

## SUMMARY

The Office of the Auditor General conducted a financial audit of Rock Springs Chapter (Chapter) for the 27-month period ending December 31, 2012. The audit determines the extent to which the Chapter has established appropriate internal controls and general accounting practices to ensure proper accountability for Chapter assets and resources, and compliance with applicable laws and regulations.

### **FINDING I: Chapter Internal Controls are Deficient**

Internal controls need to be sufficient and effective to ensure proper accountability of resources and activities. However, the Chapter's internal controls were deficient in several areas:

- Approved budgets were not accurately posted in the accounting system
- Chapter travel expenditures lack proper documentation
- Store prepaid accounts lack controls to account for purchases
- The Chapter did not maintain a comprehensive inventory listing
- Incomplete personnel files
- The Chapter cannot justify wages paid to temporary employees
- The Chapter filing system was in disarray and inefficient
- Favoritism in providing services to Chapter Officials, staff, committee members and their relatives and friends

### **FINDING II: Chapter Did Not Consistently Comply with Applicable Laws and Funding Guidelines**

Compliance with funding guidelines, laws and regulations is imperative not only for accountability purposes, but to ensure resources are used properly and the costs of services are justified. For the Rock Springs Chapter, we noted several non-compliance issues:

- Non-compliance with Procurement Code and Regulations
- Non-compliance with Scholarship Policies and Procedures
- Non-compliance with Housing Policies and Procedures
- Non-compliance with PEP Policies and Procedures
- The Veterans Fund was expended contrary to the intended purpose of the fund
- Use of Emergency Fund cannot be justified
- Capital outlay appropriations were not used as intended
- Financial reports were not provided to the Chapter membership
- Monitoring by Chapter Officials was insufficient
- Contrary to LGA, the Chapter has not fully implemented a five management system

In addition to the findings summarized above, the audit report contains recommendations for improving internal controls and compliance.