the bookkeeper could not recall what the cash advance was used for. This was outside of the original scope of the audit, however, it was found during a review of the statement and because staff and the Board were not aware of the withdrawal, audit staff chose to disclose the information. It was also noted that cash withdrawals were listed as a finding on the 2013 audit. The District indicated on their response there were policies implemented that would not allow cash withdrawals. It appears this is still an area of concern.

Recommendations: A strict policy should be adopted for the use of the prepaid card. This includes, what the card can be used for, a sign out sheet for the individual who is in charge of the card and a detailed receipt must be provided by the individual or individuals upon return from the training. Also, cash withdrawals should not be allowed. This will ensure all purchases are for legitimate expenses relating to training.

Additionally, expenditures made with the prepaid card must be recorded and reconciled in the district's general ledger and they must be approved in the meeting minutes, just like expenditures made with a credit card. If a balance is going to be maintained on the card it must be reported on the general ledger in the same fashion as the Districts bank accounts are. Any transfers to the

prepaid card must be approved in the minutes as well. All purchases with the card must be related to training costs; the invoice description and minutes should identify the reason for the purchase. Any purchases made that are not for training purposes should be denied by the Board and the person responsible for the card should be held accountable.

LARAMIE COUNTY FIRE DISTRICT #6
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BURNS WY 82053

April 12, 2018

State of Wyoming
Department of Audit
Public Funds Division
Herschler Bldg 4th Floor West
122 W 25th Street
Cheyenne WY 82002



Richard Cummings CFE

Laramie County Fire District 6 has received your audit review and will be taking the following actions to correct issues found.

The Department has started working on the Policy and Procedures Manual and hope to adopt this manual at the July meeting. This manual will address all aspects of the department. From bookkeeping, record keeping, bank reconciliation, changing of passwords, backup of data, and Standard operating procedures for the fire men and department.

Most of the weakness found involved the use of the prepaid credit card that the district uses for travel. The board will be establishing new procedures for this. Previously motions were made when it was determined to put money on the card for travel but after that no further action was taken to be sure the money was spent as it was intended to.

In the future there will be a motion to transfer money from the checking account to the prepaid card for travel. This will required two board members to contact the bank and authorize the transfer of funds. Documentation in the form of a withdrawal slip will be given to the bookkeeper. The individual(s) using the card will be required to sign the card out. Once they return the card along with all receipts the bookkeeper will be sure the balance remaining on the prepaid card and the total of the receipts equal the appropriate balance, then the bookkeeper will create a voucher with these receipts attached to it to be approved at the next board meeting. Any difference or purchases without a receipt will be the responsibility of the individual(s) that had signed the card out.

At each meeting the bookkeeper will provide the board with a statement for the prepaid card and the prepaid card balance will appear on the treasurer's report. Also on occasion a board member will be given an unopened bank statement and asked to balance the checkbook.

The department has set up an investment policy with WYO-Star and have designated the two savings accounts at Wyoming Bank and Trust. One account will be for Capital Improvements and the other will be for Truck and Equipment Replacement, money will be deposited into each of this account on a monthly bases. Money will only be deposited in WYO-Star if the budget allows for this.

The District does have the application from the banking institute as describe in State Statue 9-4-831(h). This is on file at the department and a copy has been faxed to the Department of Audit.

The Board will review and approve at meetings all documentation including the form F-32 prior to it being submitted to the Department of Audit.

Passwords on Computers will be change on regular bases. This will be in the Policy and Procedures manual.

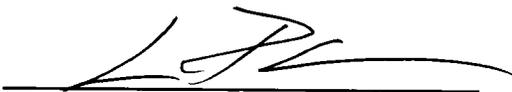
Backup of Districts financial records have always been made and kept in a separate location, however these backups were not checked to be sure that they worked. This has been addressed in the Policy and Procedures Manual.

The district has established a policy for paying vouchers that are time sensitive between meetings. If these are invoices that the board is aware of they will pre approve them at the meeting in a separate motion from the approval of vouchers motion. These pre approved vouchers will be listed as such on the list of vouchers to be approved at the following meeting.

The District will continue to improve on the procedures they do. A new Policy and Procedure Manual will be adopted at the July 2018 board meeting.

If you have any questions or concerns regarding the plans of the district to correct these issues please contact us.

Thank you Laramie County Fire District # 6



Board President Aaron Sharpe