

**Potential Forensic Accounting Investigation of
Western Cass Fire Protection District
Scope of Procedures
January 31, 2023**

FORVIS was provided limited 2021 and 2022 financial documentation such as reports from QuickBooks and Xero and bank account information provided by a Director of the Western Cass Fire Protection District. Based on a concerns identified during our limited analysis of this documentation, FORVIS suggest the following scope of procedures. The “scope period” shall be limited to the period of January 1, 2020 to December 31, 2022.

Phase I Procedures

1. Hold an initial meeting with stakeholders of the Western Cass Fire Protection District (the District). In addition to introductions, we will:
 - a. Discuss specific management concerns
 - b. Discuss internal documentation collected
 - c. Discuss overview of FORVIS’ plan to further understand general concerns and goals of the project

2. Obtain updated written policies or procedures that govern accounting policies and procedures and any ordines which define the amounts for which an RFP is required.

3. Obtain documentation on ordinances, various tax levies or any other funding instruments which creates revenue to the District. Analyze funding instruments for any restrictions on the accounting or usage of the funds. Compare those restructuration’s to the treatment of the funds by the District during the scope period.

4. Obtain minutes from District meetings (open and closed sessions) during the scope period where discussions regarding financial matters take place. Identify purpose and approval for various financial activities. For example:
 - a. Transfer of \$313,493.06 from account x2928 (General Account) to x3728 (Debt Service Account) on June 22, 2022
 - b. Journal entry on February 10, 2022 between the debt service fund to retained earnings for \$84,426.33.

5. Conduct interviews of certain District personnel to gain an understanding District accounting functions, including:
 - a. Ability to write check
 - b. Sign checks
 - c. Transfer funds
 - d. Set up vendors
 - e. Approve payments
 - f. Generate payroll
 - g. Modify payroll
 - h. Approve payroll
 - i. Reconcile bank accounts.
 - j. Purpose of two general ledger systems

6. Obtain and analyze the initial approved budget and the final budget to actual reports for the District for each year during the scope period.

7. Obtain policies and analyze the District's practices with regards to conflicts of interest including personnel and board members.
8. Obtain information regarding the payment to Trout Beeman in November 2022 for the "Audit", including the engagement letter, scope of work, information requests provided and any reporting received.
9. Obtain a listing of each bank account number (last 5 digits) with information as to the purpose, balance (current), authorized signers and the requirement for signatures for each account (one signature or two required, or two required over a certain dollar amount, etc.)
 - a. If authorized signers changed during the scope period, please provide details as to those changes
10. Analyze differences between the financials from "Xero" versus "QuickBooks", investigating differences. As an example, for 12 months ended 12/31/2022:
 - a. Payroll per Xero had a budget of \$48,200 and an actual of \$16,448.52
 - b. Payroll per QuickBooks had a budget of \$48,200 and actual of \$25,944.79
 - c. Net Income per Xero had a budget of (52,057) and an actual of \$84,140.66
 - d. Net Income per QuickBooks had a budget of (73,601) and an actual of \$250,665.42Document the differences, select up to 50 specific expenditure that differ and request supporting documentation for the expenditure. Evaluate whether the expenditure is properly recorded in which system.
11. Analyze the District's general ledgers used during the scope period in both the QuickBooks and Xero systems.
 - a. Analyze activity made in high-risk accounts, such as the cash, consulting, maintenance, etc.
 - b. If journal entries are identified, request supporting documentation for journal entries that appear unusual with regards to:
 - Timing
 - Amount
 - Dollar amount
 - Vendor
 - Journal entry reason
 - a. Analyze the supporting documentation provided for compliance with the District's policies, including, but not limited to, the business purpose, proper authorization, vendor approval, etc.
 - b. For example, in 2022, in QuickBooks there were:
 - i. Five expenditures totaling \$4,374.22 to vendor "UMB Bank Card" for which there is "no invoice" or not allocated to expenses.
 - ii. Six expenditures totaling \$4,175.48 to vendor "Visa" while only \$2,087.23 was allocated through "2100 P-Card Control Account"
12. Obtain and analyze bank statements and reconciliations the bank accounts for the scope period and:
 - a. Identify adjustments made within the general ledger or bank reconciliation (if any) made to reconcile the bank statement
 - b. Make a selection of manual checks or payments that appear unusual (approximately 20) with regards to:
 - Timing
 - Amount
 - Dollar amount
 - Payee
 - Signatures

- c. Analyze the supporting documentation provided for compliance with the District's policies, including, but not limited to, the business purpose, proper authorization, vendor approval, etc.
 - i. For example, in 2022, there were hand written checks which didn't go through the AP Process for the following amounts:
 - \$5,000.00
 - \$3,224.40
 - \$4,864.75
 - \$310.00
 - \$253.00
 - \$5,918.50
 - \$995.00
 - \$30,800.00
 - \$1,607.40
 - \$2,902.96
 - \$372.44
 - \$3,500.00
 - \$1,579.36

We will present our *Phase I* findings to you through an oral report supported by exhibits. A written report can be available upon request. The results of the listed procedures may uncover information that would necessitate further investigation in a second phase. If so, additional procedures will be presented for consideration and approval prior to commencement of a second phase.