



## RESULTS SUMMARY

For CY20, Fire & EMS provided six reports received from five volunteer fire and rescue organizations for evaluation. Internal Audit's evaluation detail is provided beginning on page three and notes the following:

- Five reports from four organizations were not provided timely; however Fire & EMS properly withheld funding until receipt of required annual audit report.

## FINDING(S):

In October 2020, we communicated to Fire & EMS management that this project will not be included in next years' audit plan. Internal Audit's annual audit report technical assistance is currently included in Fire & EMS's Finance Procedure #01, Section II.G. Accordingly, procedural update is needed.

## RECOMMENDATION(S):

1. We recommend Fire & EMS update *Finance Procedure #01 – Annual Financial Audit Report for Volunteer Fire & EMS Departments* to remove reference to Internal Audit's technical assistance and document Fire & EMS's responsibility and procedures for evaluating such audit reports.

## MANAGEMENT'S RESPONSE(S):

1. *Concur. Finance Manager, Sherry Dunbar is responsible for implementing 7/1/2021. Revise Finance Procedure #01 – Annual Financial Audit Report for Volunteer Fire & EMS.*

We appreciate Fire & EMS's assistance during this project. Please contact us if you have any questions, or if we can be of further assistance.

Copy: Edward "Loy" Senter, Jr., Fire Chief  
James E. Fitch, II, Assistant Fire Chief  
Sherry Dunbar, Financial Manager, Fire & EMS

#	Organization Name	Financial Statement Period	Unmodified CPA Audit Opinion [Y/N]	Evaluation Provided to Fire & EMS	Fire & EMS Released Funding to Organization [Y/N]	Potential Concerns/ Further Details
<b>VOLUNTEER FIRE DEPARTMENTS:</b>						
1	Bon Air	6/30/2019	Y	10/1/2020	Y	<p><b>Required FY19 report was not provided timely</b> (i.e., within 9 months of their fiscal year end); however Fire &amp; EMS properly withheld funding until report received. Organization received CLEAN/unmodified audit opinion on their 6/30/2019 financial statements from a CPA.</p> <p>There were no audit findings, but the financial statements Note 3 (p. 7) discloses concentration risk due to most of their support coming from responses to an annual solicitation by mail. "No solicitation mailing was conducted in 2019."</p>

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<b>VOLUNTEER RESCUE SQUADS:</b>						
1	Bensley Bermuda	12/31/2018	Y	11/17/2020	Y	<p><b>FY18 report was not provided timely</b> (i.e., within 9 months of their fiscal year end); however Fire &amp; EMS properly withheld funding until report received. Organization received CLEAN/unmodified audit opinion on their 12/31/2018 financial statements from a CPA.</p> <p>There were no audit findings, but the financial statements Note E (p. 13) discloses concentration risk due to 65% of support and revenue coming from a memorandum of understanding with Chesterfield Fire &amp; EMS and Chesterfield County. "The receivables from this memorandum were \$20,000 as of December 31, 2018."</p>
2	Ettrick-Matoaca	12/31/2019	Y	11/9/2020	Y	
3	Forest View	12/31/2018	Y	8/7/2020	Y	<p><b>FY18 report was not provided timely</b> (i.e., within 9 months of their fiscal year end); however Fire &amp; EMS properly withheld funding until report received. Organization received CLEAN/unmodified audit opinion on their 12/31/2018 financial statements from a CPA.</p>

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4	Manchester	12/31/2018	Y	8/7/2020	Y	<p><b>Required FY18 report was not provided timely</b> (i.e., within 9 months of their fiscal year end); however Fire &amp; EMS properly withheld funding until report received. While organization received CLEAN/unmodified audit opinion on their 12/31/2018 financial statements, the CPA noted the following significant deficiencies in their 1/2/2020 SAS 115 Internal Control Letter:</p> <ul style="list-style-type: none"> <li>(1) Minimal segregation of duties;</li> <li>(2) Absence of detailed review and approval of monthly financial reports; and</li> <li>(3) Minimal accounts reconciliation and review procedures.</li> </ul>
5	Manchester	12/31/2019	Y	11/9/2020	Y	<p><b>Required FY19 report was not provided timely</b> (i.e., within 9 months of their fiscal year end); however Fire &amp; EMS properly withheld funding until report received. While organization received CLEAN/unmodified audit opinion on their 12/31/2019 financial statements, the CPA noted the following significant deficiency in their 10/16/2020 SAS 115 Internal Control Letter:</p> <ul style="list-style-type: none"> <li>(1) Minimal segregation of duties.</li> </ul> <p>Also, financial statements Note K (p. 16) discloses a subsequent event due to the COVID-19 global pandemic. "Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Squad is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2020 and beyond."</p>