

**Delaware Financial Review**  
**of**  
**Volunteer Fire Companies**  
**Task Force Report**

Final report submitted to the President Pro Tempore,  
Speaker of the House, and  
Governor John Carney on February 28, 2017

Created per House Concurrent Resolution 95  
of the 148th General Assembly

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# TASK FORCE MEMBERS

Co-Chair—Senator Bruce Ennis, member of Citizens Hose VFD

Co-Chair—Representative Dan Short, House Minority Leader and member of Seaford VFD

Senator Gary Simpson, Senate Minority Leader

Representative Bill Carson, member of House Public Safety and Homeland Security Committee and Citizens Hose VFD

David Roberts, Chairman, State Fire Prevention Commission

Ron Marvel, Sussex County Commissioner, State Fire Prevention Commission

Ray Stevens, Delaware Volunteer Firefighters Association, Selbyville Fire Department

Dan Carrier, New Castle County Director, Delaware Volunteer Firefighters Association

Ronald Derr, P K S & Company, P.A., CPA—appointed by Governor Markell

Renee Villano, Albero, Kupferman & Associates, CPA—appointed by Governor Markell

Adrienne Hegman, State Auditor's office

Kimberly Reinagel-Nietubicz, Controller General's office

Susan Durham, Kent County Director of Finance

Gina Jennings, Sussex County COO & Finance Director

# SUPPORT STAFF

Tammie Kanich, House of Representatives, Legislative Assistant

Documented the meeting minutes and drafted the final report

Sherry Lamberston, State Fire Prevention Commission, Executive Specialist

Generated, distributed and tallied survey sent to the Volunteer Fire Companies

Patricia Davis, DAG, State Fire Prevention Commission

Provided expertise to the task force members

Tom Wagner, State Auditor

Provided expertise and insight to the task force members

Art Ricker, Citizen's Hose (Smyrna) Fire Department, past Treasurer

Assisted in developing the Recommendations for Internal Control and Best Practices and Recommendations for Reporting and Compliance

Warren Jones, Delaware Volunteer Firefighter's Association, Executive Manager

Provided expertise and insight to the task force members

Bill Betts, Delaware Volunteer Firefighter's Association, 2nd Vice President

Provided expertise and insight to the task force members

Ted Walius, Delaware Volunteer Firefighter's Association, President

Provided expertise and insight to the task force members

Biff Newman, Delaware State Fire School, Director

Provided the draft for Fire School curriculum and compliance

# EXECUTIVE SUMMARY

Recent reports of embezzlement within Delaware's volunteer fire companies with one case reporting a substantial amount of nearly \$200,000, prompted Representative Dan Short and Senator Ennis to examine the financial controls and audit procedures of the volunteer fire companies as required by Del. C. 16 § 6608 and the State Fire Prevention Commission's Regulation 708. As a result, House Concurrent Resolution 95 was introduced and passed by both the House of Representatives and Senate on June 23, 2016. The purpose of the resolution was to establish a task force to examine what procedures were currently in place and to make recommendations for changes and reforms aimed at reducing the risk of embezzlement by persons in charge of these funds. Representative Short and Senator Ennis did not want to cause additional government oversight but rather provide tools for the volunteer fire companies to continue to self regulate and protect the funds from future embezzlement or misappropriation. A task force was established comprising of legislators and individuals with a financial and/or firefighter background. After several meetings with the task force from November 2016 through February 2017, and a survey of the fire companies current financial processes, the task force was able to make several recommendations.

The purpose of the first meeting was to obtain background information on the current procedures and powers within the State Fire Prevention Commission's office and review previous audits performed by the State Auditor's office to determine if there was a common error made on the behalf of the volunteer fire companies as well as to decide a path to move forward. It was determined at the meeting the Fire Prevention Commission's office had little authority to enforce the annual financial review mandated by Delaware Code because the total amount of fines for non-compliance cost less than the cost of having the financial review completed. Review of the audits performed brought forward the lack of financial oversight provided at the company level by the Boards of Directors and the members of the company as well as allowing too much control to one individual or related individuals with the financial accounts. Sen. Ennis requested information on the current internal controls of the 60 volunteer fire companies within the state.

The State Auditor's office and the State Fire Prevention Commission along with the input from task force members developed a questionnaire (Appendix E) for distribution to all of the volunteer fire companies within the state. The State Fire Prevention Commission's office then developed an online survey which was emailed to the volunteer fire companies. All 60 of Delaware's volunteer fire companies completed the survey which was tallied by the State Fire Prevention Commission and reviewed at the next task force meeting. While it appeared through the survey, that the majority of fire companies were handling their financial transactions appropriately, problems uncovered by State audits determined the current oversight is not able to detect fraud early or prevent the situation. It was determined that the CPA's and State Auditor's office, along with a member from the public, should create a list of best practices for the fire companies to follow along with recommendations for reporting and compliance.

Two documents were created: Recommendations for Internal Control Best Practices (Appendix F) and Recommendations for Reporting and Compliance (Appendix G), which were reviewed by the task force members at the January 25th meeting. How to implement the best practices to ensure all of the volunteer fire companies were receiving the information as well as receiving the training needed in the administrative offices of volunteer fire departments was discussed. Considering the dynamics of volunteer fire companies, the treasurer and board of directors could either change yearly or be remain the same individuals for years. Each creates its own unique problems. If the positions change yearly or if there is a change after a number of years of consistency, then there is a chance the institutional knowledge of how the records are maintained, overseen and reported may be lost. If the same individuals retain the same positions for a number of years then complacency may lend itself to a situation conducive to potential fraud. Taking this into consideration, Rep. Short stated he would check with Robert Newman, Fire School Director, to see what classes were currently offered and see if the items contained on Recommendations for Internal Control Best Practices document could be incorporated within a day or 1/2 day instructional class. The results of the discussion concerning Fire School classes is documented in Appendix H and expanded on in the Recommendations section of this report.

The Task Force Co-Chairs would like to thank all participants in this review process as laid out by HCR 95. Your efforts and concentrated interest have developed meaningful results. We feel the Recommendations for Internal Control Best Practices and those of Recommendations for Reporting and Compliance will continue to advance the trust in our volunteer emergency services. There is no doubt when these recommendations are embraced and implemented the confidence the public has in our volunteer fire service will continue.

# RECOMMENDATIONS FOR CHANGES AND REFORM

1. State Fire Prevention Commission shall create regulations in keeping with the recommendations of the task force as documented in Recommendations for Reporting and Compliance (Appendix G).

The goal is to reach full compliance of all Volunteer Fire Companies in the State of Delaware and if such compliance is not adhered to then the State Fire Prevention Commission may refer the non-compliant entity to the State Auditor's office and request an immediate financial audit of the entity.

2. General Assembly members on the task force shall draft and introduce legislation to amend Del. C. 16 § 6608 authorizing the State Fire Prevention Commission to implement their proposed regulations and adding more authority to the State Fire Prevention Commission for enforcement purposes.
3. General Assembly members on the task force shall add language to the Grant in Aid Bill where appropriate to reinforce the State Fire Prevention Commission's authority to withhold monies of the Grant in Aid bill go to any noncompliant fire company.
4. The State Auditor's office shall at all times communicate with and advise the State Fire Prevention Commission of any and all volunteer fire companies that office may be investigating.

This communication is essential to the needed cooperation of both State entities to better oversee and assure the compliance of the recommendations of the Delaware Financial Review Task Force of Volunteer Fire Companies established by House Concurrent Resolution 95 of the 148th General Assembly.

5. Delaware State Fire School (DSFS) shall incorporate the Internal Control Best Practices listed in Appendix F in classroom instruction as outlined in the Proposed Best Practices Class, DSFS Letter (Appendix H).

# APPENDIX A



SPONSOR: Rep. D. Short & Rep. Carson & Rep. Schwartzkopf & Sen. Ennis & Sen. Simpson

HOUSE OF REPRESENTATIVES  
148th GENERAL ASSEMBLY

HOUSE CONCURRENT RESOLUTION NO. 95

AN ACT ESTABLISHING A TASK FORCE TO REVIEW THE FINANCIAL MANAGEMENT PROCEDURES OF VOLUNTEER FIRE COMPANIES.

- 1           WHEREAS, a majority of the Delaware Volunteer Fire Companies are self-regulated as it pertains to the  
2 management of their funds, with only an annual self-report being submitted to the State Fire Prevention Commission; and  
3           WHEREAS, within the last year, it has been reported that certain volunteer members have embezzled a substantial  
4 sum of money, including nearly \$200,000 in one case; and  
5           WHEREAS, the General Assembly believes it is appropriate to examine the financial controls and audit  
6 procedures of the volunteer fire companies in order to determine if there are reforms that can be made in order to help avoid  
7 these acts of embezzlement and misappropriation;  
8           NOW THEREFORE:  
9           BE IT RESOLVED by the House of Representatives of the 148th General Assembly of the State of Delaware, the  
10 Senate concurring therein, that the Task Force to review Financial Management Procedures of Volunteer Fire Companies  
11 be created in the State of Delaware:  
12           BE IT FURTHER RESOLVED that this Task Force shall consist of the following members:  
13           1. Two members of the Delaware Senate (one from the majority party and one from the minority party),  
14           including a co-chair, appointed by the President *pro tempore*.  
15           2. Two members of the Delaware House of Representatives (one from the majority party and one from the  
16           minority party), including a co-chair, as appointed by the Speaker of the House.  
17           3. Two members from the State Fire Prevention Commission.  
18           4. Two persons who are members of a local volunteer fire company in this State, to be appointed by the  
19 Delaware Volunteer Firefighter Association.  
20           5. Two members of the general public, with a preference for persons with experience or qualifications in the  
21 field of accounting, as appointed by the Governor.  
22           6. The State Auditor or designee.

23 7. A representative from the Office of the Controller General.

24 8. A representative of each of the counties, appointed by the county government.

25 BE IT FURTHER RESOLVED that the co-chairs of the Task Force be responsible for guiding the administration of  
26 the Task Force which includes:

27 1. Setting a date, time and place for the initial organizational meeting;

28 2. Supervising the preparation and distribution of meeting notices, agendas, minutes, correspondences, and  
29 reports of Task Force; and

30 3. Ensuring that the final report of the Task Force is timely submitted to the President *pro tempore* of the Senate  
31 and the Speaker of the House of Representatives, with a copy to the Governor.

32 BE IT FURTHER RESOLVED that the Office of the Auditor of Accounts be responsible for providing reasonable  
33 and necessary support staff and materials for the Task Force.

34 BE IT FURTHER RESOLVED that this Task Force shall perform a comprehensive review of the existing  
35 financial accounting and management procedures of the various Delaware Volunteer Fire Companies and their respective  
36 reporting requirements to the State of Delaware.

37 BE IT FURTHER RESOLVED that this Task Force return to the General Assembly by January 31, 2017 with  
38 recommended changes and reforms to consider in order to promote proper fiscal management and decrease the risk of  
39 embezzlement and misappropriation by members of the volunteer fire companies.

#### SYNOPSIS

Many of the Delaware Volunteer Fire Companies are for all intents and purposes self-policed as it pertains to the management of their company funds. As highlighted by the recent reports of embezzlement, the current system is vulnerable. This House Concurrent Resolution establishes a task force to examine what procedures are in place today, and to make recommendations for changes and reforms aimed at reducing the risk of embezzlement by persons in charge of these funds.



SPONSOR: Rep. D. Short  
Sen. Ennis

HOUSE OF REPRESENTATIVES  
149th GENERAL ASSEMBLY

HOUSE CONCURRENT RESOLUTION NO. 5

EXTENDING THE REPORTING DATE OF THE TASK FORCE TO REVIEW FINANCIAL MANAGEMENT PROCEDURES OF VOLUNTEER FIRE COMPANIES.

1           WHEREAS, the Task Force to Review Financial Management Procedures of Volunteer Fire Companies was  
2 established under House Concurrent Resolution No. 95 of the 148<sup>th</sup> General Assembly to perform a comprehensive review  
3 of the existing financial accounting and management procedures of the various Delaware Volunteer Fire Companies and  
4 their respective reporting requirements to the State of Delaware; and

5           WHEREAS, the Task Force was directed to submit its findings and recommendations report to the General  
6 Assembly by January 31, 2017; and

7           WHEREAS, the Task Force has worked diligently on its study, but is not yet prepared to submit its report; and

8           WHEREAS, this extension is being requested by Representative Daniel Short and Senator Ennis because  
9 additional information has been received from outside accountants and the State Auditor's Office, and due to scheduling  
10 conflicts, the Task Force has been unable to meet to review the information; and

11           WHEREAS, the members of the Task Force believe that they will not be able to submit the report by January 31,  
12 2017;

13           NOW, THEREFORE:

14           BE IT RESOLVED by the House of Representatives of the 149th General Assembly of the State of Delaware, the  
15 Senate concurring therein, that the date by which the findings and recommendations report of the Task Force to Review  
16 Financial Management Procedures of Volunteer Fire Companies is due be extended to February 28, 2017.

SYNOPSIS

This resolution extends the due date of the findings and recommendations report of the Task Force to Review Financial Management Procedures of Volunteer Fire Companies from January 31, 2017 to February 28, 2017.

# APPENDIX B

## VFD Financial Management Review Task Force

### Meeting Minutes

October 12, 2016 6:30 p.m.

### House Chamber Legislative Hall

**Members in attendance:** Co-Chair Sen. Ennis and Co-Chair Rep. Dan Short and Rep. Bill Carson  
Mike Morton, Controller General,  
David Roberts, State Fire Prevention Commission, Chairman  
Ron Marvel, State Fire Prevention Commission, Sussex County Commissioner  
Ray Stevens, DE Volunteer Firefighter's Association  
Dan Carrier, DE Volunteer Firefighter's Association  
Adrienne Hegman, State Auditor's office  
Susan Durham, Kent County, Director of Finance  
Gina Jennings, Sussex County, COO & Financial Director

**Nonmembers:** Tom Wagner, State Auditor  
Patricia Davis, Deputy Attorney General, State Fire Prevention Commission  
Warren Jones, DE Volunteer Fireman's Association

**Members unable to be present:** Ronald Derr, CPA, PKS & Company, P.A.  
Renee Villano, CPA, Albero, Kupferman & Associates, LLC

House Minority Leader Danny Short called the meeting to order at 6:30 p.m. Representative Short stated the purpose of the task force and the goal of reporting back to the Speaker of the House by the end of January 2017. Rep. Short also reiterated the task force is there to help the VFD to help maintain their reputation and ability to attract volunteers. He would like to identify those who have procedures in place and assist the departments who do not have procedures in place.

#### **Background Information on the role of the State Fire Prevention Commission**

Patricia Davis, Deputy Attorney General representing the State Fire Prevention Commission (the Commission), proceeded to inform the task force what the current process is for the Commission in regards to audit of the Volunteer Fire Departments (the Company). Ms. Davis reported under the authority of Delaware Code 16 §6608 the Commission has the right to promulgate regulations requiring financial audits, specifying the type of audits, the reporting periods, procedures for reviewing the audits and the processes to be followed in the event a company fails to submit or submits an inadequate audit.

The Commission's regulation 708 requires volunteer fire departments to submit a completed report by an independent certified public accounting firm at a minimum "Review" level. The audits have to include a financial statement (balance sheet), statement of revenue and expense, statement of cash flow and annual reporting has to be done within 6 months of the close of the fiscal year. When the audit comes into the Commission it is sent to their review committee which is made up of 3 members who must have a professional background in auditing as well as finance. The review committee will review the audits that come in and send a report to the Commission stating whether no action is required or that the audit is incomplete or there is something irregular and some type of corrective action needs to be taken.

Delaware Code 16 §6608 gives the Commission the authority to enforce this regulation by imposing a civil penalty of up to \$100 a day for everyday that an audit is late and is capped at \$5000 for only volunteer fire departments that do not submit an audit. The monies from the penalties go to the General Fund. If there is a Company that has a continued failure to submit a report or a continued failure to make corrective action that is noted by the review committee, then the Commission can refer to the Company to the Auditor's office, the Attorney General's office or the IRS.

Rep. Dan Short inquired if there are any statistics on departments that have failed to submit an audit, the number of departments where the review committee has noted a corrective action, number of Company's which have been fined by the Commission. Dave Roberts stated that there has never a Company not file an audit. There have been instances where the audits have come late or requests for extensions.

Sen. Bruce Ennis questioned if it was Delaware Code or regulation. Ms. Davis stated the requirement and the ability to fine are Delaware code and the rest is Commission's regulation.

Rep. Short wondered how the Companies choose the auditors used for audits and if it was done by state bid. Dave Roberts stated each Company has the ability to select the auditor to do their audit. Throughout the years, it was determined that there were a lot of companies that were having problems with the audit being performed in a timely manner, so the Commission has basically weeded down the list to a handful of auditors that conduct that the audits. As a result, the audits are now being done in a timelier manner.

Rep. Carson questioned if the firms have to be a professional firm doing the audits. Ron Marvel confirmed that a professional CPA firm is required to sign off on the audit, not an individual auditor. Tom Wagner remarked according to professional accounting standards, if an individual within a firm is preparing the books than the audit would need to be prepared by a different firm.

#### **Background information on previous audits conducted by the State Auditor's office**

Tom Wagner, State Auditor, gave background of the audits of the companies that have been conducted. Mr. Wagner stated at the heart of every one of these cases, except in Belvedere VFD, it is usually one single individual that was empowered with the ability to complete the fraud. Fraud is found everywhere and the lack of board oversight and the understanding their responsibility to ensure the financial obligation to the company contributes to the ability for fraud to occur. All of the audits performed at the State Auditor's office have been done at the request of the volunteer fire service either directly by the company or by individuals within the company. Having a higher standard of an audit does not guarantee catching the fraud but it does help although there is a higher cost. Mr. Wagner suggested developing a check list that either VFD through the board or through citizens in the area independent of the company can use to minimize fraud.

The debit card which breaks all internal controls and a company depending on where they are at in regards to equipment and apparatus where there is a nice pile of cash sitting there waiting for a capital purchase make for an excellent situation for fraud. Many of the fraudsters are honest people who believe they are going to pay the money back but in reality they end up not being able to return it.

Rep. Short expressed a concern over the companies paying \$7500 or more for an annual review given the instance where an audit for the past 3 years didn't pick up the fraud of \$190,000 during that time frame. State Auditor Wagner stated accounting firms are looking at the numbers provided to them in an audit and making sure they are put in the proper box not necessarily look at the internal controls and each individual transaction. An opinion audit looks at the internal controls and looks deeper into the books and transactions but the cost is more substantial. A checklist for the company's board would be more beneficial in catching the fraud earlier.

Rep. Carson expressed the same concern over routine audits not catching the questionable transactions that have been going on over a period of 2 years without receipts. State Auditor Tom Wagner stated that this is due to poor oversight and lack of controls. State Auditor Wagner stated due to the fact that many members of the fire departments do not have financial and auditing experience, not to mention the time that it involves in either keeping the books or being on the board overseeing the books for a company having a budget size the current fire companies. He suggests that a company hire an experienced CPA to handle the books, pay the bills and taxes, etc. This costs around \$600 monthly, but taking in consideration the budgets of the different companies

Sen. Ennis states that there have been several questions why things were not caught earlier but the simple answer is the companies don't have controls in place when they should and many of the individuals join to be a firefighter not as an administrative member so companies have to take the individual that is willing fill the position. Also, the companies are not routinely audit by the auditor's office as they should. Sen. Ennis would like to identify a best practice list and would like to see what the companies are using and not using by reporting back to us on their current procedures and internal controls. Sen. Ennis hopes that this will also help attract volunteers for the administrative areas in particular in the area of finance.

### **Discussion**

Rep. Short mentioned that he had been contacted by many firefighters about the task force and the need for it. His response was if someone had spent a little bit of money than they would not have lost a lot of money. In one particular company, the assets of the company were comprised of 58% State money, 14 to 16% County money and the rest was raised by the company. So the fraud cases do involve taxpayer's money. This is the reason County members are included on the task force as well. In essence it is 5% of the companies causing problems for the other 95%.

Rep. Short discussed the possibility of having companies submit all financial documents they have within a specified timeframe and have it within 30 days which would be reviewed to detect areas of concerns.

Sen. Ennis requested the two counties present tonight inform the task force on how their county handles the reporting of the fire companies.

Susan Durham, Kent County Director of Finance, stated the companies are required to submit a simplistic report similar to what they submit to the State Fire Prevention Commission annually. However, there are some companies that have submitted full audits. Gina Jennings, Sussex County COO and Finance Director stated they also require the financial statements and hold county money until the reports are received. Gina also explained the auditors inform you the internal controls are not reviewed when the audits are performed so the task force should focus on the internal controls and procedures not the audits are being done.

Dave Roberts remarked from a NCC standpoint, the county requires the same audit as the commission and has withheld county money until received.

Rep. Short asked Commission what it would like the task force to go with this issue or do they believe this not a real issue and nothing really needs to be done. Ron Marvel remarked the fire departments were upset when the audits were first required but have since come to terms with the requirement. The Commission has discussed possible options which are having a state agency in charge of the audits, the fire commission is in place to do this if the given the proper tools and equipment, and the ability to enforce properly on needed corrective actions with the help of the Auditor's office or do nothing. The Commission would like for the task force to help develop the tools for the companies to use for recordkeeping and the increase the role of the Commission with enforcement considering the highest fine currently is less than having an actual audit completed. Dave Roberts reiterated the Commission does not have the authority to ask what has been done to correct recommendations or enforce recommendations from previous audits. He believes the Commission should have the authority to do something if a company is not complying

Ray Stevens stated, "It is the nature of the beast, if some see a way to take advantage they will." The companies need to tighten up on the use of credit and debit cards that the officers carry around. Treasurer should not be allowed to take cash withdrawals. Have to best practices and tighten controls over cash transactions and work together as group. Mr. Stevens agrees to give the Fire Commission more authority if that is what it takes.

Mike Morton mentioned Charter Schools having a similar issue around 12 years ago and mandated training for their board members resolved the issue. Also, having a full financial report of a period of 3 months given to the board should also result in less theft instances.

Mr. Wagner stated the auditor's office has held a class in Millsboro recently with the management side of the fire company and will be doing the same in Kent and Sussex Counties. The class relates to fiduciary management of the board and the controls that need to be in place. Mr. Wagner also suggested having a blueprint in place for the companies to follow.

Rep. Short has received some concern about requiring more training within the fire companies concerning the amount of training currently being conducted within the fire companies.

Adrienne Hegman remarked the problem is the lack of training and knowledge in the fire department. The individuals don't know how to do the books and/or don't want to do it. Many of the members don't have the experience and no training was available for them to understand what they need to do. The reason charter schools requiring training worked for is due to the participants being paid to attend. The companies are not getting paid - it is all volunteer. So, it would be hard to expect individuals to attend training.

Rep. Short stated this is a worthy cause we have under taken and asks the members hang on for the next few meetings to see what can be developed to assist the companies. It seems we are missing a lot of checks and balances within the companies.

Rep. Carson reiterated what Ms. Hegman stated concerning how times have changed and the fact that companies are no longer paying on credit within a local neighborhood company and receiving a bill in the mail to be paid by check but instead are paying with a credit card or online without providing a paper trail.

Sen. Ennis would like to have the State Auditor and at least the two co-chairs if not all of the legislators of the task force to create a questionnaire and have it sent to the companies before the next meeting in order to comply with lines 34 - 36 of the HCR 95, "this task force shall perform a comprehensive review of the existing financial accounting and management procedures of the various Delaware Volunteer Fire Companies and their respective reporting requirements to the State of Delaware. Sen. Ennis suggested the questionnaire have a quick reply date so the response could be received and tallied. Rep. Short also suggested having someone from the Commission assist with questionnaire. He would also like to run it by everyone via email to see if anyone has an opinion on the questionnaire and help determine the date of return.

Rep. Short also brought up the issue of fire companies needing to be insured in order to recover monetary losses and most major insurers have a requirement of prosecution in order to get the money back. He has not seen where the cases have been prosecuted and wonders if the fraud is considered a white collar crime or are the companies self-policing? Mr. Wagner responded in the case of Belvedere there were some charges and in Frederica's case there was a conviction, however, in Marydel's case there was no real evidence of fraud to proceed with prosecution due to the poor recordkeeping. The Attorney General does not always work hand in hand with the auditor's office. Therefore, he does not have all the details concerning prosecution in every case. Everyone should have liability insurance and go high rather than low due to the large amount of cash that is set aside for the Individuals being bonded was brought up but not sure if it is something the task force would like to consider since it requires a different amount of scrutiny.

#### **Items needing follow-up**

The group consisting of the Legislators (co-chairs at a minimum), the State Auditor's office and the State Fire Prevention Commission will develop a simple questionnaire to send to the fire companies. This questionnaire does not need to be 4 to 5 pages long and it is hoped to be in an electronic format if at all possible. There will be a quick response period in order to get replies back in a timely manner. Once there are some responses received, the next date will be scheduled. Dave Roberts believes that they could get the questionnaire out electronically and fairly easily. The Commission keeps a list of all of the firms that have been conducting audits for the VFD's which should prove to be helpful.

Gina Jennings remarked that Sussex had conducted a survey recently and is willing to share the information they received. Ms. Jennings did state Sussex County was able to determine the local fire companies were insured on the low side and gave the information to the fire companies and which was well received.

#### **Next Meeting**

to be determined later

# APPENDIX C

## VFD Financial Management Review Task Force

### Meeting Minutes

December 13, 2016 4:00 p.m.

House Hearing Room - Legislative Hall

**Members in attendance:** Co-Chair Sen. Ennis and Co-Chair Rep. Dan Short, Sen. Simpson and Rep. Bill Carson  
Kimberly Reinagel-Nietubicz, Controller General Office,  
David Roberts, State Fire Prevention Commission, Chairman  
Ron Marvel, State Fire Prevention Commission, Sussex County Commissioner  
Ronald Derr, CPA, PKS & Company, P.A.  
Renee Villano, CPA, Albero, Kupferman & Associates, LLC  
Adrienne Hegman, State Auditor's office  
Susan Durham, Kent County, Director of Finance  
Gina Jennings, Sussex County, COO & Financial Director

**Nonmembers:** Tom Wagner, State Auditor  
Patricia Davis, Deputy Attorney General, State Fire Prevention Commission  
Warren Jones, DE Volunteer Fireman's Association  
Bill Betts, Jr., DE Volunteer Fireman's Association  
Art Ricker, Citizen's Hose (Smyrna) Fire Department

**Members unable to be present:** Ray Stevens, DE Volunteer Firefighter's Association  
Dan Carrier, DE Volunteer Firefighter's Association

### Welcome and Introductions

House Minority Leader Danny Short called the meeting to order at 4 p.m. and introductions were made.

### Review of Survey

Rep. Dan Short thanked the Fire Commission and Sherry for distributing and monitoring the survey. There were 52 reports with 2 companies responding twice to the survey. The following companies had not responded Aetna, Cranston Heights, and Mill Creek in New Castle County, Carlisle (Milford) and Farmington in Kent County, and Ellendale, Greenwood, and Gumboro in Sussex County. Gumboro was submitted after the survey results were tabulated. Each of the 18 questions was reviewed individually. The tabulated survey report is attached see exhibit A.

### Open Discussion: suggested paths to take

Rep. Carson expressed a couple of concerns while reviewing the survey results. One concern is in regards to question 3, "Does the accounting system identify receipts and expenditures of funds separately for each fund source (i.e.: grant-in-aid, grants, events, fundraisers, etc.)", where 9 companies do not have a separated reporting system. Rep. Carson referred to Art Ricker and his expertise as a previous treasurer for Citizen's Hose for 30 years. Art did express some concern for the lack of separating the funds but mentioned he felt the key thing is to start with a budget and report progress against the budget and then if something is off from the budget it would be a red flag for the Board of Directors.

The board of directors is not doing their job either due to not knowing what to do or they are not provided the information to see what is going on. Ultimately, this would help in strengthening the overall control process. Rep. Carson believes the money in these instances is not being tracked very well.

Sen. Ennis stated although questions concerning cash were good on the survey, he believed the information in the audit reports from the State Auditor's office showed the fraud occurred through the use of unauthorized checks written. Tom Wagner confirmed this information was correct. Sen. Ennis also mentioned one case also involved unauthorized case of credit card. Discussion came around to the treasurers elected into the position are individuals not familiar with the bookkeeping practices and those elected to a position on the Board of Directors are not always understanding their fiduciary responsibilities on the board. Tom Wagner suggests for those companies to hire a professional bookkeeper who don't have qualified individuals within the company to do the job.

Rep. Short mentions problems often occur when transitioning from one treasurer to another or recruiting a qualified individual who is willing to accept the position. Also, the fact the fine of not filing an annual report to the Fire Commission is less than actually having the report compiled. Rep. Short mentioned the previous meeting it was mentioned two possible solutions are to develop a best practice for the fire companies or give more "teeth" for the Fire Commissioner. It does not make sense to have a fine for failure to comply less than the cost of complying.

Sen. Simpson inquired if the Fire Commissioner's office offers training for the board of directors and treasurer. Ron Marvel responded Fire School does offer administrative officer classes but the class has not been well attended.

Ron Marvel stated currently some Fire Companies with ambulance services are having firms handle the billing for the runs and filing the medical forms as well as payroll for the paid personnel. However, this is not a free service and the Fire Companies are not currently as well funded as they were in the past. Rep. Short played devil's advocate and stated the cost of paying for bookkeepers is not as much as the embezzlements which have taken place. It was mentioned the Counties have the same report submitted as the one submitted to the Fire Commissioner's office.

Dave Roberts reiterated it comes back to the Board of Directors is not doing their jobs.

Rep. Carson points out question 13 which asks if the checking the bank account is done monthly which 100% of the companies say they do checked it monthly. He questions how it can be checked monthly if the fraud/embezzlement is taking place. Rep. Short stated it depends on how you define 'checked monthly'. Art Ricker added the accounts could be checked but are the individuals checking the balance unrelated to the treasurer?

Ronald Derr reiterated it comes down to educating the board and the company so they know their duties. He also brought up the question of who exactly are completing the reports for the fire companies. If they are CPA's, then they are held to a higher standard due to their license in reporting to outside agencies. The boards need to be educated on who are qualified to be doing the report reviews.

Mr. Wagner stated we need to keep in mind about separating companies with ambulance service from the companies who do not have an ambulance service. There are several companies which do not have an ambulance service in Kent and Sussex counties.

Renee Villano talked about how when she meets with the Fire Companies she provides her services; she educates the board with the best practices and segregation of duties. An audit is not design to find fraud. An agreed upon procedures or areas that the board agrees what documents are reviewed. Have someone else besides the treasurer to do monthly bank reconciliations.

Tom Wagner stated the options are for the companies to have a financial statement audit or continuing having a review but also requiring a form of internal controls in place.

Sen. Ennis requested for a future meeting, the board be presented with any similarities existing between the previous 5 audits. Tom Wagner responded with the similarities being a lack of treasurer oversight, related members in high positions. Sen. Ennis then inquired if there had been any prosecutions in the cases where fraud was determined. It was stated the case involving Frederica, the individual was prosecuted but later pardoned. In the case of Marydel, there were no charges due to lack of documentation. The current pending case is still waiting for documentation to be provided under subpoena. The Millville case has charges have been filed and the Belvedere case had a conviction.

Rep. Short pointed out there were a variety of answers for question 18 for accounting of cash with the respondents 19 and 42 supplying the longest answers. It all comes back to how a company defines reconciliation. Rep. Short wanted more analysis from the auditor's office by looking back further such as 10 years' worth of audits. Tom Wagner responded that he has 5 complaints sitting currently in his office with various degrees of concern ranging from small issues and up. However, the cases of fraud all share lack of treasurer oversight or connected individuals and lack of oversight by the board. Adrienne Hegman reiterated the summary provided at last meeting had 3 common issues, one person (treasurer) with total control, the lack of board oversight and the use of signature stamps.

Ronald Derr referred to his experience with several fire companies incurring large bookkeeping fees because the board did not know where to go for the record keeping they require and between the bookkeeping and audit/review fees, they spent anywhere from \$80,000 to \$90,000 and the board still didn't know what was going on financially within their company. The problem occurs because the fire companies operate under the good ole boy network and the board of directors and treasurer positions often remains the same or the individuals within the Company don't wish to fight against those in leadership.

Dave Roberts stated the opposite can occur as well, where there is a whole new leadership within the Company. As a result the new members are unaware of what has been done in the past and what reports are required to be filed and when, as a result continuity has been lost.

It was determined the review currently required by Delaware Code, which is the same report filed for state grants and with the counties, served the purpose it was originally required to but is no longer applicable. The review report is not capable of detecting fraudulent activity and needs to be replaced.

Art Ricker mentioned he had created a report with tasks required and when they need to be done as well as when to expect certain revenue from the State and County for the next treasurer at his company. So a guideline or best practices for future treasurers would be a great reference.

Others agreed a best practices list should be developed and explained to each of the boards similar to the meeting the State Auditor's office held in Sussex County which had been complimented on by the individuals in attendance. It was also remarked, this should be a mandatory attendance as part of the application for the State grant process.

Tom Wagner suggested the possibility of incorporating civil and criminal prosecution for the board members if the fiduciary obligations are not met like the corporate world has for their board members. Rep. Short pointed out the corporate world has a larger pool of volunteers to select from and those board members have term limits.

Sen. Ennis inquired if the grant application still required a financial review report. Art Ricker and Kimberly confirmed that it is still required. It was also remarked the counties receive the same report – exhibit B.

Ron Marvel suggested the Auditor's office selects two or three fire companies at random every year to review. Once the review is completed, the auditor could provide positive feedback on correct ways to do certain transactions, recordkeeping. This way there is no additional cost to fire companies to have financial reviews completed and potential fraud would be decreased since there is no way to determine when the company would be reviewed.

Rep. Short asked Renee Villano if she did any work for a fire company. Renee responded she does audits for 3 companies and she reviews 3 and she has a good working relationship with each of the boards. The boards she works with are very business minded and she has been working with them for years. She was wondering if all of the fire companies would be willing to have a member of the public serve on their board. This was determined to not be a solution to the problem.

Rep. Carson asked for clarification for the existing required financial report had served its purpose and is no longer effective. It was agreed this report was out dated but had done the purpose when it was first implemented.

## **Conclusion**

Rep. Short requested Tom Wagner's office to compile five commonality best practices and provide the list at the next meeting. Tom Wagner requested to work with the Art Ricker and the two auditors, Renee Villano and Ronald Derr. They could provide a list of functions for the treasurer and board members. Tom Wagner also requested to have representation from the fire service to have their input regarding the feasibility of their suggestions. Rep. Short mentioned this would not be necessary because a final decision was not being made and they could provide their input after the suggestions have been determined. At the next meeting, the task force as a whole would decide what can be implemented. Rep. Short also remarked how the random audit suggestion was good but some companies could view the audits as a punishment for those companies which have been following good financial practices. Rep. Short suggested looking for an incentive for the companies which are complying to recommendations and practicing good procedures rather than having a penalty for those who are not complying.

Rep. Carson asked if all non-profits are required to have a budget. It was answered in the affirmative. Rep. Carson stated all fire companies should be required to have a budget as well and use this for the board to monitor the financial situation of their companies. Renee Villano remarked there is a danger of having a too detailed budget which could result in improper postings or the financial records not being used properly. However, she did agree a budget would be a good place to start and has worked with the companies she does business with in providing a class on QuickBooks to aid in the financial recordkeeping.

Ennis thanked everyone for attending as well as all the fire companies who had completed the survey and the Fire Commissioner's staff for compiling the survey information and putting it into graph form. Rep. Carson requested to adjourn at 5:13 p.m.

## **Next Meeting**

A date for the next will be determined in January 2017.

# APPENDIX D

## VFD Financial Management Review Task Force

### Meeting Minutes

January 25, 2017 12:00 p.m.

### House Minority Caucus Room - Legislative Hall

**Members in attendance:** Co-Chair Sen. Ennis and Co-Chair Rep. Dan Short, Sen. Simpson and

Rep. Bill Carson

David Roberts, State Fire Prevention Commission, Chairman

Ron Marvel, State Fire Prevention Commission, Sussex County Commissioner

Ronald Derr, CPA, PKS & Company, P.A.

Adrienne Hegman, State Auditor's office

Susan Durham, Kent County, Director of Finance

Gina Jennings, Sussex County, COO & Financial Director

Ray Stevens, DE Volunteer Firefighter's Association

**Nonmembers:** Warren Jones, DE Volunteer Firefighter's Association

Bill Betts, Jr., DE Volunteer Firefighter's Association

Ted Walius, DE Volunteer Firefighter's Association

**Members unable to be present:** Dan Carrier, DE Volunteer Firefighter's Association

Renee Villano, CPA, Albero, Kupferman & Associates, LLC

Kimberly Reinagel-Nietubicz, Controller General's Office

### Welcome and Introductions

House Minority Leader Danny Short called the meeting to order at 12:02 p.m. Rep. Short mentioned a resolution was introduced on the House floor yesterday to extend the report deadline from January 31<sup>st</sup> to February 28<sup>th</sup>. It passed the House unanimously and is waiting to be heard in the Senate.

### Review of Recommendations for Internal Control Best Practices document

Adrienne Hegman from the State Auditor's office reviewed the prepared document entitled "Recommendations for Internal Control Best Practices" which was prepared with the help of Art Ricker, Citizen's Hose past treasurer, Renee Villano and Ronald Derr.

**Open Discussion:**

Rep. Short thanked Adrienne and the others for putting the recommendations and asked for any questions or comments.

Ron Marvel requested to know the timeframe it would take to complete these duties outlined in the best practices. Should they be done weekly, monthly?

Rep. Short wished someone from the Controller General's office was present to comment on whether the best practices are just for fire departments or is it something publishable for anyone in the public who are receiving state grant money?

Sen. Ennis stated the purpose of this was to create something which would help resolve the issues in the fire departments without being too onerous for the fire department to implement since not many in the fire departments have financial backgrounds. The suggestions which have been proposed are probably already implemented within the departments. He did express concerns about the investments section of the document and how it would affect the smaller fire companies and might suggest adding investment firms in the investment section. However, this is a good start to resolve the current issues and would like to hear what some of the fire departments have to say.

Ray Stevens agreed there should be a timeframe to have these recommendations to be implemented. He is concerned about the smaller fire departments might have problems getting these items implemented.

Rep. Short questioned if Fire School currently has this type of training to assist the smaller departments. Warren Jones agreed there needs to be some type of training component whether it would be conducted at the March 11<sup>th</sup> Symposium or at least discussed.

Rep. Carson believes it doesn't need any expertise in the recommendations. It is compromised mostly commonsense things until you get to the duties of a treasurer. There should not be a lot of work for fire school except the budgetary recommendations and the software.

Ron Derr stated the committee tried to keep it simple, it just comes down to a lot of people don't know what is expected of them. That is the biggest purpose of the document to educate the individuals in the positions.

Ted Walius stated being a past fire school instructor as well this information should definitely go to Fire School and if they set up the needed classes and have it offered every year and this would be a big help in providing the repetition needed for the individuals to remember what is needed and expected.

Rep. Short inquired if there was any type of certification or recognition to accompany the classes offered by the Fire School which would enhance the desire to attend the classes. Sen. Ennis stated the only thing offered is just the certificate. Ron Derr inquired if there is something in place which requires an officer of the board or director to take these classes. Somewhere someone has to be held accountable due to the large amount of money going through these departments so the blame cannot be passed around. Rep. Short stated this is the reason we are here today.

Sen. Simpson stated his district represents a lot of the smaller fire departments and wonders if this will make it harder on the companies if it is made as a requirement? Adrienne agreed mentioning Little Creek has been appointing the positions for years because no one is willing to run.

Ted Walius remarked how individuals look to Fire School for obtaining knowledge on fighting fires and individuals don't necessarily like the paperwork aspect required of the departments which makes the administrative classes hard to fill. Some departments have a hard time with getting the young ones interested in these classes. They look for a class to bring them up to another level especially on the line and if the administrative classes were required to be able to rise to certain positions within a company it might help.

Rep. Short mentioned this was what he was referring to in the previous meeting to provide incentives especially for smaller companies. He would like to make this more an incentive rather than a punishment.

Rep. Carson pointed out a lot of items are simple so narrow down the course for the important part which is budget and bank accounts. So the class does not last more than a day or two at most.

Dave Roberts remarked a company's accountant is going to be the only one really that will know if the recommendations are being adhered to. Is there a possibility to incorporate this into a form the accountant fills out? This way it would help the Commission to identify the departments who need more training. The question is would this put more of a financial burden on the departments if this was included within the annual review requirement.

Ron Derr stated most the items are already addressed during an audit. However, if the department is only getting a review completed he does not believe this would be that much more money to include the form checklist but could not put a dollar sign to it. It could be part of the report to the Fire Commission which is done annually but what is the result if not done.

Bill Betts stated the treasurer is one of the people who work the most hours at a Fire Department and speaking from a small company perspective which had a treasurer caught by a previous treasurer and currently does about 95% of the items in the recommendations list, there does not seem to be any problem with the recommendations and believes the committee has done a good job.

Ray Stevens suggested partnering with Delaware Tech for them to create the classes needed for implementing the recommendations. Ron Derr stated the classes would also be good for other non-profit agencies to attend.

Gina Jennings likes the idea of the checklist and believes if the whole board is required to sign off on it then they would be holding each other accountable. Rep. Carson brought up the fact it might be hard to get the whole board together to sign off on the checklist and maybe just having a majority of signatures. Someone suggested maybe having the at least the President and the Chief sign off.

Sen. Ennis is not opposed to Delaware Tech offering the classes but feels at least the initial classes should be authorized by the Fire School and they are able to get special instructors.

Dave and Rep. Short will talk with the Fire School concerning the training and what they are willing to develop course wise.

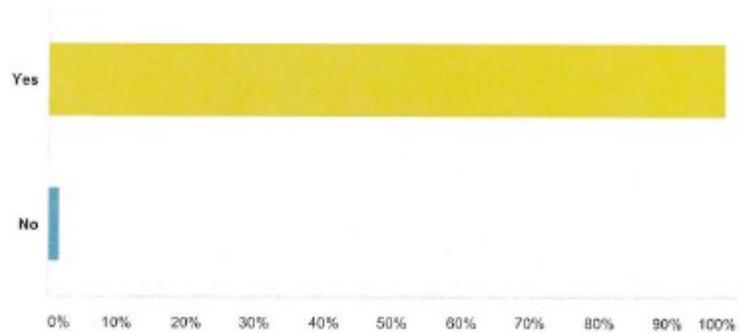
The Recommendations for Reporting and Compliance is reviewed and unanimously accepted with the on item 6 to state "the right to *recommend State monies be withheld*".

# APPENDIX E

## Internal Controls Questionnaire

**Q1 Are the duties for financially responsible members and/or key employees of the organization defined?**

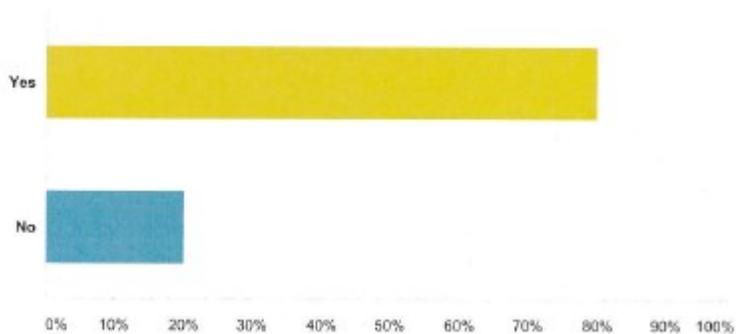
Answered: 60 Skipped: 0



Answer Choices	Responses	
Yes	98.33%	59
No	1.67%	1
<b>Total</b>		<b>60</b>

**Q2 Are written procedures maintained covering the recording of transactions?**

Answered: 60 Skipped: 0

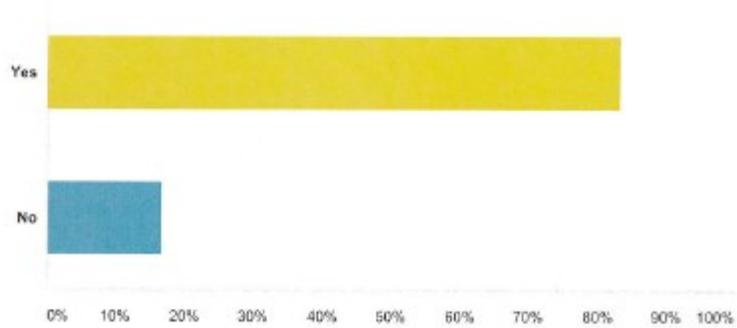


Answer Choices	Responses	
Yes	80.00%	48
No	20.00%	12
<b>Total</b>		<b>60</b>

Internal Controls Questionnaire

**Q3 Does the accounting system identify receipts and expenditures of funds separately for each fund source (i.e.: grant-in-aid, grants, events, fundraisers, etc.)**

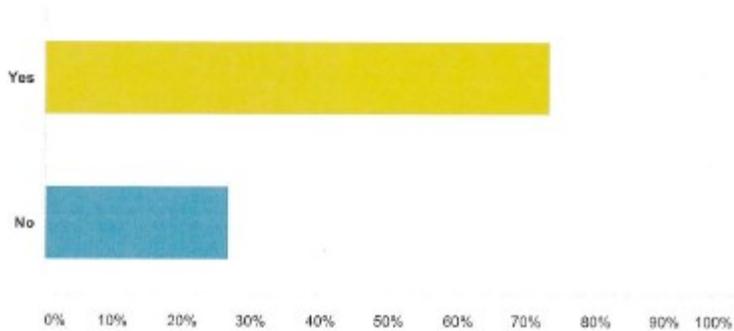
Answered: 60 Skipped: 0



Answer Choices	Responses	
Yes	83.33%	50
No	16.67%	10
<b>Total</b>		<b>60</b>

**Q4 Are separate individuals responsible for recording transactions and reconciling bank statements?**

Answered: 60 Skipped: 0



Answer Choices	Responses	
Yes	73.33%	44
No	26.67%	16

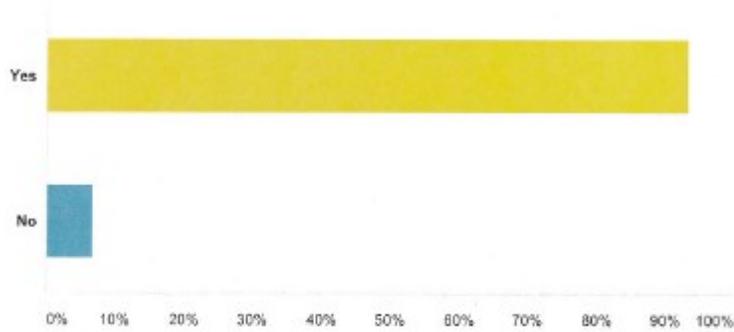
Internal Controls Questionnaire

Total

60

**Q5 Are two(2) signatures required on disbursement checks?**

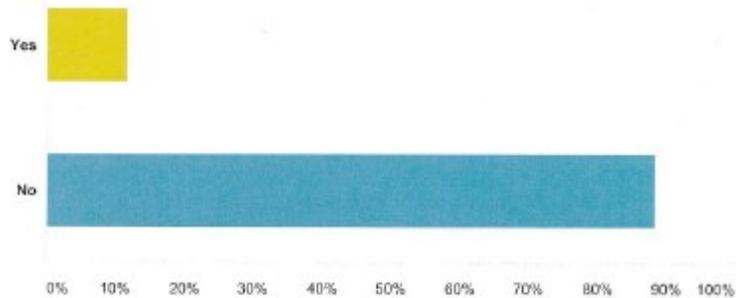
Answered: 60 Skipped: 0



Answer Choices	Responses	
Yes	93.33%	56
No	6.67%	4
<b>Total</b>		<b>60</b>

**Q6 Are signature stamps used?**

Answered: 60 Skipped: 0



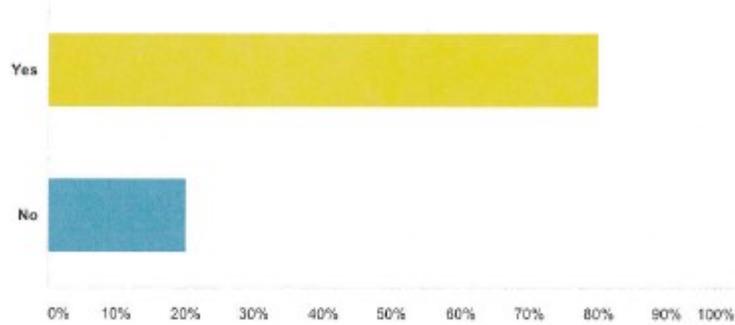
Answer Choices	Responses	
Yes	11.67%	7
No	88.33%	53
<b>Total</b>		<b>60</b>

**Q7 Has the organization obtained fidelity**

Internal Controls Questionnaire

**bond coverage for responsible officials?**

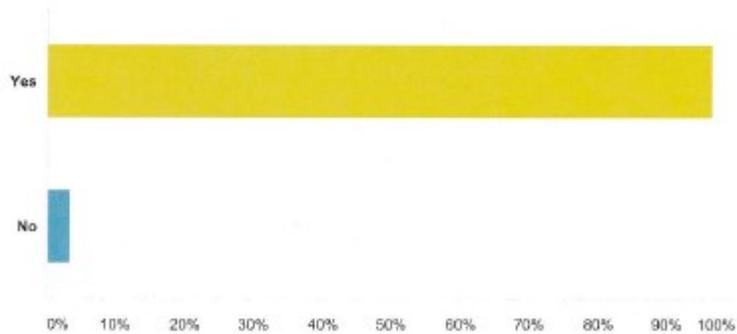
Answered: 60 Skipped: 0



Answer Choices	Responses	
Yes	80.00%	48
No	20.00%	12
<b>Total</b>		<b>60</b>

**Q8 Do purchases over a specified amount require additional approvals?**

Answered: 60 Skipped: 0

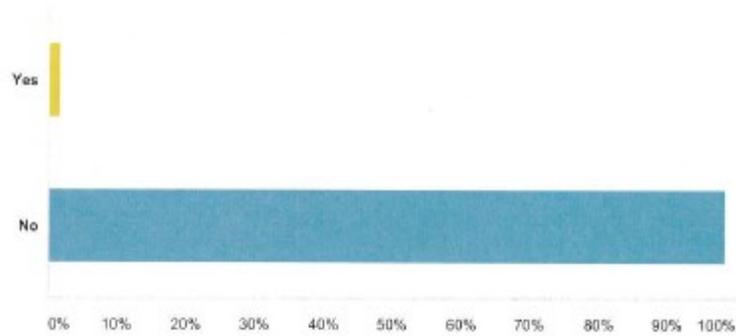


Answer Choices	Responses	
Yes	96.67%	58
No	3.33%	2
<b>Total</b>		<b>60</b>

**Q9 Do company credit cards allow for cash withdrawals?**

Answered: 60 Skipped: 0

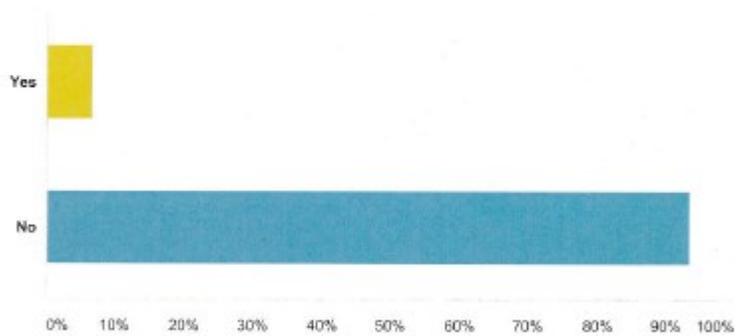
### Internal Controls Questionnaire



Answer Choices	Responses	
Yes	1.67%	1
No	98.33%	59
<b>Total</b>		<b>60</b>

### Q10 Does the company have debit cards?

Answered: 60 Skipped: 0

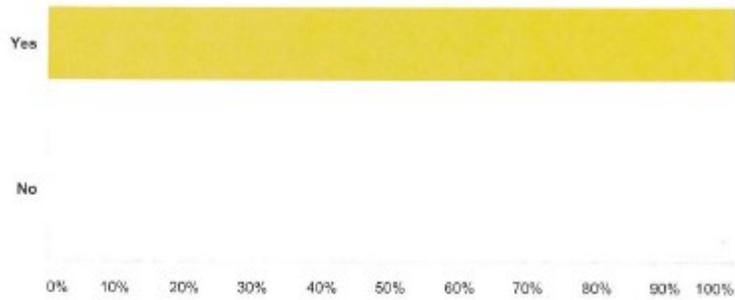


Answer Choices	Responses	
Yes	6.67%	4
No	93.33%	56
<b>Total</b>		<b>60</b>

### Q11 Are the checks kept in a secure area?

Answered: 60 Skipped: 0

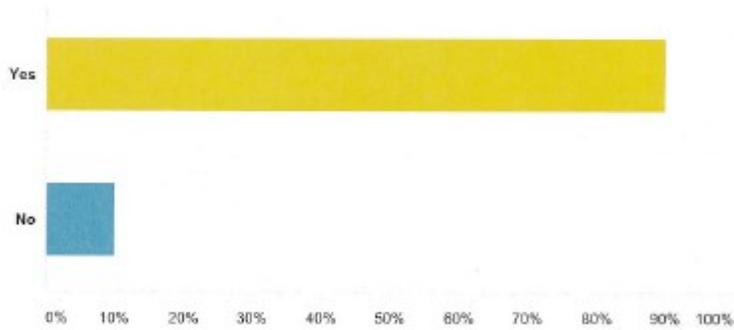
### Internal Controls Questionnaire



Answer Choices	Responses	Count
Yes	100.00%	60
No	0.00%	0
<b>Total</b>		<b>60</b>

### Q12 Are checks cross referenced to vouchers?

Answered: 60 Skipped: 0

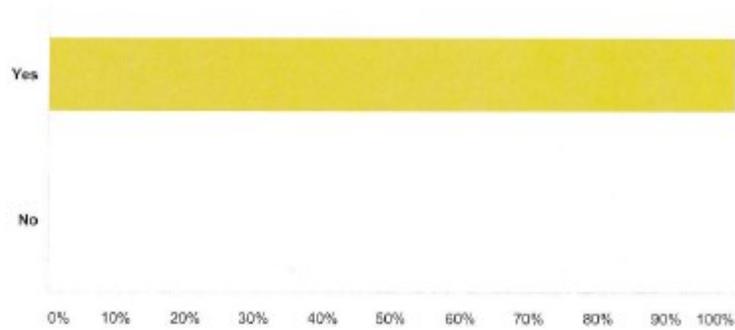


Answer Choices	Responses	Count
Yes	90.00%	54
No	10.00%	6
<b>Total</b>		<b>60</b>

### Q13 Are bank accounts reconciled monthly?

Answered: 60 Skipped: 0

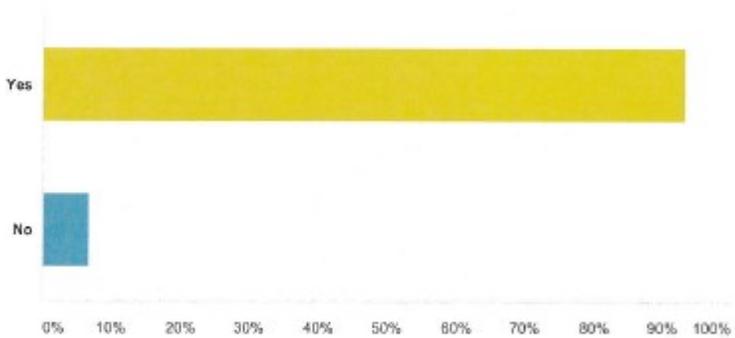
### Internal Controls Questionnaire



Answer Choices	Responses	Count
Yes	100.00%	60
No	0.00%	0
<b>Total</b>		<b>60</b>

### Q14 Are bank accounts and check signers reviewed and authorized by the board at least annually?

Answered: 60 Skipped: 0

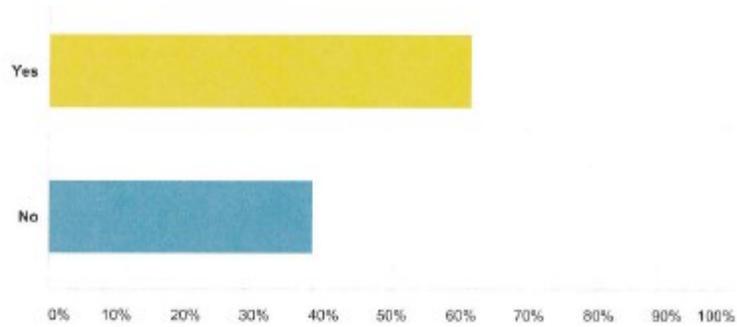


Answer Choices	Responses	Count
Yes	93.33%	56
No	6.67%	4
<b>Total</b>		<b>60</b>

### Q15 Do you have a receiving function to inspect, count, and inventory all materials and equipment?

Answered: 60 Skipped: 0

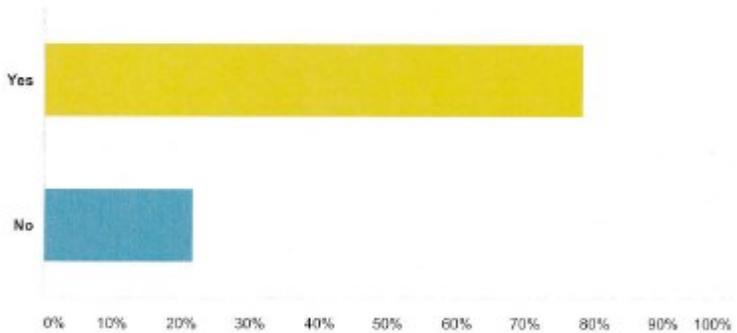
### Internal Controls Questionnaire



Answer Choices	Responses	
Yes	61.67%	37
No	38.33%	23
<b>Total</b>		<b>60</b>

### Q16 Are fuel logs maintained for each vehicle?

Answered: 60 Skipped: 0

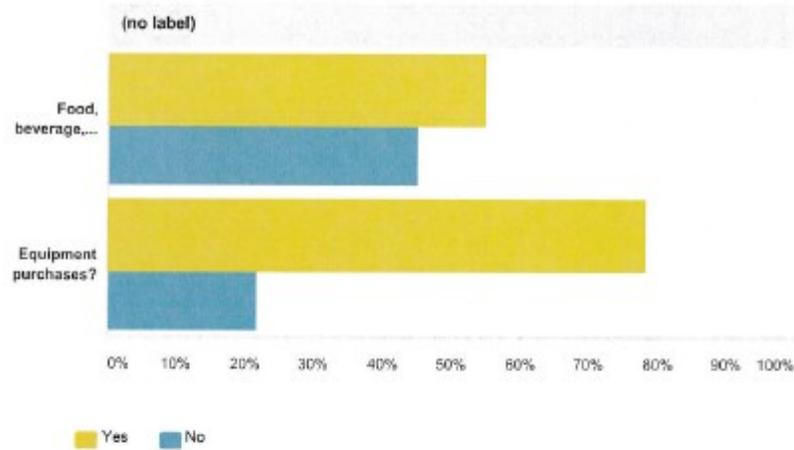


Answer Choices	Responses	
Yes	78.33%	47
No	21.67%	13
<b>Total</b>		<b>60</b>

### Q17 Is an inventory system maintained for:

Answered: 60 Skipped: 0

### Internal Controls Questionnaire



(no label)			
	Yes	No	Total
Food, beverage, alcohol purchases?	55.00% 33	45.00% 27	60
Equipment purchases?	78.33% 47	21.67% 13	60

### Q18 What method do you use to account for any cash taken in by your department?

Answered: 60 Skipped: 0

#	Responses	Date
1	Cash Transactions are kept in a safe until accounted for in QuickBooks and deposited into our account. The President of the company and the treasurer are responsible for the proper accounting of the funds.	2/21/2017 8:59 PM
2	Financial Secretary receipts it and then given to the treasurer to deposit it.	2/11/2017 10:14 PM
3	Cash register	2/11/2017 8:39 PM
4	Cash monies is given to Treasurer and passed on to Adm. Secretary for bank deposit.	2/10/2017 3:07 PM
5	Forms & signatures	2/10/2017 10:30 AM
6	Straight deposit	2/9/2017 8:21 PM
7	receipt book	1/1/2017 8:50 PM
8	Cash is counted, and recorded into the accounting system with those cash items kept locked in the Treasures Office. Deposits are made as soon as possible. Cash is counted at time of bank deposit to confirm amount is correct to the record of receipt or amount in the cash box.	12/14/2016 9:49 PM
9	All cash is turned to treasurer.	12/11/2016 2:38 PM
10	Treasurer has a log book that he updates	12/11/2016 10:54 AM
11	Deposits are recorded as cash	12/10/2016 2:04 PM
12	RECEIPT BOOK	12/9/2016 3:24 PM
13	Cash is counted by hall monitor which is Board of director then placed in safe and treasurer told amount/	12/9/2016 2:28 PM

## Internal Controls Questionnaire

14	Two signers for cash when the cash is placed in the locked box with the signatures being for both member having counted and assured that the amount is present. When the treasurer deposits, if a discrepancy is noted it shall be reported to the board of directors.	12/5/2016 7:18 PM
15	two counters	12/5/2016 2:28 PM
16	The only cash used in our department is start up bag when we have a function with a bar or an event that you pay to enter. The start up money is returned to the bag before counting any money brought in to the bar or from the door collections.	12/4/2016 3:59 PM
17	Treasurer & person who takes in cash double counts & cash is deposited	12/2/2016 2:23 PM
18	Treasurer records and deposits money with other involved members as witnesses	12/2/2016 1:07 PM
19	THE CHAIRMEN OF EACH COMMITTEE TURNS IN ALL CASH TO ASST TREASURER AND HE AND TREASURER DEPOSIT CASH AND KEEP THE RECORDS AND COMMITTEE CHAIR TURNS IN YEARLY REPORT TO SHOW ALL YEARLY TRANSACTIONS	12/1/2016 7:08 PM
20	Petty cash tracking form, reconciled with monthly cash deposit.	12/1/2016 1:51 PM
21	Have at least 2 individuals count and turn over to the President. A Deposit form is filled out explaining all transactions, once deposited a board member reviews before filing report.	12/1/2016 10:18 AM
22	Records kept by Treasurer in Excel and reported to accountant	12/1/2016 8:06 AM
23	Cash receipts are verified then turned over to the Treasurer for making deposits	11/30/2016 9:29 PM
24	Cash is received in vending machines counted by two people, money & form turned into admin. assistant to count & deposit. all other income is to be by check or money order.	11/30/2016 8:43 PM
25	Multiple People accountable for cash receipts	11/30/2016 6:13 PM
26	Money is counted by the committee receiving the funds and turned over to the treasure. The Treasure makes the deposit and supplies the committee a copy of the deposit. This is also reported to the company at the monthly meeting.	11/30/2016 9:49 AM
27	Bank DEPOSIT Slips verified by two or more persons	11/29/2016 7:19 PM
28	Receipt Book	11/29/2016 6:19 PM
29	Recorded by Treasure, reported to board, and verify by accountant monthly	11/29/2016 5:35 PM
30	We have a account for cash donations, and it gets log on our quick books program and receipt attached to the bank statement.	11/29/2016 4:46 PM
31	Money received is turned over to the treasurer and recorded by both he and the bookkeeper and deposited.	11/29/2016 3:31 PM
32	All cash taken in is counted by at least 2 persons, sometimes 3. Cash that is taken in during events is secured in a safe until deposited which is normally the next banking day.	11/29/2016 3:15 PM
33	The Committee Chairperson of the activity turns in the cash with totals from the activity that generated the cash. The Financial Secretary recounts the cash for accuracy and then deposits in the bank.	11/29/2016 2:43 PM
34	All funds received are turned into our Accountant	11/29/2016 6:33 AM
35	The Financial Secretary deposits, tracks and records all cash income and submits a report to the Board of Directors each month.	11/28/2016 12:41 PM
36	QuickBooks deposit system	11/28/2016 9:00 AM
37	Committee then Treasure count and write reports and submitted to the Board of Directors	11/25/2016 12:54 PM
38	Receipts are issued and reconciled monthly. Extremely low amount, if any, cash received monthly at our station.	11/25/2016 12:48 PM
39	Cash Is Recorded By The Secretary And Given To The Treasure	11/23/2016 11:46 AM
40	Receipts and deposit verification	11/22/2016 3:49 PM
41	Less than \$2,000 cash received on annual basis. Received and entered on the Deposit Register, source and amount verified and deposited by Treasurer	11/22/2016 8:41 AM
42	None	11/21/2016 8:37 AM
43	Three page receipt book one to person, one to company one to treasurer	11/20/2016 12:37 PM

## Internal Controls Questionnaire

44	Money Person counts with witness both sign a receipt. The money person then turns the money into the financial officer(ASAP)both count the money and receipt given.The money put in lock Secure Room or Safe and deposited in bank (ASAP) A report given to both the Board and Fire Company Membership.	11/18/2016 6:35 PM
45	A written receipt is issued.	11/18/2016 4:37 PM
46	Voucher System for each fund raising function with deposit slip attached	11/18/2016 11:30 AM
47	Counted by at least two members, receipt given (if applicable is hall rentals), amount given to treasurer for deposit with copy of receipt.	11/18/2016 8:05 AM
48	Minimal number of individuals are assigned to handle cash sales during an event under close supervision by the Treasurer. All monies are counted twice before taken to the bank for deposit. All large cash deposits are secured in a safe at the firehouse with only a few that have knowledge of the combination.	11/17/2016 10:28 PM
49	taken yo bank at conclusion of event	11/17/2016 10:56 AM
50	Cash taken in is accounted for by giving out a carbon copy from a pre numbered book and a copy is kept on file and there is to be no pagas removed from the fire house book. The cash is then deposited into a bank account. This process is in our written Financial Procedures.	11/16/2016 4:32 PM
51	Cash money for dues is received by the Financial Secretary recorded and sent to the Treasurer for Deposit. Hall function to include the bar are received by the 2nd Vice President and forwarded to the Treasurer for deposit. Donations are given to the Treasurer for deposit. Vending machine cash is collected by the Ways and Means manager and deposited in the PNC Checking account with a receipt given to the Treasurer. The Treasurer forwards all money to SC Associates for Deposit.	11/16/2016 11:59 AM
52	We have a receipt book were all cash transactions are accounted for. When the cash is relieved if the treasurer is to issue a receipt to that person for the cash relieved. A carbon copy is left in the receipt book.	11/16/2016 8:54 AM
53	Recorded in Quick books ledger as cash for deposit. Cash is only received through T shirt sales.	11/16/2016 8:33 AM
54	individual providing cash is issued receipt which carbon copy is maintained in receipt book. Treasurer issues receipt to staff member once cash is turned over to the Treasurer for deposit	11/15/2016 7:01 PM
55	Financial secretary and a Board member receive, count, verify and deposit said funds	11/15/2016 6:07 PM
56	Any cash taken in via boot drives ect are counted, logged, by 2 members and forward to the treasurer with a copy of said log placed in Presidents mail box. Cash brought in by way of raffle/tickets sales are logged by ticket numbers. Each member is responsible for his or her ticket numbers. Any online ticket sales are direct deposited directly to the bank with statements forward ed to the treasurer.	11/15/2016 5:18 PM
57	Incoming fund drive has 3 people opening all envelopes, cash if any is documented separately from all checks. All bar income is proven by both bartenders and hall manager. Inventory of all alcohol documents income for alcohol sales. All Funds are lldocumentated and locked in a secure place.	11/15/2016 4:56 PM
58	Is given to the Financial Secretary who records it than gives money to the Treasurer	11/15/2016 4:53 PM
59	Verification by multiple persons, electronic cash register for functions, and cash receipt registers	11/15/2016 4:17 PM
60	Very seldom handle cash and when we do we get recipes and signatures for all transactions	11/15/2016 4:01 PM

### Q19 What types of financial reports are given to the fire company board on a monthly basis?

Answered: 60 Skipped: 0

#	Responses	Date
1	The monthly bank statements are reviewed by the President of the Company and monthly a treasurer's report is given detailing all expenses for the month. These expenses are then approved by the company.	2/21/2017 6:59 PM
2	Our accountant sends. Full report- performance highlights Balance sheet for current year vs previous year YTD profit & Loss vs Budget YTD profit and loss vs previous year	2/11/2017 10:14 PM
3	Checks written with description and account code Deposit report Balance sheet Profit and loss Investment report Review of actual bank statements are also made available at each monthly board meeting	2/11/2017 8:39 PM

## Internal Controls Questionnaire

4	Income, expenses and balance remaining in the Board of Directors budget	2/10/2017 3:07 PM
5	Treasurer, President, Chief, Chief Engineer, Buildings/grounds, Communications spending & balances	2/10/2017 10:30 AM
6	Monthly expenses and previous month's balance of account	2/9/2017 8:21 PM
7	profit and losses report, detailed treasure report by account	1/1/2017 6:50 PM
8	Monthly income and expense reports are provided to members of the Board. Report also provides for monthly and year to date. Part of the report also provides for monthly and year to date budget comparisons.	12/14/2016 9:49 PM
9	Account balances and bills paid	12/11/2016 2:38 PM
10	Checks are announced on a monthly basis at the company meeting and approved for payment and so are the financial accounts and we received quarterly financial reports from our accountant	12/11/2016 10:54 AM
11	Balances and expenditures	12/10/2016 2:04 PM
12	checking, payroll, investment account	12/9/2016 3:24 PM
13	Budget, bills, Balance sheet, Hall and Bar reports	12/9/2016 2:28 PM
14	All account status and findings with account, including the long term investments. Additionally, a holdings report from our investment firm printed from their website. Finally a report of checks paid to include all bills and disbursements. A report is given when the quarterly review is made by the third party accounting firm on their findings.	12/5/2016 7:18 PM
15	prepared statements	12/5/2016 2:28 PM
16	The Treasurers report is reviewed monthly during our Regular company meeting and a copy of the report is to be provided to the Secretary for record.	12/4/2016 3:59 PM
17	Balance sheet, deposits, and expenditures monthly	12/2/2016 2:23 PM
18	Full report on bills, payments, income of various (ie. Ambulance, red light money, etc.)	12/2/2016 1:07 PM
19	BI WEEKLY TREASURE REPORT WHICH IS APPROVED BY DEPT MEMBERS	12/1/2016 7:08 PM
20	Board and Fire Company presented Balance Sheet, Profit and Loss and Checks over \$100 reports 2nd Monday of every month at meetings.	12/1/2016 1:51 PM
21	Reports supplied by our accounting firm. All transactions, account balances and investments are read at the company meeting and BOD meetings.	12/1/2016 10:18 AM
22	Complete detail of all expenditures to all Board members and general membership	12/1/2016 8:05 AM
23	Deposits and Expenditures for all Bank Accounts, Bank Reconciliations, Print Outs for our Investments Account	11/30/2016 9:29 PM
24	Cash flow balance sheet vendor expenses report Income statement	11/30/2016 8:43 PM
25	We provide financial monthly reports including income, expenses and accounts payable	11/30/2016 6:13 PM
26	The Company is read the Account balances, Income, and expenses statements. The Treasure also brings a copy of all checks written and the General Journal for the month so that any questions can be answered on the spot. This is also done at the Board of Directors monthly meeting. All books and supporting documents are available for member review at all times. Our company has our accountant (Luff and Associates) come in monthly to review all transactions and reconcile all bank/investment accounts. The accountant also reviews all company and board of directors meeting minutes to confirm all payments that have been made.	11/30/2016 9:49 AM
27	income and expense to membership bi weekly	11/29/2016 7:19 PM
28	Expenditures and income	11/29/2016 6:19 PM
29	Incomes, expenditures, deposits, payroll, budget balances, bank account info, investment balances	11/29/2016 5:35 PM
30	We have a bank book with all the originals bank statements for the review board to view. We have a report that has PO's that are over \$1,000 that is approved at the board meeting. Every board member gets a Balance sheet, Profit & Loss Budget VS. Actual, Expense Report.	11/29/2016 4:46 PM
31	Full financial report by a third party (not a member of the company)	11/29/2016 3:31 PM
32	A detailed financial report is presented to the Board of Directors each month at the monthly board meeting. The report covers the previous months activity. Each month, the BOD also receives a current investment Report from our Investment Advisor.	11/29/2016 3:15 PM
33	Monthly Bank Reconciliation Reports are submitted to each regularly scheduled company monthly meeting.	11/29/2016 2:43 PM
34	All bank statements, financial statements, and budget reports (from Accountant)	11/29/2016 6:33 AM

## Internal Controls Questionnaire

#	Responses	Date
1	Farmington Vol. Fire Co.	2/21/2017 6:59 PM
2	Cranston Heights station 14	2/11/2017 10:14 PM
3	Mill Creek Fire Company	2/11/2017 8:39 PM
4	Carlisle Fire Company, Inc.	2/10/2017 3:07 PM
5	Ellendale	2/10/2017 10:30 AM
6	Gumbaro Volunteer Fire Company	2/9/2017 8:21 PM
7	Greenwood fire co.	1/1/2017 6:50 PM
8	Aetna Hose, Hook and Ladder Company	12/14/2016 9:49 PM
9	Belvedere Fire Company	12/11/2016 2:38 PM
10	Delaware City	12/11/2016 10:54 AM
11	Elsmere	12/10/2016 2:04 PM
12	Wilmington Manor Volunteer Fire Co. Inc.	12/9/2016 3:24 PM
13	Volunteer Hose Company of Middletown	12/9/2016 2:28 PM
14	Citizens' Hose Company No. 1 Inc	12/5/2016 7:18 PM
15	Memorial Vol Fire Co	12/5/2016 2:28 PM
16	Marydel Vounteer Fire Co Inc,	12/4/2016 3:59 PM
17	Houston Volunteer Fire Company	12/2/2016 2:23 PM
18	Seaford Volunteer Fire Department Incorporated	12/2/2016 1:07 PM
19	DELMAR FIRE DEPT INC	12/1/2016 7:08 PM
20	Bethany Beach Volunteer Fire Company	12/1/2016 1:51 PM
21	Good-Will Fire Co.	12/1/2016 10:18 AM
22	Little Creek Volunteer Fire Company	12/1/2016 8:06 AM
23	Felton Community Fire Company	11/30/2016 9:28 PM
24	Millsboro Fire Company	11/30/2016 8:43 PM
25	Milton Fire Department	11/30/2016 6:13 PM
26	Camden Wyoming Fire Company	11/30/2016 9:49 AM
27	Selbyville Volunteer Fire Co	11/29/2016 7:19 PM
28	Roxana	11/29/2016 6:19 PM
29	Port Penn	11/29/2016 5:35 PM
30	Christiana Fire Company	11/29/2016 4:46 PM
31	Georgetown Fire Co., Inc.	11/29/2016 3:31 PM
32	Harly Volunteer Fire Co.	11/29/2016 3:15 PM
33	Magnolia Vol Fire Co.	11/29/2016 2:43 PM
34	South Bowers Volunteer Fire Company	11/29/2016 6:33 AM
35	Harrington Fire Co. Inc.	11/28/2016 12:41 PM
36	Rehoboth Beach	11/28/2016 9:00 AM
37	Five Points Fire	11/25/2016 12:54 PM
38	Minquas Fire Company	11/25/2016 12:48 PM
39	laurel Fire Department Inc	11/23/2016 11:46 AM
40	Frederica Volunteer Fire Company	11/22/2016 3:49 PM

## Internal Controls Questionnaire

41	Talleyville Fire Company Inc.	11/22/2016 8:41 AM
42	Hockessin Fire Company	11/21/2016 8:37 AM
43	Townsend Fire Company	11/20/2016 12:37 PM
44	Holloway Terrace Volunteer Fire Co	11/18/2016 8:35 PM
45	Cheswold Volunteer Fire Co.	11/18/2016 4:37 PM
46	Clayton Fire Co, No. 1, Inc	11/18/2016 11:30 AM
47	Frankford Vol. Fire Co.	11/18/2016 8:05 AM
48	Bridgetown Vol. Fire Co., Inc.	11/17/2016 10:28 PM
49	Lewes	11/17/2016 10:56 AM
50	Leipsic	11/16/2016 4:32 PM
51	The Odessa Fire Company	11/16/2016 11:59 AM
52	Mingusdale Fire Company	11/16/2016 8:54 AM
53	Robbins Hose Company of Dover	11/16/2016 8:33 AM
54	Milville Vol Fire Company	11/15/2016 7:01 PM
55	Claymont	11/15/2016 8:07 PM
56	Blades Volunteer Fire Co	11/15/2016 5:18 PM
57	Brandywine Hundred Fire Company No. 1	11/15/2016 4:58 PM
58	Bowers Fire Company, Inc	11/15/2016 4:53 PM
59	Indian River Volunteer Fire Co., Inc.	11/15/2016 4:17 PM
60	DAGSBORO	11/15/2016 4:01 PM

## Q21 County

Answered: 60 Skipped: 0

#	Responses	Date
1	Kent	2/21/2017 6:59 PM
2	New Castle	2/11/2017 10:14 PM
3	New Castle	2/11/2017 8:39 PM
4	Kent	2/10/2017 3:07 PM
5	Sussex	2/10/2017 10:30 AM
6	Sussex	2/9/2017 8:21 PM
7	sussex	1/1/2017 6:50 PM
8	New Castle	12/14/2016 9:49 PM
9	New Castle County	12/11/2016 2:38 PM
10	New Castle County	12/11/2016 10:54 AM
11	New castle	12/10/2016 2:04 PM
12	New Castle	12/9/2016 3:24 PM
13	New Castle County	12/9/2016 2:28 PM
14	Kent	12/5/2016 7:18 PM
15	Sussex	12/5/2016 2:28 PM

### Internal Controls Questionnaire

16	Kent	12/4/2016 3:59 PM
17	Kent	12/2/2016 2:23 PM
18	Sussex	12/2/2016 1:07 PM
19	SUSSEX	12/1/2016 7:08 PM
20	Sussex	12/1/2016 1:51 PM
21	New Castle	12/1/2016 10:18 AM
22	Kent	12/1/2016 8:06 AM
23	Kent	11/30/2016 9:29 PM
24	Sussex	11/30/2016 8:43 PM
25	Sussex	11/30/2016 6:13 PM
26	Kent	11/30/2016 9:49 AM
27	Sussex	11/29/2016 7:19 PM
28	Sussex	11/29/2016 6:19 PM
29	New Castle	11/29/2016 5:35 PM
30	New Castle	11/29/2016 4:46 PM
31	Sussex	11/29/2016 3:31 PM
32	Kent	11/29/2016 3:15 PM
33	Kent	11/29/2016 2:43 PM
34	Kent County	11/29/2016 6:33 AM
35	Kent	11/28/2016 12:41 PM
36	Sussex	11/28/2016 9:00 AM
37	New Castle County	11/25/2016 12:54 PM
38	New Castle	11/25/2016 12:48 PM
39	Sussex	11/23/2016 11:46 AM
40	Kent	11/22/2016 3:49 PM
41	New Castle	11/22/2016 8:41 AM
42	New Castle	11/21/2016 8:37 AM
43	New Castle County	11/20/2016 12:37 PM
44	New Castle	11/18/2016 6:35 PM
45	Kent	11/18/2016 4:37 PM
46	Kent	11/18/2016 11:30 AM
47	Sussex	11/18/2016 8:05 AM
48	Sussex	11/17/2016 10:28 PM
49	sussex	11/17/2016 10:56 AM
50	Kent	11/16/2016 4:32 PM
51	New Castle	11/16/2016 11:59 AM
52	New Castle	11/16/2016 8:54 AM
53	Kent	11/16/2016 9:33 AM
54	Sussex	11/15/2016 7:01 PM
55	New Castle County	11/15/2016 6:07 PM
56	Sussex	11/15/2016 5:18 PM

## Internal Controls Questionnaire

57	New Castle	11/15/2016 4:56 PM
58	Kent	11/15/2016 4:53 PM
59	Sussex	11/15/2016 4:17 PM
60	Sussex	11/15/2016 4:01 PM

### Q22 Your name

Answered: 60 Skipped: 0

#	Responses	Date
1	Jon Gallo	2/21/2017 6:59 PM
2	Lester Collazo	2/11/2017 10:14 PM
3	Jon Stewart, President	2/11/2017 8:39 PM
4	Charles Coverdale, Treasure	2/10/2017 3:07 PM
5	Gerald Webb (Jr.)	2/10/2017 10:30 AM
6	Robin Smith	2/9/2017 8:21 PM
7	Phillip Vannicola	1/1/2017 6:50 PM
8	Jerry L. Daniels	12/14/2016 9:49 PM
9	Terrance M Clark	12/11/2016 2:38 PM
10	Waldemar W. Poppe Jr.	12/11/2016 10:54 AM
11	Ken Dunn	12/10/2016 2:04 PM
12	Michael Shaw	12/9/2016 3:24 PM
13	Kevin B. Reinike	12/9/2016 2:28 PM
14	Jonathan Rutledge	12/5/2016 7:18 PM
15	William Tobin	12/5/2016 2:28 PM
16	Randy Barr	12/4/2016 3:59 PM
17	Frank Martine	12/2/2016 2:23 PM
18	Harry Mulrine	12/2/2016 1:07 PM
19	ANDREW REMENTER	12/1/2016 7:08 PM
20	Heather Murphy	12/1/2016 1:51 PM
21	Thomas Clayton	12/1/2016 10:18 AM
22	Ken Frazier	12/1/2016 8:08 AM
23	Ken Ryder, Treasurer	11/30/2016 9:29 PM
24	Ray C. Burton	11/30/2016 8:43 PM
25	Dennis J. Hughes	11/30/2016 6:13 PM
26	Matthew Brown	11/30/2016 9:48 AM
27	Doug Hudson	11/29/2016 7:19 PM
28	Todd Marvel	11/29/2016 6:19 PM
29	Amy Trowbidge	11/29/2016 5:35 PM
30	Sandy M. Ingram John Saville President	11/29/2016 4:46 PM
31	Lewis W. Briggs, III	11/29/2016 3:31 PM

## Internal Controls Questionnaire

32	J. Allen Metheny, Sr.	11/29/2016 3:15 PM
33	Herb Samans, Jr	11/29/2016 2:43 PM
34	John M (Jack) Potter	11/29/2016 6:33 AM
35	William D. Brode - President	11/28/2016 12:41 PM
36	Theodore J Doyle	11/28/2016 9:00 AM
37	Francis Williams	11/25/2016 12:54 PM
38	C Clifton	11/25/2016 12:48 PM
39	William Hearn	11/23/2016 11:46 AM
40	Stephen White	11/22/2016 3:49 PM
41	Jeffrey P Miller	11/22/2016 8:41 AM
42	Dan Carrier	11/21/2016 8:37 AM
43	Leonard Wallace Jr	11/20/2016 12:37 PM
44	Thomas M Gott Jr "Mark"	11/18/2016 6:35 PM
45	George J. Pyott, Jr.	11/18/2016 4:37 PM
46	James L. Cubbage, Jr	11/18/2016 11:30 AM
47	Robbie Murray	11/18/2016 8:05 AM
48	Peter D. Stephens, Treasurer	11/17/2016 10:28 PM
49	bryan pepper	11/17/2016 10:56 AM
50	Dwayne Seeley	11/16/2016 4:32 PM
51	Greg Schulze	11/16/2016 11:58 AM
52	Matt Martin	11/16/2016 8:54 AM
53	Terry M. Whitham	11/16/2016 8:33 AM
54	Velicia Nelson	11/15/2016 7:01 PM
55	Thomas DiCristofaro	11/15/2016 6:07 PM
56	Todd Reilly	11/15/2016 5:18 PM
57	Richard T. Perillo	11/15/2016 4:56 PM
58	Bryan Jackson, Sr	11/15/2016 4:53 PM
59	Patrick C. Miller	11/15/2016 4:17 PM
60	Todd McCabe	11/15/2016 4:01 PM

### Q23 Contact phone number

Answered: 00 Skipped: 0

### Q24 Contact email address

Answered: 00 Skipped: 0

# APPENDIX F

## Recommendations for Internal Control Best Practices

### **Officers/Board of Directors**

- The roles and responsibilities of each position should be documented and a copy provided to each member upon being elected or appointed to a position.

### **Committees**

- Committees should be established to assist in the oversight of business processes such as budgeting, investing, fundraising, hall rentals, etc.

### **Budgetary Accounting Software**

- It is highly recommended that the software program used be one that is easy to learn and widely recognized so that help and assistance materials are available from a variety of sources.
- If your agency does not have this type of software, consider QuickBooks.

### **Budget**

- A Budget Committee should be established and assigned the responsibility of developing the annual budget.
- The budget should account for all areas of income and expense, and provide enough detail for appropriate analysis of responsibility areas such as:
  - Administrative
  - Utilities
  - Trustees – Building, etc.
  - Vehicles – maintenance and operation
  - Firefighting – equipment and supplies
  - Ambulance – equipment and supplies
  - Social Hall
  - Entertainment
  - Debt
- The annual budget should be reviewed and approved by the Board of Directors and/or Company membership.

## **Bank Accounts**

- All bank accounts (including certificates of deposit (CD), petty cash, investment, and savings accounts) shall have at least two authorized signers.
- Bank statements should be mailed directly to the Company.
- If account activity is conducted online, at least two (2) authorized individuals, who are not related, should have access and separate login credentials.
- All accounts should be reviewed and updates to authorized signers should be made at least annually.

## **Investments**

- An Investment Committee should be established and assigned the responsibility of monitoring all investment accounts.
- The Investment Committee should provide monthly reports that consist of at least a Balance Sheet which shows the current fair market value, and/or a Profit and Loss Statement which shows gains and losses for the month.

## **Transfers**

- The transfer of funds between accounts should be approved by the Board of Directors and/or Company membership and recorded in the minutes.
- A signed and authorized Transfer Form should be completed when the transfer is initiated.

## **Loans and Commitments**

- No member of the Company is permitted to obligate the Company unless expressly approved by the Board of Directors and/or Company membership.

## **Capital Assets**

- A record of all buildings, vehicles, equipment, and repairs should be maintained and reviewed/updated annually by the Board of Directors.
- All capital assets should be recorded and depreciated in the accounting software/program.

## **Inventory**

- Purchases and shipments should be compared to receipts or purchase orders to ensure that all items were received.
- Logs for equipment or capital assets should be updated when new items are received.
- Fuel logs should be maintained for all vehicles and, if applicable, reconciled to fuel or credit card transactions.

## **Checks**

- All checks must be signed by two (2) authorized unrelated individuals.
- Signature stamps should not be used.
- Blank checks should be stored in a secure location, such as a lock room or drawer, and access limited to only those with check writing responsibilities.

## **Credit Cards**

- Credit cards should not allow for cash withdrawals.
- Issuance of credit cards should be limited to only those members and officers with a legitimate business need, such as:
  - Fire Chief
  - President
  - Vice President
  - Secretary
  - Other roles assigned the responsibility of purchasing
- Card limits should be set based on the role each cardholder.
- Receipts for purchases should be turned in to the Treasurer or Financial Secretary and be accompanied by a Purchase Order, or similar purchase tracking form, and include a description of the purchase, its intended use/ purpose, and the budget account the purchase was made from.

## **Debit Cards**

- Debit cards should not be used or issued.

## **Purchases**

- Purchase limits should be established which require advanced approval from the Board of Directors and/or Company membership for purchases exceeding that limit (*ie*; \$3,000.00).
- Support should be maintained for all expenditures (*ie*; invoices, receipts, purchase orders, approvals/ authorizations, etc.), and reconciled to the monthly statements.

## **Cash Advances/Reimbursements**

- Cash advances should be limited, but if determined necessary, they should be approved by the Board of Directors and recorded in the minutes.
- Authorizations/approvals and support documentation (*ie*: receipts, invoices, etc.) should be obtained for all cash advances or reimbursements.

## **Payroll**

- Documentation should be maintained on all employees and include IRS Forms I-9 and W-4, as well as any additional annual tax forms.
- Payroll transactions should be recorded each pay period.

## **Outside Contractors**

- 1099 Forms should be issued to any contractors or other persons paid by the Company that is not an employee of the Company.

## **Reconciliations**

- All bank statements and credit card statements should be reviewed and reconciled monthly by at least one (1) authorized individual who is not an authorized signer.

## **Reporting**

- The Treasurer shall provide a monthly report to the Board of Directors and/or Company membership to include at least:
  - Reports of Income and Expense with comparison to Budget
  - Copy of Bank Statements
  - Copy of Bank reconciliation approved by authorized reconciler
  - Listing of all transactions processed in accounting period

## **Revenues/Billing**

- Cash receipts should be deposited in a timely manner.
- Separate individuals should be responsible for making and recording deposits.
- Income should be recorded to the appropriate budget account.
- Billing accounts should be reviewed monthly to ensure that amounts received have been deposited.

## **Insurance**

- The Company should purchase insurance policies to protect itself against losses.
- The purchase of insurance policies that specifically cover fraud, theft, and embezzlement is highly recommended.

# APPENDIX G

## Recommendations for Reporting and Compliance

1. Review level report is provided and reviewed by State Fire Prevention Commission annually.
2. Those reviewing the report submissions must receive training and education on interpreting the reports and then deciding the best course of action.
3. If the report contains any recommendations, the Commission can then decide to accept the report, or require an Agreed-Upon Procedures (AUP) or Opinion Audit be performed.
4. If an AUP is required, the procedures will be provided by the State Auditor.
5. The fire company has 30 days from the date of notification by the State Fire Prevention Commission of additional audit requirements to provide the contact information of the auditor or firm that will be performing the audit. If not provided, the Commission will then hire a firm to perform the audit at the cost of the fire company.
6. The State Fire Prevention Commission has the right to recommend State monies be withheld from any fire company that does not comply with the reporting requirements.

# APPENDIX H

February 2, 2017

The Delaware State Fire School (DSFS) continues to provide and has provided over the years a number of programs that address the management of a fire company. These include programs that address both the management of personnel and financial management. Previous classes included the Fire Company Management Series. Classes included budget and planning, communications, conducting meetings, and managing people. These programs were replaced with the National Fire Academy Leadership series programs. Currently, the Fire Officer Programs include budget development, the budget process, policies and procedures of administrative duties, purchasing process and the development of a company budget.

After a review of the recommendations for Internal Control Best Practices, the State Fire Prevention Commission and the Delaware State Fire School feel that the recommendations are vital to the operation of a Fire Company, or any company. This would provide the necessary information in one program, allowing DSFS current programs to continue as written. For those companies that currently have policies and procedures in place, the program would serve as a review and provide the necessary training for newly elected officers to fully understand the financial operations of their company and the information they could expect to receive.

The State Fire Prevention Commission and the Delaware State Fire School recommend the following for the development and delivery of a program:

## Internal Control Best Practices

**Objective:** To provide the Elected and Appointed Officers of a Delaware Fire Company a detailed understanding of their roles, responsibilities, and to ensure that proper procedures are established ensuring the proper financial management of the Company.

**Audience:** Elected or Appointed Officer of a Fire Company

**Length of lesson:** Three Hours

**Location:** Scheduled at the three DSFS Divisions in January yearly.  
Offered in-service (at a requesting Company's Station)

**Instructor:** Fire Service II Instructor with a background and knowledge of financial operations.  
An individual with a background as an auditor, CPA, or a Company Financial Officer.

**On-line offering:** After an initial offering in a classroom session provide as an on-line class.

The Delaware State Fire School will develop in the Student Record Keeping System a method of indicating that a person attended the Internal Control Best Practices Program and date attended. Included will be attendance record of last refresher class attended. This information will be able to be provided in report form, from information in the Training Recognition Program area.

Also a report could also be run at the company level indicating members attending the training over a specified period.

Included in the initial program will be handouts to support the teaching points.

- A checklist of the recommended best practices.
  - This checklist would allow the President, Treasurer and other officers to review the company's current operation and identify strengths and areas requiring improvement.
  - This checklist could be completed, signed and filed with the review report yearly with the State Fire Prevention Commission.
- A list of recommended accounting software.
  - Recommended training for users of software.
- Investments
  - Additional training recommendations on how to select and work with an investment firm.
- Payroll
  - Additional information for those companies who perform their own payroll.
- Outside Firms for Payroll and/or Accounting activities
  - A list of best practices and information expected from the firm
  - Having the requirements in writing with the firm.
- Recommendations for the use of Purchase Orders
  - How to make this work recommendations.

After approval, the Delaware State Fire School will develop the program within 60 days and pilot the program within an additional 60 days. By the 2017 Conference, a preview of the program will be available to the Delaware fire service for full offerings beginning October 1, 2017. The 2018 course schedule will reflect the course offerings at DSFS beginning in January 2018.