

November 26, 2013

To Sheriff Keith Clark  
Windham County Sheriff's Department

We have audited the financial statements of the business-type activities of the Windham County Sheriff's Department (the "Department") for the year ended June 30, 2013, and have issued our report thereon dated November 26, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 9, 2013.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates used by management.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedules summarize corrected misstatements of the financial statements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 26, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Department's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management of Windham County Sheriff's Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



McSoley McCoy & Co.

Windham County Sheriff's Department  
Corrected Misstatements  
June 30, 2013

	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		
To correct payment on lease obligation.		
2055-00     Capital Lease Obligation	\$     35,471	
5503-85     Interest Expense	2,930	
5702-50     Lease Vehicles		\$     38,401
<b>Adjusting Journal Entries JE # 2</b>		
To capitalize purchase of equipment.		
1602-00     Communication Equipment	2,005	
5600-05     Radar Equipment & Repair		2,005
<b>Adjusting Journal Entries JE # 3</b>		
To correct balances in prepaid expenses.		
1515-00     Prepaid Cruiser Insurance	2,821	
2000-10     Accounts Payable	3,155	
2000-10     Accounts Payable	6,442	
2000-10     Accounts Payable	9,267	
3000-20     Retained Earnings	899	
3000-20     Retained Earnings	13,032	
5503-42     Workmen's Compensation	8,563	
5702-40     Vehicle Insurance	1,645	
1505-00     Prepaid Insurance		6,442
1505-00     Prepaid Insurance		8,563
1505-10     Prepaids - Other		899
1515-00     Prepaid Cruiser Insurance		3,155
3000-20     Retained Earnings		1,645
5503-42     Workmen's Compensation		13,032
5503-47     Hospitalization & Dental Ins.		9,267
5702-40     Vehicle Insurance		2,821

**Adjusting Journal Entries JE # 4**

To correct accrued payroll account.

3000-20	Retained Earnings	11,230	
5101-10	Salaries & Wages	13,517	
2012-00	P/R Liabilities		13,517
5101-10	Salaries & Wages		11,230

**Adjusting Journal Entries JE # 5**

To adjust accrued vacation balance.

2020-00	Compensated Absences Payable	3,769	
3000-20	Retained Earnings	918	
5101-10	Salaries & Wages		918
5101-10	Salaries & Wages		3,769

**Adjusting Journal Entries JE # 6**

To adjust revenue balances.

1400-20	Courts	746	
1400-20	Courts	2,958	
1400-20	Courts	3,898	
4110-14	Contract Gov't	994	
4110-20	4110-14	1,624	
3000-20	Retained Earnings		994
3000-20	Retained Earnings		1,624
4110-14	Contract Gov't		746
4110-20	4110-14		2,958
4110-20	4110-14		3,898

**Adjusting Journal Entries JE # 7**

To adjust vehicles account to actual.

1604-00	Vehicles	1,000	
1604-00	Vehicles	1,000	
1604-10	Allow for Depr-Vehicles	8,798	
4410-00	Sales of Equip.	1,353	
1604-00	Vehicles		10,151
4150-00	Accident / Police Reports		1,000
4410-00	Sales of Equip.		1,000

**Adjusting Journal Entries JE # 8**

To record depreciation expense.

1601-00	Office Equipment	95	
5505.1	Office Equip Depreciation	4,037	
5505.2	Vehicle Depreciation	11,958	
5505.4	Communication Equip Depreciation	646	
5505.4	Communication Equip Depreciation	64,747	
5505.5	Patrol Equip Depreciation	2,550	
1601-10	Allow for Depr-Office Equip		4,037
1602-10	Allow for Depr-Commun Equip		11,958
1604-00	Vehicles		646
1604-10	Allow for Depr-Vehicles		64,747
1605-10	Allow for Depr-Patrol Equip		2,550
5505.1	Office Equip Depreciation		95

**Adjusting Journal Entries JE # 9**

To roll-forward retained earnings

3000-20	Retained Earnings	78	
4130-90	Misc.		78

Windham County Sheriff's Department

Financial Statements

June 30, 2013

Windham County Sheriff's Department

June 30, 2013

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Independent Auditors' Report

Keith Clark, Sheriff  
Windham County Sheriff's Department  
Newfane, Vermont

We have audited the accompanying financial statements of the business-type activities of the Windham County Sheriff's Department (the "Department"), as of and for the year ended June 30, 2013, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Department as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Windham County Sheriff's Department has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America requires to supplement, although not required to be part of, the basic financial statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

*McSoley McCoy & Co.*

November 26, 2013

VT Reg. No. 92-349

Windham County Sheriff's Department  
Statement of Net Position  
June 30, 2013

<b>Assets:</b>	
Current assets	
Cash	\$ 64,280
Accounts receivable	145,500
Due from other governments	60,184
Prepaid expenses	<u>6,346</u>
Total current assets	276,310
Vehicles and equipment, net of accumulated depreciation	<u>194,860</u>
Total assets	<u>471,170</u>
<b>Liabilities:</b>	
Current Liabilities	
Accounts payable	23,299
Accrued payroll and payroll taxes	53,770
Other current liabilities	3,554
Current portion of capital lease obligation	<u>18,520</u>
Total liabilities	<u>99,143</u>
<b>Net assets:</b>	
Unrestricted	195,687
Invested in capital assets, net of debt obligations	<u>176,340</u>
Total net position	<u>\$ 372,027</u>

See accompanying notes and independent auditors' report.

Windham County Sheriff's Department  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2013

<b>Operating revenues:</b>	
Charges for services	\$ 557,161
Operating grants	71,047
Civil process	104,084
Transportation	278,584
Miscellaneous revenues	<u>34,950</u>
Total operating revenues	<u>1,045,826</u>
<b>Operating expenses:</b>	
Contracted services	650,205
Process services	33,923
Administration and general	170,200
Communications services	78,869
Automotive services	94,598
Grant expenses	46,304
Miscellaneous expenses	998
Depreciation	<u>83,843</u>
Total operating expenses	<u>1,158,940</u>
Net operating loss	<u>(113,114)</u>
<b>Non-operating revenues (expenses):</b>	
Interest expense	(5,113)
Sale of equipment	353
Other income	<u>294</u>
Total non-operating revenues (expenses)	<u>(4,466)</u>
Net loss	(117,580)
Net position, beginning of year	510,280
Prior period adjustment	<u>(20,673)</u>
Net position, end of year	<u>\$ 372,027</u>

See accompanying notes and independent auditors' report.

Windham County Sheriff's Department  
Statement of Cash Flows  
For the Year Ended June 30, 2013

**Operating activities:**

Cash received from customers	\$ 888,394
Cash received from operating grants	71,047
Cash payments to suppliers for goods and services	(352,130)
Cash payments to employees for services	<u>(713,111)</u>
Net cash used by operating activities	<u>(105,800)</u>

**Cash flows from capital and related financing activities:**

Sale of equipment	353
Principal payments on capital lease	(35,471)
Interest expense	(5,113)
Other	<u>294</u>
Net cash used by capital and related financing activities	<u>(39,937)</u>
Net decrease in cash	(145,737)
Cash, beginning of year	<u>210,017</u>
Cash, end of year	<u>\$ 64,280</u>

**Reconciliation of operating loss to net cash used by operating activities:**

Net operating loss	\$ (113,114)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	83,843
Increase in accounts receivable	(77,592)
Increase in grant receivable	(8,793)
Decrease in prepaid expense	4,817
Decrease in accrued payroll	(10,679)
Increase in other liabilities	3,554
Increase in accounts payable	<u>12,164</u>
Total adjustments	<u>7,314</u>
Net cash used by operating activities	<u>\$ (105,800)</u>

See accompanying notes and independent auditors' report.

Windham County Sheriff's Department  
Notes to Financial Statements  
June 30, 2013

(1) Summary of Significant Accounting Policies

The Windham County Sheriff's Department (the Department) is a governmental entity operating under Title 24 Vermont Statutes Annotated Section 290 located in the County of Windham, Vermont. Funding is provided by the State of Vermont and the County of Windham. Operating revenue is generated by service charges, some of which are set by state statute and others are set by the Department. Included among the duties performed by the Department are contracting to provide law enforcement services; security services; control dispatching and other centralized support services; service of lawful writs, warrants and processes; and transportation of prisoners and the mentally disabled.

(a) Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The Department's revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Department applied (a) all Governmental Accounting Standards Board (GASB) pronouncements and (b) Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 20, 1989, except those deemed insignificant that conflict with GASB pronouncement.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources, as needed.

(b) Basis of presentation

The Department accounts for ongoing operations and activities using proprietary fund accounting, a method developed with the economic resources measurement focus. This focus is similar to accounting methods used in the private sector.

(c) Vehicles and equipment

Vehicles and equipment are recorded at cost with depreciation computed using the straight-line method over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as nonoperating activity for the period. The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments over \$1,000 are capitalized.

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

Windham County Sheriff's Department  
Notes to Financial Statements  
June 30, 2013

Summary of Significant Accounting Policies (continued)

Estimated useful lives by major classification are as follows:

Office furniture	5 years
Communication equipment	5-7 years
Vehicles	5 years

(d) Unrestricted net assets

Unrestricted net assets for proprietary funds represent the net assets available for future operations or distributions.

(e) Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) Accounts receivable

Significant receivables include amounts due from state, town, and contractor contracts. These receivables are due within one year. The Department has not recorded an allowance for uncollectible accounts at June 30, 2013, as all amounts are deemed collectible.

(g) Subsequent events

In accordance with ASC 855, the Department evaluated subsequent events through November 26, 2013, the date the Department's financial statements were available to be used and no events or transactions occurred.

(2) Cash and Categories of Risk

There are three categories of credit risk that apply to the Department's balance:

1. Insured by the FDIC or collateralized with securities held by the Department or by the Department's agent in the Department's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Department's name.
3. Uncollateralized.

Windham County Sheriff's Department  
Notes to Financial Statements  
June 30, 2013

Cash and Categories of Risk (continued)

The Sheriff's Department's bank balances are categorized below to give an indication of the level of risk assumed by the Department at June 30, 2013.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured deposits	\$ 64,205	\$ 79,716
Uninsured deposits	-	-
Cash on hand	<u>75</u>	<u>-</u>
Total cash deposits	<u>\$ 64,280</u>	<u>\$ 79,716</u>

(3) Vehicles and Equipment

Vehicles and equipment are summarized as of June 30, 2013 by major classifications as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 608,074	\$ -	\$ (10,151)	\$ 597,923
Office equipment	130,980	-	-	130,980
Communication equipment	353,573	2,005	-	355,578
Patrol equipment	<u>83,110</u>	<u>1,712</u>	<u>-</u>	<u>84,822</u>
Total vehicles and equipment	1,175,737	3,717	(10,151)	1,169,303
Less accumulated depreciation	<u>(899,398)</u>	<u>(83,843)</u>	<u>8,798</u>	<u>(974,443)</u>
Vehicles and equipment, net	<u>\$ 276,339</u>	<u>\$ (80,126)</u>	<u>\$ 1,353</u>	<u>\$ 194,860</u>

(4) Commitments

The Department leases vehicles under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statement of net position as property and equipment and was \$106,960 at June 30, 2013. Accumulated depreciation of the leased equipment at June 30, 2013 was \$51,697. Amortization of assets under capital leases is included in depreciation expense.

The remaining capital lease obligation as of June 30, 2013 is \$18,520. This balance was paid off subsequent to year-end.

Windham County Sheriff's Department  
Notes to Financial Statements  
June 30, 2013

(5) Cost Sharing

Under Vermont law, Windham County and the State of Vermont are required to cover certain costs of the Windham County Sheriff's Department. Such costs include the Sheriff's salary and benefits, administrative salary and benefits, office space, certain automotive expenses and others. The amount expended by the County and State during the year ended June 30, 2013 has not been determined.

(6) Operating Grants

The Windham County Sheriff's Department received grants from the U.S. Government and other grantors. Entitlements to the resources are generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditures of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the Department. As of June 30, 2013, management believes that no material liabilities will result from such audits.

(7) Risk Management

The Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Department maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

(8) Prior Period Adjustment

During 2013, the Department discovered that certain revenues and expenses were not recorded in the proper year, resulting in a restatement of the previously issued June 30, 2012 financial statements with a decrease in net position of \$20,673.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Keith Clark, Sheriff  
Windham County Sheriff's Department  
Newfane, Vermont

We have audited the financial statements of the business-type activities of the Windham County Sheriff's Department of the County of Windham, Vermont (the Department) as of and for the year ended June 30, 2013, which comprise the Windham County Sheriff's Department's basic financial statements, and have issued our report thereon dated November 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2013-01, 2013-02, 2013-03 and 2013-04 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This communication is intended solely for the information and use of the Department and is not intended to be and should not be used by anyone other than these specified parties.

*McSoley McCoy & Co.*

November 26, 2013

VT Reg. No. 92-349

Windham County Sheriff's Department  
Schedule of Findings and Questioned Costs  
June 30, 2013

Internal Control – Significant Deficiencies

Findings

2013-01 Revenue and Expense Recognition

The accrual basis of accounting requires that revenue and expenses be recognized when revenue is earned or becomes realizable and when expenses are incurred. During our audit we noted that revenue and expenses for several services performed and received were recorded to the wrong fiscal year.

We recommend that management implement procedures to ensure all revenue and expenses be recognized to the proper period. This should include reviewing invoices to determine that charges are billed for the same period the service was rendered, reviewing invoices to determine if there are prepaid amounts for coverage after year end, and reviewing invoices that are received after year end to ensure they are recorded to the proper period.

Management's Response

Management agrees that reporting revenue and expenses to the appropriate time period is prudent and proper. The WCSO does attempt to properly account for revenue and expenses. From time to time due to the complexities and variations of the type of services provided there is a need to make journal adjustments in order to document the finances of the agency. Management can only respond to this finding in general as it is not aware of the specifics of the findings of the audit.

2013-02 Capitalization of Assets

The Department has a policy of capitalizing assets greater than \$1,000. We noted that several disbursements had been recorded as expenses rather than capital assets. In addition, capital assets that are purchased with grant funds or received through other sources should also be considered as a capital asset with the corresponding revenue recorded, as applicable.

We recommend that the Department adhere to their capitalization policy.

Management's Response

Management agrees with this finding and will develop and implement procedures that will enhance what is already being done to recognize capital purchases. Furthermore, management of WCSO will review and update its "Accounting Policies and Practices" policy to account for currently accepted practices.

2013-03 Approval of invoices

The Department's policy requires signatures on all invoices. During our audit testing it was discovered that this control was not always occurring.

We recommend the Department follow this policy to deter and reduce the risk of fraud.

### Management's Response

Management agrees that all invoices should be reviewed and approved prior to payment. Management reviews all invoices on a regular and consistent basis. On occasions specific invoices are paid without review. This includes invoices that are matched to a pre-approved payment schedule. An example would be lease/loan payments on vehicles. The contract specifies when the payments are due and in what amount. Typically WCSO makes the payments in advance based on the contracted agreement. When the invoice is received the bookkeeper verifies it matches the payment schedule and files it with the appropriate contract and payment.

### 2013-04 Supporting Documentation

During our audit procedures, we noted several instances when supporting documentation could not be located for credit card charges.

We recommend that supporting documentation be maintained in the future for better controls and tracking over the Department activity to provide evidence and approval of the financial reporting process.

### Management's Response

Management agrees there is a need for supporting documentation for all payables and receivables. Management will review and adjust if necessary its filing system to ensure that all documentation is properly filed and locatable at all times.