

Using Policy and Procedure to Mitigate Financial Mismanagement

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Presenter

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Fire Department Financial Controls

What we plan to cover

- Identifying the risk
- The importance of administrative policies
- Applying policy to:
 - Financial controls
 - Asset Management
 - Purchasing and Procurement
 - Petty cash accounts

Fire Department Financial Risks

The background of the slide features a dramatic scene of firefighters at a fire. Two firefighters in full protective gear are silhouetted against a large, intense fire. One firefighter on the left is holding a hose, and another on the right is walking towards the fire. The fire is bright orange and yellow, with thick smoke rising. The overall atmosphere is dark and high-contrast.

- Theft of funds, including:

- Embezzlement: the misuse or misappropriation of funds entrusted to an individual
- Fraud: the taking of money (or other assets) through deception or criminal activity
- Obtaining money under false pretenses: the use of any false pretense with the intent to defraud or obtain money, goods, or property

Fire Department Financial Risks, cont'd

- Theft or acquisition of fire department property (assets):
 - Conversion: intentional, unauthorized use of the property of another
 - Fraud
 - Unauthorized sale of fire department assets
 - Purchase of property for personal use with Fire Department Funds

Good Financial Policy

The background of the slide features a dramatic scene of firefighters at a fire. Two firefighters in full gear are silhouetted against a large, intense fire that fills the upper right portion of the frame. The fire is bright orange and yellow, with thick smoke rising. The firefighters are positioned in the foreground, looking towards the fire. The overall atmosphere is one of bravery and risk-taking, which serves as a metaphor for the financial policy discussed in the text.

- Reduces risk
- Encourages consistent member use
- Serves as a training tool
- Builds a risk-conscious culture
- Serves to develop and advance members in administrative/executive positions
- Builds transparency

Consistent Training

The background of the slide is a photograph of two firefighters in silhouette, working at night. They are positioned in front of a large, intense fire that fills the upper right portion of the frame. The firefighters are wearing full protective gear, including helmets and jackets. One firefighter on the left is holding a hose that extends across the ground. The scene is dimly lit, with the primary light source being the fire, which creates a strong contrast and casts long shadows.

Results of Consistent Training

- Incorporates policy into member's decision-making process
- Makes decision-making more objective
- Makes management easier
- Provides an evaluation tool

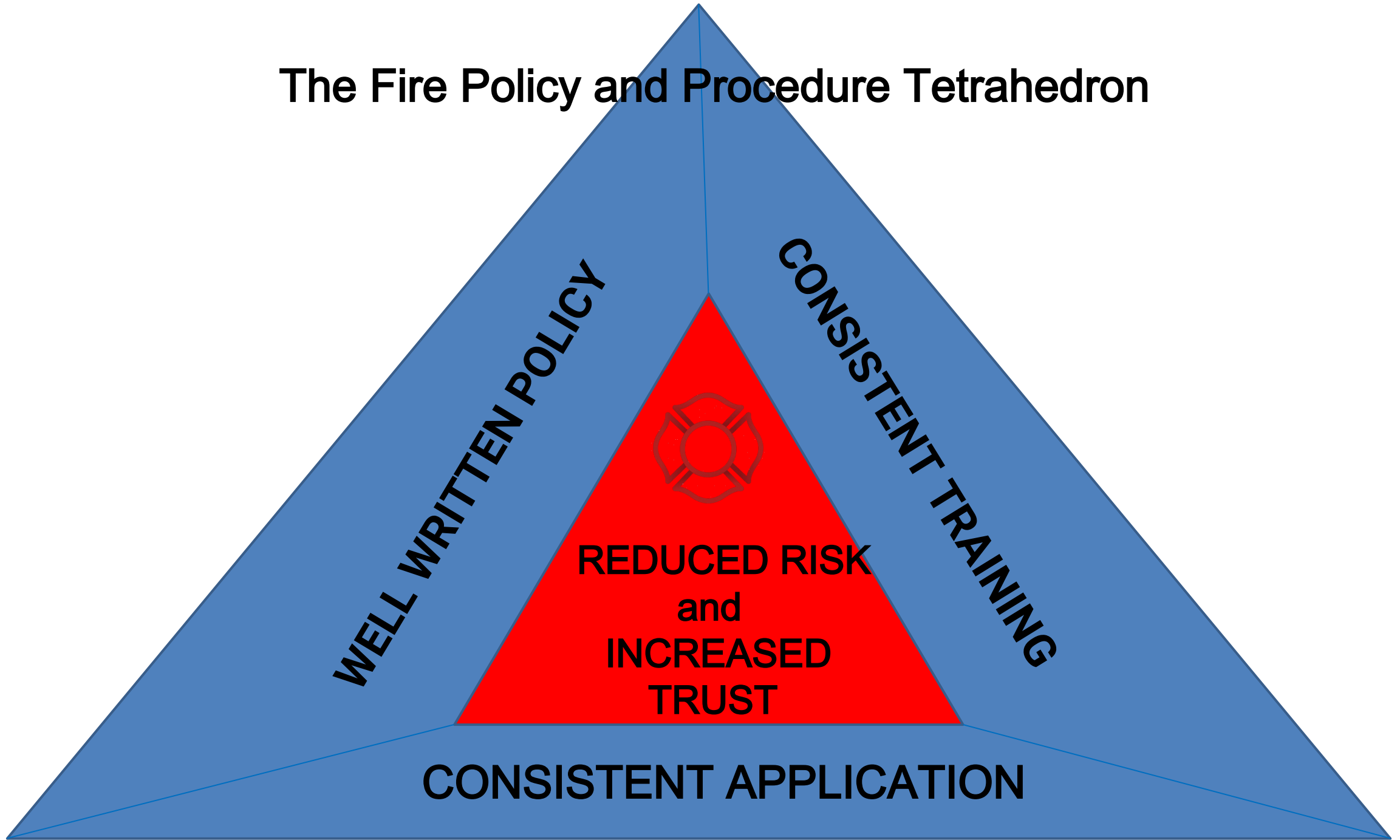
Consistent Application

The background of the slide is a photograph of two firefighters in silhouette, working at night. They are positioned in front of a large, intense fire that fills the upper right portion of the frame. The firefighters are wearing full protective gear, including helmets and jackets. One firefighter on the left is holding a hose that extends across the foreground. The scene is dimly lit, with the primary light source being the fire, which casts a warm, orange glow on the surrounding environment.

Results of Consistent Application

- Smoother business operations
- Increased transparency
- Increased confidence and trust
- Removes ethical lapses
- Makes management easier

The Fire Policy and Procedure Tetrahedron



Key Objectives of Fire Department Financial Control Policies

Monitor

Control

Manage

Comply

The background of the slide is a dramatic photograph of firefighters at a large fire. The scene is dominated by bright orange and yellow flames that rise high into the air, creating a stark contrast with the dark silhouettes of the firefighters. One firefighter on the left is holding a thick black hose that extends across the foreground. The overall atmosphere is one of intense action and danger.

Financial Controls

Assignment of Accountability and Responsibility: Key Roles

- **Administrator/Executive Committee/President**
- Secretary
- Treasurer
- Audit Committee
- Independent Auditor

Accountability and Responsibility

Administrator, Executive Committee, or President

- Establish committees and make all appointments necessary to accomplish the policy objectives
- Allocate financial resources necessary to accomplish the policy objectives
- Select and retain an independent auditor
- Add necessary reports and approvals as agenda items at all regular membership meetings including:
 - Reading by the secretary of bills, receipts, and requests for reimbursements
 - Report of the treasurer
- Retain a certified public accountant to conduct an independent annual review

Accountability and Responsibility

Company or District Secretary

- Collect and hold all bills and checks received since the last regular meeting
- Read each anticipated expenditure and check at the meeting
- Make appropriate motions for approval and disposition of the anticipated expenditures and receipts
- Report the totals of expenses and receipts
- Deliver all expenses and checks to the treasurer
- Ensure entry of financial report into the regular meeting minutes
- Ensure proper disposition of the reports of the audit committee and the independent auditor

Accountability and Responsibility

Company or District Treasurer

- Ensure compliance with any federal, state, or local reporting requirements
- Receive all approved expenditures and deposits from the secretary
- Draft checks for payment of all approved expenditures and deposit slips for all checks
- Report the total of all expenses and deposits
- Confirm that the total of all expenses and deposits is the same as the total reported by the secretary. Any discrepancy should be reconciled immediately and no later than before the regular meeting is adjourned
- for their review.

Accountability and Responsibility

Company or District Treasurer, cont'd

- Report:
 - the balance in the checking account(s) used to pay the expenditures from the last regular meeting.
 - the balance in the checking account(s) used to pay the anticipated expenditures after payment of all expenditures approved at the current regular meeting.
 - the balance of all accounts reported at the last regular membership meeting, current balance of all accounts, and an explanation and reconciliation of any discrepancy.
- Provide all financial books and ledgers to the audit committee and independent auditor as requested and being available to provide any additional information required for their review.

Accountability and Responsibility

Audit Committee

- Review, on a quarterly basis, all department accounts
- Following each review, provide a report to the, with a copy to the secretary, which should include any account discrepancies revealed by the audit

Accountability and Responsibility

Independent Auditor

- Conduct a full audit of the books of the department
- Provide a report on the audit
- Provide opinion and advice on any necessary changes or improvements to the department financial management practices, in accordance with generally accepted accounting practices for non-profits, and federal and state law

A dramatic scene of firefighters silhouetted against a massive fire. The fire is intense, with bright orange and yellow flames rising high into the air. The firefighters are wearing full protective gear, including helmets and jackets. One firefighter on the left is holding a hose that extends across the foreground. The overall atmosphere is one of a high-stakes emergency response.

Asset Management

Key Elements of an Asset Management Policy

The background of the slide features a dramatic scene of firefighters in silhouette, working in front of a large, intense fire. The fire is bright orange and yellow, with thick smoke rising. The firefighters are wearing full protective gear, including helmets and jackets. One firefighter on the left is holding a hose that extends across the foreground. The overall atmosphere is one of emergency and industrial risk.

- Asset:

- identification and tagging
- tracking
- location
- storage
- usage
- maintenance
- disposition

RESOURCES

Lexipol.com

- Gordon Graham's Today's Tip
- Blog/Articles (*The Briefing* newsletter)
- Webinars

FireRescue1.com/FireRescue1 Academy

- News and articles
- newsletters
- Online learning
- Grants assistance

Contact Info

The background of the slide features a dramatic scene of firefighters at a fire. The firefighters are shown in silhouette against a bright, intense fire that fills the right side of the frame. One firefighter on the left is holding a hose that extends across the foreground. The overall atmosphere is dark and high-contrast, with the fire providing the primary light source.

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