



Chesterfield County, Virginia Internal Audit

9901 Lori Road, Room 142 – P.O. Box 40 – Chesterfield, VA 23832
Phone: (804) 748-1240 – Fax: (804) 768-9346 – Internet: chesterfield.gov

GREGORY L. AKERS
Director

DATE: May 18, 2018

TO: Joseph P. Casey, Ph.D.
County Administrator

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Volunteer Fire and Rescue Organization Audit Reports

The Department of Fire and EMS's (Fire & EMS) budget includes \$4,000 and \$20,000 in annual operating expense reimbursements for each organized volunteer fire department and volunteer rescue squad, respectively. Release of funding is contingent upon these organizations complying with Fire & EMS's *Finance Procedure #01 – Annual Financial Audit Report for Volunteer Fire & EMS Departments*, which requires them to provide an annual audit report within 9 months of their fiscal year end. As stated in *Finance Procedure #01*: "The Fire and EMS Department will monitor the volunteer fire department and rescue squad's compliance with this policy. Chesterfield County Internal Audit Department will provide technical expertise with understanding and evaluating the audit reports received by Fire & EMS from the volunteer organizations." Attached is a list of organizations that submitted annual audit reports during calendar year 2017 and that Fire & EMS provided to us for evaluation.

We performed a technical evaluation of these organizations' audited financial statements. Our evaluation included consideration of the audit opinion, reported findings, and disclosures to identify potential concerns. An independent auditor's opinion regarding the financial statements as a whole may be either unmodified or modified. An unmodified opinion indicates the financial statements present fairly, in all material respects, the financial position in accordance with generally accepted accounting principles (or other comprehensive basis of accounting, as applicable and disclosed in the auditor's report). There are three types of modified opinions: qualified, adverse, and disclaimer of opinion. In each case, the reason for such a modification is described in the auditor's report. We understand management is using this information as general reference for their financial monitoring of these organizations.

Summary: In calendar year 2017, there were 9 financial reports submitted by 8 volunteer fire and rescue organizations, which Fire & EMS provided to us for evaluation. A CPA gave an unmodified opinion on 8 of the 9 reports. We noted the provided report was not

for the most recently completed fiscal year for 3 organizations. For one of these, the CPA rendered a modified opinion on the financial statements due to lack of accounting controls over cash receipts. We also noted one organization made their last submission of audited financial statements, as they were dissolved January 1, 2016 with assets transferred to another volunteer organization. Additional details are provided on pages 3 and 4.

We believe our analysis provides an objective summary of financial reports provided to Internal Audit for evaluation. However, as required by Government Auditing Standards (2011 Revision) section 2.12 issued by the U.S. Government Accountability Office, we must communicate this evaluation does not constitute an audit conducted in accordance with generally accepted government auditing standards (GAGAS). Should you have any questions, or if we can be of further assistance, please call Lora Holland or me at extension 1240.

Copy: Edward "Loy" Senter, Jr., Fire Chief
James E. Fitch, II, Assistant Fire Chief
Sherry Dunbar, Financial Manager
James F. Lane, Ed.D., School Superintendent
Audit and Finance Committee

No.	Organization Name	Financial Statement Period	Unmodified Audit Opinion by CPA [Y/N]	Audit Findings (financial report page no.) [Y/N]	Potential Concerns/ Further Details
VOLUNTEER FIRE DEPARTMENTS:					
1	Bon Air	6/30/2016	Y	N	
2	Midlothian	12/31/2015	Y	N	<p>This organization is no longer in existence as of January 1, 2016; we did evaluate their final, FY15 report that was submitted.</p> <p>Note 3 to the financial statements (p. 7) disclosed that Midlothian Volunteer Fire Department, Inc. (MVFD) was dissolved effective January 1, 2016. "Fixed assets of the entity are being transferred to Chesterfield County, and the remaining liquid assets of the corporation are being transferred to the Forest View Volunteer Rescue Squad, Inc. ("FVRS"), also a nonprofit organization that engages in activities substantially similar to those of MVFD."</p>
3	Phillips	12/31/2015	N (Modified Opinion)	N	<p>Required FY16 report was not provided; we did evaluate the FY15 report that was submitted.</p> <p>Just as in prior years, the CPA rendered a modified opinion due to the following: "No accounting controls are exercised over cash receipts prior to the initial entry in the accounting records. Accordingly, it was not practicable for us to audit cash receipts."</p>
4	Wagstaff Circle	12/31/2015 & 12/31/2016	Y	N	Required FY15 report was not provided timely. Two audited financial statement reports (FY15 and FY16) were submitted and evaluated during calendar year 2016.

No.	Organization Name	Financial Statement Period	Unmodified Audit Opinion by CPA [Y/N]	Audit Findings (financial report page no.) [Y/N]	Potential Concerns/ Further Details
VOLUNTEER RESCUE SQUADS:					
1	Bensley Bermuda	12/31/2015	Y	N	Required FY16 report was not provided¹ ; we did evaluate the FY15 report that was submitted.
2	Ettrick-Matoaca	12/31/2016	Y	N	
3	Forest View	12/31/2016	Y	N	
4	Manchester	12/31/2015	Y	N	Required FY16 report was not provided¹ ; we did evaluate the FY15 report that was submitted.

Footnote(s):

¹FY16 report was provided subsequent to December 31, 2017.