

AGREED-UPON PROCEDURES REPORT
FOR
CHARLOTTE VOLUNTEER FIRE AND RESCUE SERVICES, INC.

FORENSIC AUDIT

**Agreed-Upon Procedures
Completed by
Batchelder Associates, P.C.**

AGREED-UPON PROCEDURES REPORT
FOR
CHARLOTTE VOLUNTEER FIRE AND RESCUE SERVICES, INC.
FORENSIC AUDIT

BATCHELDER ASSOCIATES, PC

January 14, 2013

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Charlotte Volunteer Fire and Rescue Services, Inc
Charlotte, Vermont

Batchelder Associates, PC has performed the procedures enumerated below, which were agreed to by the Charlotte Volunteer Fire and Rescue Services, Inc.. These procedures were performed solely to assist Charlotte Volunteer Fire and Rescue Services, Inc. to obtain 100% confidence in patient billing as well as a 90-95% confidence of expenditures.

We performed this agreed-upon procedures engagement in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act of 1984 and Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Procedure We reviewed the Accounts Payable of Charlotte Volunteer Fire and Rescue Services, Inc., for the Fiscal Year Ends of 2008, 2009, 2010, 2011 and 2012. Examining validity and accuracy of invoices; verifying approval procedures; examining cancelled checks for accuracy and proper signatures; traced all activity from the check register to the invoices to processed/cancelled checks to bank statements and traced activity on bank statements back to the check register.

Finding We found for each year the following:

Fiscal Year End 2008: Viewed 484 check transactions of which 19, (3%) are from the previous Fiscal Year; 74 out of 484, (15%) were missing approvals; 3 out of 484, (0.6%) the request and approval were the same person; 15 out of 484, (3%) charge slips were missing; 10 out of 484, (2%) had an issue with an invoice; 21 out of 484, (4.3%) were missing an invoice; 2 out of the 484, (0.4%) were missing a packing list; 4 out of the 484, (0.8%) check amount was greater than the invoice totals; 5 out of the 484, (1%) check amounts were less than the invoice totals; 3 out of the 484, (0.6%) were a missing voided check; 8 out of the 484, (1.6%) were confirmed voided checks.

Fiscal Year End 2009: Viewed 551 check transactions of which 1, (0.1%) is from the previous Fiscal Year; 17 out of the 551, (3%) are checks showing in the Fiscal Year End 2010 Check Register, but the expenses are for the Fiscal Year End 2009; 10 out

of the 551, (1.8%) had an approval date issue; 77 out of the 551, (13.9%) were missing approvals; 3 out of the 551, (0.5%) the request and approval were the same person; 13 out of the 551, (2.3%) charge slips were missing; 10 out of the 551, (1.8%) had an issue with an invoice; 57 out of the 551, (10.3%) were missing an invoice; 18 out of the 551, (3.2%) were missing a packing list; 34 out of the 551, (6.1%) had a check number issues; 4 out of the 551, (0.7%) were confirmed debit card/charge; 4 out of the 551, (0.7%) check amount was greater than the invoice totals; 4 out of the 551, (0.7%) check amounts were less than the invoice totals; 2 out of the 551, (0.3%) were a missing voided check; 15 out of the 551, (2.7%) were confirmed voided checks.

Fiscal Year End 2010: Viewed 542 check transactions and 19 out of the 542, (3.5%) are checks showing in the Fiscal Year End 2011 Check Register, but the expenses are for the Fiscal Year End 2010; 31 out of the 542, (5.7%) had an approval date issue; 14 out of the 542, (2.5%) were missing approvals; 1 out of the 542, (0.1%) the request and approval were the same person; 12 out of the 542, (2.2%) charge slips were missing; 5 out of the 542, (0.9%) had an issue with an invoice; 14 out of the 542, (2.5%) were missing an invoice; 42 out of the 542, (7.7%) were missing a packing list; 1 out of the 542, (0.1%) had a check number issues; 42 out of the 542, (7.7%) were confirmed debit card/charge; 4 out of the 542, (0.7%) check amount was greater than the invoice totals; 4 out of the 542, (0.7%) check amounts were less than the invoice totals; 1 out of the 542, (0.1%) were a missing voided check; 14 out of the 542, (2.5%) were confirmed voided checks.

Fiscal Year End 2011: Viewed 516 check transactions and 21 out of the 516, (4%) are checks showing in the Fiscal Year End 2012 Check Register, but the expenses are for the Fiscal Year End 2011; 34 out of the 516, (6.5%) had an approval date issue; 16 out of the 516, (3.1%) were missing approvals; 3 out of the 516, (0.5%) the request and approval were the same person; 18 out of the 516, (3.4%) charge slips were missing; 17 out of the 516, (3.2%) had an issue with an invoice; 7 out of the 516, (1.3%) were missing an invoice; 62 out of the 516, (12%) were missing a packing list; 1 out of the 516, (0.1%) had a check number issues; 34 out of the 516, (6.5%) were confirmed debit card/charge; 1 out of the 516, (0.1%) check amount was greater than the invoice totals; 5 out of the 516, (0.9%) check amounts were less than the invoice totals; 19 out of the 516, (3.6%) were confirmed voided checks.

Fiscal Year End 2012: Viewed 280 check transactions that were processed through February 1, 2012 and 12 out of the 280, (4.2%) are checks written but not showing in the QuickBooks Check Register; 20 out of the 280, (7.1%) had an approval date issue; 27 out of the 280, (9.6%) were missing approvals; 1 out of the 280, (0.3%) the request and approval were the same person; 7 out of the 280, (2.5%) charge slips were missing; 6 out of the 280, (2.1%) had an issue with an invoice; 7 out of the 280, (2.5%) were missing an invoice; 39 out of the 280, (13.9%) were missing a packing list; 42 out of the 280, (15%) were confirmed debit card/charge; 1 out of the 280, (0.3%) check amount was greater than the invoice totals; 3 out of the 280, (1%) check

amounts were less than the invoice totals; 9 out of the 280 were confirmed voided checks.

Please see schedule A for the Accounts Payable Forensic Audit Chart.

2. Procedure We selected at random ninety eight (98) currently active vendors to whom we sent account balance confirmation letters, confirming any balances owed by Charlotte Volunteer Fire and Rescue Services, Inc.

Finding We found that sixty five percent (65 %) responded and that seventeen percent (17%) of those that responded showed a balance owed or due as of June 30, 2012. We found that the amounts owed matched with the vendor balances of the Charlotte Volunteer Fire and Rescue Services, Inc. An exception was in regards to credit balances due to the Charlotte Volunteer Fire and Rescue Services, Inc.

In accordance with the United States *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the subject matter of the procedures listed above and any fraud and illegal acts that come to our attention in performing those procedures. The purpose of our engagement was to perform the above procedures and was not to express an opinion or provide any form of assurance on internal controls, compliance, or any other matter. In performing the procedures, we observed certain deficiencies, as summarized above and as detailed in the attached Exhibit C, that we believe represent matters required to be disclosed.

This report is solely for the use of the Charlotte Volunteer Fire and Rescue Services, Inc. and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is a matter of public record and available at the Charlotte Volunteer Fire and Rescue Services, Inc. and Town of Charlotte, Vermont.

Barre, Vermont
December 15, 2008

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FOR
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ACCOUNTS PAYABLE FORENSIC AUDIT CHART

January 14, 2013

Legend	Description	FYE 2008 Number of Issues	FYE 2009 Number of Issues	FYE 2010 Number of Issues	FYE 2011 Number of Issues	FYE 2012 Number of Issues
	Number Viewed	484	551	542	516	280
	Number Viewed - Hand wrote on report	1	17	19	21	12
	Number Unaccounted - Previous FYE	19	1	0	0	0
ADI	Approval Date Issue		10	31	34	20
MA	Missing approval	74 (54 from 06/2008 Incentives)	77 (55 Incentives)	14	16	27
RASP	Request & approval same person	3	3	1	3	1
X-CSM	Charge slips missing	15	13	12	18	7
X-IWI	Issue with invoice	10	10	5	17	6
X-MI	Missing invoice	21	57 (33 Incentives)	14	7	7
X-MPL	Missing packing list	2	18	42	62	39
CNI	Check number issue		34 (33 Incentives)	1	1	0
DC	Debit Card/Charge confirmed		4	42	34	42
>IT	Check amount is greater than invoice totals	4	4	4	1	1
<IT	Check amount is less than invoice totals	5	4	4	5	3
MVC	Missing voided check	3	2	1		
VC	Voided Check	8	15	14	19	9