

**2012 Internal Audit Committee Report
to the Board of Directors of the
Southern Park County Fire Protection District**

The 2012 Internal Audit Committee met on Tuesday, January 29, 2013 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 2012 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 2012 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 42 random transactions, approximately 7.7% of the year's total (a list of the 545 transactions is attached to this report). Of the 42 transactions reviewed, 17 (or 40%) were for amounts over \$800.00. We verified that payments and deposits were correctly made.

Findings: All transactions pulled and reviewed appeared to be correctly processed and documented with the following exception:

Transaction #359: Check #6951 to Kent Wierman for \$6,951.44 was comprised of two invoices – SpringerFire for \$2,600.86 and HighParkFire for \$4,350.58. Both invoices were approved by Gene Stanley; however, only the SpringerFire invoice had the "over \$500" approval needed by Sam Calanni. Both invoices should have had both signatures/approvals.

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.

Anita met with Gene Stanley to create a better invoicing system which will enhance the reporting and documentation of the Wildfire Service Income program and facilitate the proper reporting of annual 1099 income to the Wildfire participants.

Anita explained to the Committee the scope of the work done by the CPA firm for the annual compilation of financial reports and preparation of the annual exemption of audit that is submitted to the State. Understanding the limited scope of the work performed by the CPA firm helped the Committee understand the importance of the three to four hour internal audit that we perform each year.

Recommendations for improvement:

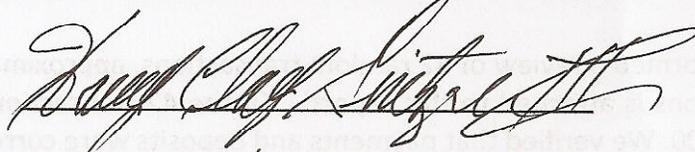
The committee has the following suggestion:

1. Suggest looking into the possibility of automating the payment(s) of certain vendors (ie: IREA, Century Link, South Park Telephone, Teller Waste, etc.) via credit card or EFT from Sunflower.
2. Ensure that all invoices greater than \$500 have the required approvals.

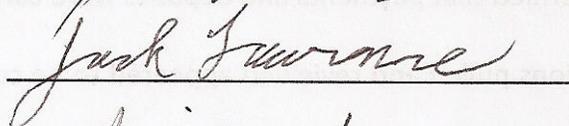
The committee wishes to acknowledge the considerable time and creativity of the District Treasurer, Anita Long, dedicated to developing the spreadsheets utilized to accommodate and simplify the recording and retrieval of complex accounting information.

Respectfully Submitted by the 2012 Internal Audit Committee on January 29th, 2013:

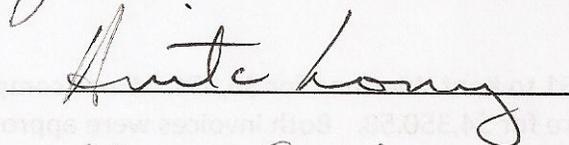
Harry Gintzer



Jack Lawrence



Anita Long



Mary Ann Melvin

