





# NORTHERN WAKE FIRE DEPARTMENT

## STANDARD OPERATING PROCEDURES

<b>TITLE:</b> Internal Financial Controls	<b>SECTION/TOPIC:</b> GENERAL ADMINISTRATION
<b>NUMBER:</b> 100-3	<b>ISSUE DATE:</b> 7/1/17
<b>REVISION DATES:</b>	<b>APPROVED BY:</b>  Gary Vickerson  <hr/> <b>PRESIDENT – BOARD OF DIRECTORS</b>  Tim Pope  <hr/> <b>FIRE CHIEF</b>

### I. PURPOSE

- A. The purpose of this Standard Operating Procedure is to ensure that the organization's financial controls are sound and consistent with standard principles of accounting and auditing, to ensure that the Corporate Board is aware of the financial status of the organization and the effects of various pending and completed financial actions, and to ensure a high level of organizational financial accountability for both internal and external stakeholders.

### II. SCOPE

- A. This Standard Operating Procedure applies to all members of the organization, particularly those tasked with the following responsibilities:
1. Financial Reporting
  2. General Ledger / Accounting Functions
  3. Payroll and Accounts Payable
  4. Budgeting and Forecasting
  5. Treasury and Cash Management
  6. Audit and Policy Compliance

### III. PROCEDURE

- A. The organization has various levels of management in place to ensure separation of financial duties and accountability.
- B. These levels of management consist of a Corporate Board, Fire Chief and an Administrative Assistant who manages the day-to-day accounting responsibilities.
- C. The Corporate Board, the Fire Chief, and the Administrative Assistant interact regularly, ensuring compliance with standard audit/accounting practices and policies.

#### **IV. FINANCIAL REPORTING**

- A. Monthly, the Administrative Assistant prepares a Financial Report that demonstrates financial activities for the prior month.
- B. Included in the Financial Report are the following documents:
  - 1. Budget vs. Actual Financial Report
  - 2. Balance Sheet
  - 3. Cash Flow Report
  - 4. Investment Summary Report
  - 5. Bank Statements
- C. The Administrative Assistant reviews the Financial Report with the Fire Chief.
- D. Copies of the Financial Report are provided to each member of the Corporate Board at least three days prior to the monthly meeting of the Corporate Board.
- E. A meeting of the Corporate Board is held at 7:00pm on the third Monday of each month.
- F. At the monthly meeting of the Corporate Board, the members review and discuss the Financial Report and vote to either approve or reject it.
- G. In addition to the Financial Report, the Administrative Assistant prepares a monthly Check Register for Accounts Payable and Payroll.
- H. The Check Register, along with a monthly report of Journal Entries and Reconciled Bank Statements, is provided to the Treasurer of the Corporate Board for his/her review.

#### **V. GENERAL LEDGER/ACCOUNTING**

- A. The Administrative Assistant posts entries to the General Ledger and completes various monthly work papers, bank reconciliations, maintenance, journal entries, and accruals/prepaid entries.

#### **VI. BUDGETING AND FORECASTING**

- A. The Administrative Assistant provides monthly year-to-date actuals for each budget line item along with a forecast for the remaining budget year and reviews these items monthly with the Fire Chief.
- B. The Administrative Team members are assigned specific programs and budget responsibilities by the Fire Chief.
- C. Part of the Administrative Team's responsibility is to evaluate assigned programs, identify funding inefficiencies, develop program enhancements, along with sound justifications and cost estimates.

- D. The annual budget development process begins with scheduled work sessions between members of the Administrative Team.
- E. The Fire Chief and Administrative Assistant attend County budget meetings, gathering insight and providing feedback on the upcoming year's funding priorities.
- F. The Administrative Team prepares a draft budget proposal for the upcoming year.
- G. The draft budget proposal for the upcoming year is presented to the Corporate Board for their input and approval.
- H. Once approved by the Corporate Board, the Fire Chief and Administrative Assistant complete the final budget proposal and it is submitted to Wake County.
- I. Budget work sessions are then scheduled by Wake County to discuss and clarify with the Fire Chief and the Administrative Assistant, any questions regarding the upcoming year's budget proposal.
- J. The submitted budget proposal is then vetted by various groups, including Wake County staff, committees and the Wake County Fire Commission.
- K. The Wake County Fire Commission develops and presents a proposed Fire Service budget to the Wake County Manager for his/her consideration.
- L. The Wake County Manager develops and presents a proposed Fire Service budget proposal to the Wake County Board of Commissioners for their consideration.
- M. Work sessions and public hearings are held by the Wake County Board of Commissioners.
- N. Typically in June, the Wake County Board Commissioners approve the Fire Service budget for the upcoming year.

**VII. PAYROLL – FULL-TIME/PART-TIME EMPLOYEES**

- A. The organization utilizes an in-house record management system, which tracks time worked for full-time employees and part-time employees.
- B. Day-to-day staffing and scheduling is managed by the Assistant Chief of Operations.
- C. All members are required to log-in and log-out of the records management system when they begin and finish their assigned shift.
- D. For full-time and part-time employees, the shift supervisor is responsible for approving the recorded employee work hours each day and ensuring that these hours are recorded properly in the records management system.
- E. Bi-weekly, the Administrative Assistant generates a payroll report from the record management system and audits all entries for accuracy.

- F. The Administrative Assistant inputs all payroll records into the payroll system utilized by the organization's payroll vendor, reconciling any differences between the payroll report and the payroll system.
- G. Once approved by the Administrative Assistant, the payroll system vendor processes the payroll, generates pay checks as direct deposits and generates a final report to the Administrative Assistant for that pay period.
- H. Upon receipt of the final report, the Administrative Assistant creates a journal entry for payroll and inputs payroll into the general ledger.
- I. The Corporate Board Treasurer reviews the supporting documentation during his/her monthly review.

**VIII. PAYROLL – VOLUNTEER DUTY CREW MEMBERS**

- A. The organization utilizes an in-house records management system, which tracks Volunteer Duty Crew shifts worked by members.
- B. Volunteer Duty Crew staffing and scheduling is managed by the Assistant Chief of Operations.
- C. All members are required to log-in and log-out of the records management system when they begin and finish their assigned shift.
- D. The Battalion Chiefs are responsible daily for ensuring that the Volunteer Duty Crew shifts are recorded properly in the system.
- E. Monthly, the Administrative Assistant will generate a Volunteer Duty Crew stipend report from the record management system and audits all entries for accuracy.
- F. The Administrative Assistant inputs all Volunteer Duty Crew stipend records into the payroll system utilized by the organization's payroll vendor, reconciling any differences between the Volunteer Duty Crew report and the payroll system.
- G. Once approved by the Administrative Assistant, the payroll system vendor processes the Volunteer Duty Crew stipends, generates stipend checks as direct deposits and generates a final report to the Administrative Assistant for that pay period.
- H. Upon receipt of the final report, the Administrative Assistant creates a journal entry for the payment of Volunteer Duty Crew stipends and inputs payroll into the general ledger.
- I. The Corporate Board Treasurer reviews the supporting documentation during his/her monthly review.

**IX. PAYROLL – VOLUNTEER CHIEF OFFICERS**

- A. Volunteer Chief Officers receive a monthly stipend.
- B. The Administrative Assistant inputs all volunteer chief stipends into the payroll system utilized by the organization's payroll vendor.

- C. The payroll system processes the volunteer chief stipends, generates stipend checks as direct deposits and generates a final report to the Administrative Assistant for that pay period.
- D. Upon receipt of the final report, the Administrative Assistant creates a journal entry for the payment of volunteer chief stipends and inputs payroll into the general ledger.
- E. The Corporate Board Treasurer reviews the supporting documentation during his/her monthly review.

**X. PAYROLL – VOLUNTEER PAY PER CALL**

- A. Volunteer members receive a pay-per-call stipend each year for the number of calls they answered during the prior 12-months.
- B. In December, the Administrative Assistant generates a number of calls answered report from the record management system and audits for accuracy.
- C. The Administrative Assistant then inputs the volunteer pay-per-call stipend amounts into the payroll system utilized by the organization’s payroll vendor.
- D. The payroll system processes the volunteer pay-per-call stipends, generates stipend checks as direct deposits and generates a final report to the Administrative Assistant for that pay period.
- E. Upon receipt of the final report, the Administrative Assistant creates a journal entry for the payment of volunteer pay-per-call stipends and inputs payroll into the general ledger.
- F. The Corporate Board Treasurer reviews the supporting documentation during his/her monthly review.

**XI. TAX WITHHOLDINGS AND RETURNS**

- A. The payroll system generates payroll tax payments, quarterly payroll tax returns and annual member W-2s.
- B. A monthly report of Journal Entries and Reconciled Bank Statements is provided to the Corporate Board Treasurer for his/her review.

**XII. MONTHLY REPORTS**

- A. The Administrative Assistant provides to the Corporate Board Treasurer for his/her review, a monthly report of Journal Entries and reconciled Bank Statements.

**XIII. ACCOUNTS RECEIVABLE**

- A. The Administrative Assistant is tasked with the Accounts Receivable responsibilities.
- B. Each month, the organization receives a budget appropriation from Wake County, which is deposited electronically into the organization’s checking account.

- C. The organization receives other various revenues such as sales tax returns, reimbursements, etc. and these revenues are manually deposited into the organization's checking account by the Administrative Assistant.
- D. The Administrative Assistant records all revenue transactions as a journal entry in the general ledger along with supporting documentation.
- E. A monthly report of Journal Entries is provided to the Corporate Board Treasurer for his/her review.

#### **XIV. ACCOUNTS PAYABLE**

- A. The Administrative Assistant is tasked with the Accounts Payable responsibilities.
- B. A Chief Officer must approve all purchases prior to ordering.
- C. Verbal approval by a Chief Officer is required for all items valued at \$500 or below.
- D. A Purchase Order Request signed by the Fire Chief is required for all items valued above \$500.
- E. The completed Purchase Order is submitted to the Administrative Assistant for proper account coding/processing and remains open until the item(s) are received.
- F. Once the item(s) is received, the Packing List will be submitted to the Administrative Assistant, who will then attach it to the Purchase Order.
- G. Once the Invoice arrives, the Administrative Assistant will reconcile the Invoice with the Purchase Order and Packing List, and will begin processing the Invoice for payment.
- H. The Administrative Assistant will input the approved Invoice into the accounts payable system; generate a vendor check along with backup documentation.
- I. The Invoice package will then be placed in the Deputy Chiefs inbox for his/her review.
- J. The Deputy Chief will compare the invoice against the check register and if correct, issue approval.
- K. The Deputy Chief will then place the approved Invoice package in the Corporate Boards inbox.
- L. The Corporate Board President, Vice President or Treasurer will then review the Invoice package and provide dual signatures on the vendor check.
- M. The Administrative Assistant will file the completed Invoice package and will mail the signed check to the vendor.
- N. The organization will only pay by invoice, not account statements.

#### **XV. FINANCIAL MANAGEMENT**

- A. All financial management decisions are made by the Corporate Board.

- B. The nature of a fire department business restricts the organization from taking any financial risk.
- C. The Corporation maintains a checking account, money market savings account, and certificate of deposits for various funds.
- D. The Administrative Assistant reconciles these accounts monthly and recommends fund transfers between accounts when needed and approved by the Corporate Board.
- E. The Corporate Board Treasurer tracks account balances and perform account transfers, while the Administrative Assistant records the transfers between accounts through journal entries with backup documentation provided with each journal entry.

**XVI. PROPERTY AND EQUIPMENT**

- A. Capital Assets are recorded on the books and are depreciated using the straight-line method.
- B. The organization maintains a depreciation schedule and records a year end journal entry for asset depreciation.

**XVII. DEBT ACQUISITION**

- A. The Corporate Board must approve any acquired debt transactions.

**XVIII. AGREEMENTS AND CONTRACTS**

- A. Any agreements or contracts that will legally obligate the organization are first reviewed by the Fire Chief.
- B. The Fire Chief will present all agreements and contracts to the Corporate Board for their approval.
- C. All approved agreements or contracts must be signed by the Corporate Board President and/or the Board Secretary/Treasurer.

**XIX. RISK MANAGEMENT**

- A. The Fire Chief and the Administrative Assistant will coordinate the Risk Management program which includes the annual review of all insurance policies, the evaluation of potential exposures and the identification of insurances to cover those exposures; while maintaining a close working relationship with insurance brokers and insurance company personnel.
- B. The Corporate Board will receive periodic updates on insurance issues and policies and may elect a special committee to review these policies.