



STATE OF WYOMING

DEPARTMENT OF AUDIT

PUBLIC FUNDS DIVISION
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Matthew H. Mead
Governor

Jeffrey C. Vogel
Director

Pamela Robinson
Administrator

February 13, 2018

Board of Directors
c/o Kelly Lohse
Powder River Fire District
PO Box 374
Kaycee, WY 82639

Dear Chairman Lohse:

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 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 is from July 1, 2016 through June 30, 2017 including the census report. We interviewed the Chairman of the board, Clerk, Treasurer, Fire Chief and a board member 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 reconciliations and verification
- Reviewed the internal controls and computer controls



Based on the procedures identified above, there are no violations of the Constitution or State Statute. The numbers in the annual report were found to be materially accurate. Additionally, it appeared District management and officials used their authority properly and in compliance with laws and regulations. Through expenditures testing and assessing appropriateness, it was determined District services were being provided effectively, efficiently economically, ethically, and equitably. There were, however, 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

Summary of Findings

Objective: To determine if there are 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 IT policy and procedures manual – Without such a document, District employees subject themselves to increased risk of fraud or a total loss of IT held data. The manual should address topics such as disaster recovery and password management. For instance, the District did not have a policy to update passwords or a policy on how to handle an unexpected loss of data due to things like theft, fire, or flood. In addition, the District only had one password for two users on the accounting system.

No credit card policy – Without a policy, employees who use the cards would not know what types of purchases are appropriate.

No reimbursement policy – Without policy and procedures regarding reimbursements an employee may seek and receive an inappropriate reimbursement.

Recommendations: The District should create an IT policy and procedures manual. The manual should include topics such as password management and disaster recovery. Password management should include password complexity, length, cycle times, and user's access. Disaster recovery should include how to recover data in the event of a total loss due to theft, fire, or flood. Disaster recovery should also include topics such as back-ups and hardware inventory.

The District should add a credit card policy to their accounting policy. The policy should include topics such as allowable purchases, balances, limits, authorized card holders, who pays penalties, and anything the District feels would be helpful in their management of credit cards. There should also be a detailed review of the credit card statements each month at the meetings. The review should include a comparison of the actual invoice to what the credit card statement reports to ensure no monies have been misappropriated.

The District should add a reimbursement policy to their accounting policy. The policy should include what items will be reimbursed by the District, what documentation shall be provided to get reimbursed, and who is allowed to get reimbursed.

POWDER RIVER FIRE DISTRICT

Kelly Lohse
Chairman

Fred Carr
Secretary

Kevin Lund
Treasurer

3/22/2018

Richard Q. Cummings, CFE
Audit Manager
Public Funds Division
Herschler Building, 4th Floor West
122 West 25th Street
Cheyenne, WY 826002



Dear Mr. Cummings:

The Powder River Board of Directors has constructed the attached response to the recent audit review conducted by your office. The district has already reached out to other county entities to inquire of the written policies they have in place pertaining to IT, credit cards, and reimbursement policies. The board will continue to work swiftly and diligently to create, adopt, and enforce the policy recommendations you have made in your audit.

The board of directors would like to thank you for all the information you have provided us, that will further protect our district, as well as the tax payers that our district serves.

Sincerely,

A handwritten signature in black ink that reads "Kelly Lohse".

Kelly Lohse
Chairman

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IT Policy and Procedures Manual

The district has reached out to Johnson County and other special districts to inquire what IT policies they have in place. The district is searching for a template that could be used to create a policy and procedures manual that will serve the district's needs. The special district clerk currently has all accounting software and correspondence files backed up to an external hard drive that is kept off-site in case of a disaster. There will also be an external hard drive purchased to keep a backup of the fire reporting software off-site.

Credit Card Policy

The district has reached out to Johnson County and has received information on the credit card policies that they have in place. The district is currently reviewing and tweaking the policy to fit the district's needs. The board is in hopes of having the credit card policy prepared and ready for adoption by the beginning of the new fiscal year.

Reimbursement Policy

The district has also received examples of the reimbursement policy that various county agencies currently use. The district has begun constructing a reimbursement policy and are in hopes that it will be ready for adoption in the new fiscal year as well.