Welcome to the NVFC’s Train Strong Webinar Series.

Today’s webinar is “Preventing Monetary Theft in Your Fire/EMS Department.”
The National Volunteer Fire Council (NVFC) is the leading nonprofit membership association representing the interests of the volunteer fire, EMS, and rescue services. The NVFC serves as the voice of the volunteer in the national arena and provides invaluable resources, programs, education, and advocacy for first responders across the nation.

NOT A MEMBER? Visit nvfc.org/join-nvfc today and you will be eligible for a wide range of benefits including insurance, training, special member promotions, and more!
Our Presenters: David Denniston and Katherine Niver

David Denniston – Director of Risk Management for McNeil and Company’s Emergency Services Insurance Program

Katherine Niver, M.A. – Resource Manager for McNeil and Company’s Risk Management team
Current Headlines

“Fire Chief charged with misuse of $20,000 of department funds” July 2014

AP audit finds severe misappropriation within fire department

DA: Duo embezzled $105K from volunteer fire department

“Former Fire Department district chief found guilty on larceny, fraud charges” Feb. 2016

Five Ways to Recognize and Help Prevent Theft

When reviewing your organization’s finances, ask yourself these five things.
KEY QUESTIONS TO ASK:

• Who handles your organization’s funds and how well do you know them?

• Who has access to bank accounts, checkbooks, or any other assets?
Who does what in your organization?

**WHO**
- TREASURER (Financial Officer)
- ORGANIZATION OFFICER(S)
- ORGANIZATION BOARD

**Segregation and Duplication**
What is Theft of Funds and what does it involve?

- Embezzlement
- Misappropriation
- Fraud
- Larceny
Opportunity

- Limited checks and balances
- Unrestricted access to organizational funds
- Established level of trust
Pressure

- Financial hardships
- Loss of a job
- “Keeping up with the Jones’s”
- Large amounts of debt
Rationalization

• “I’m just borrowing the money, I’ll put it back before anyone notices”

• “I deserve more for all that I do”

• “They don’t pay me enough”

• “There is so much here no one will miss a few dollars”
Where can you look to monitor your organization’s funds?

- Monthly Reports
- Receipts/Goods
- Federal Tax Forms
Things to look for:

✓ Beginning balance matches previous months ending balance

✓ Account balances make sense

✓ Check numbers should correlate and accounted for from month to month

✓ Reports should have a standardized format and layout
Receipts and Goods Things to look for:

✓ Approved payments match items received

✓ Items received were what was initially approved for purchase

✓ Simply making sure things add up

✓ Submitting receipts to the treasurer for all purchase, including credit card purchases
Things to look for:

- Know whether or not your organization is registered with the IRS as a Certified 501c3 or 501c4 organization

- Review your organization’s IRS-990 form (applies to 501c3 designations)

- Compare current year to years past to ensure that amounts are accurately represented from year to year
Why should you care?

- Loss of Public Trust
- Loss of Member Trust
- Financial Hardships
Loss of Public Trust

- Increased scrutiny
- Loss of financial support
- Guarded attitudes
Financial Hardships

- Decreased operational abilities
- Inability maintain equipment, gear, apparatus, etc.
- No longer able to provide benefits for membership
- No longer able to provide services to the public
Loss of Member Trust

- Mistrust amongst members
- Uncomfortable work environment
- No longer able to provide a unified team to help provide service to the public
- Lower membership morale
“Integrity is doing the right thing even when no one is watching.”

C.S. Lewis
Duty Layout & Timing

- Daily
- Monthly
- Annually
- Special Events
Daily

Check the Mail

Deposits

Create a log of all incoming:
- Money Received (Checks/Cash)
- Bills
- Notices

- All money should be deposited in a timely manner after receiving it (1-2 days)
- Checks received in the mail should immediately marked “For Deposit Only”
<table>
<thead>
<tr>
<th>DATE</th>
<th>NAME</th>
<th>ADDRESS-_SENDER</th>
<th>ITEM_DESCRIPTION</th>
<th>ADDRESSED TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/02/16</td>
<td>John Smith</td>
<td>1234 Fireman Lane Cortland, NY 13045</td>
<td>Donation Check Check # 202, $500.00 Marked “For Deposit Only”</td>
<td>Chief Brown</td>
</tr>
<tr>
<td>01/03/16</td>
<td>ABC Power Company</td>
<td>112 Electric Way Power City, NY 11345</td>
<td>Monthly Bill Statement Marked Received</td>
<td>Sample Fire Department</td>
</tr>
<tr>
<td>01/04/16</td>
<td>ABC Bank</td>
<td>3963 Money St. Cortland, NY 13045</td>
<td>*Monthly Bank Statement</td>
<td>Sample Fire Department</td>
</tr>
</tbody>
</table>

Important:
Any bank statements or credit-card statements need to remain sealed until passed along to officer in charge of reconciling!
Do NOT deposit organization funds into your personal account with the intent of transferring them into the Organization Account.
Monthly Reconciling Accounts

Prepare Monthly Reports

Prepare Bills for Payment

✓ This should be done by someone other than the treasurer, such as a Board Member/Chief/Officer

✓ Monthly Reports should follow a standard format
✓ Three types of Reports can be used
  • Treasurer Report
  • Income vs. Expense
  • Budget vs. Actual

✓ Bills and vouchers for payment should be prepared for approval by Organization Board
✓ Have checks for payment prepared to obtain 2 signatures to issue payment.
Reconciling Bank Accounts:

✓ Have all incoming cash/checks received been noted in the ledgers, deposit slips filed, and written receipt filled out?
✓ Have copies of checks been returned from bank with the statement?
✓ Are there two signatures on each check?
✓ Do the check amounts match the approved amount from the last month’s meeting minutes?

Remember:
The person reconciling the bank accounts should not be the treasurer. Rather another officer or organizational board member who has the ability to recognize any abnormalities in statements.
Monthly Reports:

Treasurer’s Report

Income vs. Expense

Budget vs. Actual
(Organization)
Treasurer’s Report
(Date)

1.) Bank Balances as of (date)
   - Insert name of bank accounts: (Accounts below are listed as examples)
     - Operating Account: $123,456.00
     - Grant Account: $780,101.00
     - Money Market Account: $111,213.00
     - $1,025,770.00

2.) Debt Listing: (Debts listed below are shown as examples)
   - NYS Dept. of State: next payment due: 01/01/2017
     - Remaining Balance: $69,003.00
   - ABC: next payment due: 06/06/2017
     - $50,001.00
   - XYZ Bond: next payment due: 12/12/2017
     - $75,456.00
     - $194,460.00

3.) Vouchers to be paid: (List all vouchers for payment)
   - $3,500.00
   - List of Checks (Checks listed below are shown as examples)
     - Check #: Vendor: Amount:
       - 1001: Service Alert Systems Inc. $500.00
       - 1002: Fire Chiefs Association $600.00
       - $1,100.00

4.) Payroll Checks: (Names and check numbers listed below are shown as examples)
   - 2001: John Smith
     - $200.00
   - 2002: Bill Joe
     - $150.00
   - 2003: June Doe
     - $300.00
     - $650.00

5.) Monthly Income: (Incomes listed below are shown as examples)
   - Fee from Services
     - $6,000.00
   - Annual Calendar Drive
     - $7,500.00
   - Pool Fees
     - $7,000.00
     - $13,500.00

Attachments:
- Income & Expense Detail
- Budget vs. Actual

Respectfully Submitted,

[Insert Name]
## Income vs. Expense

### Income:

<table>
<thead>
<tr>
<th>Type</th>
<th>Date</th>
<th>Name</th>
<th>Memo</th>
<th>Amount</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Income/Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>310000 · Revenue - All Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>310200 · Town of Sample</td>
<td>Deposit</td>
<td></td>
<td>2016 Tax Levy</td>
<td>232,000.00</td>
<td>232,000.00</td>
</tr>
<tr>
<td>Total 310200 · Town of Sample</td>
<td>Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>310210 · Hall Rental</td>
<td>Deposit</td>
<td></td>
<td>Deposit</td>
<td>300.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Total 310210 · Hall Rental</td>
<td>Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>310230 · Fire Services</td>
<td>Deposit</td>
<td></td>
<td>Reimburse for services - Elmo Fire Co.</td>
<td>532.88</td>
<td>532.88</td>
</tr>
<tr>
<td>Total 310230 · Fire Services</td>
<td>Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>232,832.88</td>
<td>232,832.88</td>
</tr>
</tbody>
</table>
## Income vs. Expense

### Expense:

<table>
<thead>
<tr>
<th>Type</th>
<th>Date</th>
<th>Num</th>
<th>Name</th>
<th>Memo</th>
<th>Amount</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>420000 · New Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>420700 · Other Equipment</td>
<td>02/17/2016</td>
<td>9107</td>
<td>Global Industry</td>
<td>Heavy Duty Hangers</td>
<td>178.50</td>
<td></td>
</tr>
<tr>
<td>Total 420700 · Other Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>178.50</td>
<td>178.50</td>
</tr>
<tr>
<td>420000 · New Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 420000 · New Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>178.50</td>
<td>178.50</td>
</tr>
</tbody>
</table>
### Actual vs. Budget

Should include:

<table>
<thead>
<tr>
<th>Total</th>
<th>420000 · New Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1 - Apr 3, 16</td>
<td>178.50</td>
</tr>
<tr>
<td>Budget</td>
<td>51,989.00</td>
</tr>
<tr>
<td>$ Over Budget</td>
<td>-51,810.50</td>
</tr>
<tr>
<td>% of Budget</td>
<td>0.34%</td>
</tr>
</tbody>
</table>
Prepare Bills for Payment

✓ Prepare a voucher or purchase order for purchases/bills received and ready for payment

✓ Once approved, prepare the check for two signatures
Both internal and external audits are an integral part of monitoring your organization’s funds. Follow the link to see how your organization can utilize audits.

Training is a large part of Emergency Service Organization operations, follow the link to see how training can be a useful tool in protecting your funds.
REMEMBER
Audits are not the fail proof answer to preventing theft!
Training

• Annual Review for ALL members
  • Review financial responsibilities surrounding special events

• Annual Training for Officers who handle organizational funds
  • Some states have specific training for Treasurers/Financial Officers
Q&A Session
Post-webinar thoughts or questions?

VOLUNTEERVOICES.NVFC.ORG

Or contact Caroline Stachowiak at: caroline@nvfc.org
THANK YOU!

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