



VOLUNTEER FIRE DEPARTMENTS FINANCIAL REPORTING AND PROCEDURES MANUAL

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**DIVISION OF
LOCAL GOVERNMENT AUDIT**

**Volunteer Fire Departments
Financial Reporting and Procedures Manual**

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Preface

Active volunteer fire departments are registered with the Tennessee Secretary of State. These volunteer fire departments receive funding from citizens and local governments and have a fiduciary responsibility to ensure these funds are used to fulfill their role of providing fire protection services to the citizens of Tennessee. Instances of fraud, waste, or abuse occurring in connection with volunteer fire departments can be subject to investigation by the Comptroller's Office if certain statutory criteria are met.

The purpose of the *Volunteer Fire Departments Financial Reporting and Procedures Manual* (referred to herein as the "*Manual*") is to emphasize the importance of internal controls, describe the role of the governing board, to highlight certain risks of financial activities of volunteer fire departments, and to provide appropriate guidance.

Volunteer fire department employees and their governing board should read this *Manual* and the *Internal Control and Compliance Manual for Governmental Units and other Organizations* issued by the Division of Local Government Audit ([Manuals \(tn.gov\)](http://Manuals.tn.gov)).

This is the first edition of the *Volunteer Fire Departments Financial Reporting and Procedures Manual*.



Entity Type

The *Manual* applies to recognized Volunteer Fire Departments as defined in Tennessee Code Annotated (TCA) Section 68-102-301 et seq. This section of TCA is known as the Fire Department Recognition Act.

Fire department is defined in TCA Section 68-102-302 as:

a department of a municipality, county, or political subdivision, or an organization, agency, or entity that offers its services, for or without pay, for the purpose of suppressing fires, performing rescue services, or for other emergency response purposes. Excluded from this definition are law enforcement agencies, emergency medical agencies licensed by the Tennessee emergency medical services board, and rescue squads that do not provide fire protection.

Fire departments as defined above shall operate only after it has been duly recognized to do so pursuant to TCA by the Tennessee Department of Commerce and Insurance and the Tennessee State Fire Marshall's Office.

Internal Controls

Internal Controls - Defined

Internal control is a process, affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control is also integral to detecting fraud. An internal control system provides reasonable, though not absolute, assurance that an entity's objectives will be achieved.

The staff of an organization makes an internal control system function. Management is responsible for establishing an effective internal control system, setting the entity's objectives, implementing controls, and evaluating the internal control system. Personnel throughout an entity play important roles in implementing and operating an effective internal control system.

The above definition is from *Defining Tennessee Audit: A Glossary of Audit Terms*. The glossary is issued by the Comptroller of the Treasury ([Glossary \(tn.gov\)](#)).

Internal Controls to Reduce Risks

Segregation of duties is a key internal control that can help reduce the risk of fraud by ensuring that no employee can both commit and conceal errors or fraud in their normal duties. For the recommended procedures to be effective in reducing the risk of fraud, the department must ensure that there is an adequate division of responsibilities among those who perform accounting procedures and who handle assets. Ideally, no one person should initiate, approve, record, or reconcile a transaction. The recommended procedures in this *Manual* include examples of segregation of duties.

When duties cannot be sufficiently segregated due to the small size of the department, management oversight, another key internal control, should be in place to reduce risks. Management oversight is accepting responsibility for monitoring the actions of others. Examples of management oversight include a review of monthly bank statements, a review of financial reports, and a detailed review of supporting documentation prior to purchase approval.

The Comptroller's office provides a useful resource on how to segregate duties in various county offices, with as few as two employees. These tables break out the different accounting duties (receipts, payroll, accounts payable, etc.) and assign employees to each duty. This resource can be applied to volunteer fire departments. The resource is available at this link [Accounting & Auditing Information \(tn.gov\)](#).

Internal Controls – Board of Directors

Volunteer fire departments registered as a nonprofit in the State of Tennessee are required to have a board of directors (TCA § 48-58-101). TCA requires the board to perform their duties in good faith, with care, and in the best interest of the department. Please refer to the guidebook for Tennessee nonprofits titled *What Every Board Member Should Know* for detail requirements. The guidebook is available on the Tennessee Secretary of State’s website [A Guidebook for Tennessee Nonprofits.pdf \(tnsosgovfiles.com\)](https://www.tnsos.gov/files/A_Guidebook_for_Tennessee_Nonprofits.pdf).

The U.S. Government Accountability Office’s (GAO) *Green Book* defines an oversight body as “Those responsible for overseeing management’s design, implementation, and operation of an internal control system.”

A volunteer fire department’s board plays a crucial role in providing oversight and establishing department internal controls. Effective internal controls reduce the risks that errors or misappropriations of department assets will occur and remain undetected. Other board responsibilities may include establishing bylaws, protecting assets, authorizing salary increases, approval of purchases, financial activity review, etc. Ultimate responsibility for the department rests with the board of directors.

Internal Controls - General

For further information and guidance regarding internal controls, please refer to the *Internal Control and Compliance Manual for Governmental Units and other Organizations* issued by the Division of Local Government Audit ([Manuals \(tn.gov\)](https://www.tn.gov)).

This internal control manual is designed for the use of governing and oversight bodies and the management of entities in Tennessee. Management is responsible for designing and implementing a system of internal control. The manual is based on principles, as opposed to providing a detailed method of implementing internal controls. The manual is based on the U.S. Government Accountability Office’s (GAO) *Green Book*.

Reporting Requirements

Tennessee Code Annotated Section 68-102-309 requires the governing board of each recognized volunteer fire department receiving appropriations from the federal government, the state, or a local government to file an annual financial report with the Tennessee Comptroller of the Treasury and with each local government body from which the department received appropriations. The report should be in the form prescribed by the Comptroller of the Treasury. This report should be for the year ended June 30 and must be submitted by December 31 following the close of the reporting period.

Applicability

Filing of the annual financial report is required for any nonprofit volunteer fire department (VFD) receiving appropriations from the federal, state, or local government. Some local governments provide fire protection by purchasing all buildings and equipment, paying all bills, and paying any volunteers on a per call basis. The volunteers do not have fund raisers and do not maintain bank accounts for fire department purposes. These fire departments may not be nonprofit organizations and therefore would not have to file the annual financial report.

Filing instructions and forms are located on the Comptroller of the Treasury's website, Division of Local Government Audit [Volunteer Fire Departments Reporting \(tn.gov\)](#).

Submitted volunteer fire department annual financial reporting forms are located on the Division of Local Government Audit's website [Volunteer Fire Dept - Online Form \(tn.gov\)](#).

Risks and Recommended Procedures

Revenues/Receivables

General Risks for Revenues/Receivables

- Revenue is misappropriated, lost, or stolen.
- Revenue records are not timely and/or accurately completed.

Safeguarding receipts

- a. All funds received should be kept in a secure manner until funds are deposited (e.g., safe, locked cash box in locked file cabinet, etc.).
- b. Any checks received should be immediately endorsed “for deposit only” to the department’s bank account (e.g., For Deposit Only to Account Number 12436789). This restrictive endorsement limits the check to only being deposited into the department’s account.
- c. Monies received should be deposited as soon as possible, preferably within 24 hours, but no later than three business days after receipt of funds.
- d. Deposit slips shall list each check and the currency included in the deposit. A copy of the deposit slip, checks, and any supporting documentation that supports the deposit shall be filed with the deposit slip.
- e. Only authorized employees should have access to monies received.
- f. Any receipt received should be recorded in the department’s accounting system.

Prohibited Practices

- a. Personal checks should not be cashed from department cash receipts.
- b. Checks received should not be endorsed as payable to another person or organization.
- c. No cash shall be borrowed from or taken from any receipts received by the department for any reason.

Revenues/Receivables Specific Types

Fees/Charges for Fire Services
Grants
Appropriations
Donations
Fundraising
Sale of Surplus Property and Equipment
Investment Income

Fees/Charges for Fire Services

Risks:

- A customer is overcharged or undercharged for fire service.
- The customer does not pay for the service provided.

Recommended procedures

- a. Department personnel should be instructed on when a person or organization needs to be charged for a service.
- b. Once a service has been performed, the designated employee should document the customer's information (name, address, phone number) and the service performed. This information should be submitted to office personnel to process an invoice.
- c. The department should have an established rate list for all services provided.
- d. A prenumbered detailed invoice should be issued to the customer.
- e. Invoices issued to customers should clearly indicate the following:
 - Fire station name, address, and phone number,
 - Customer name, address, and phone number,
 - Date service(s) provided,
 - Service(s) provided,
 - Fee for the service(s),
 - Total amount due,
 - Due date,
 - Any fees for late payment (if applicable), and
 - Payment options (mail, online, in person)
- f. All billings should be recorded in the accounting system.
- g. Credits/adjustments to customer accounts should be approved by someone other than the person issuing invoices and posting cash deposits.
- h. A listing of past due accounts should be generated each month. Second notice invoices should be issued, and a late fee added to the bill (if applicable). Collection efforts should be made until the bill is paid.

Grants

Risks:

- A grant expenditure is made for a nonallowable item.
- An audit is not conducted on the department's financial statements when required.
- A Single Audit is not performed when required.

Recommended procedures

- a. All expenditures charged to a grant should be reviewed against the grant document to ensure it is an allowable cost.
- b. The department should be aware of the audit threshold and audit requirements in Tennessee. Please refer to the *Audit Manual* issued by the Comptroller of the Treasury [Manuals \(tn.gov\)](#).
- c. The department should be aware of the audit threshold and requirements for federal grants. Please refer to the Office of Management and Budget's (OMB) website for current requirements [Office of Federal Financial Management | OMB | The White House](#).

Appropriations

Risks:

- The amount of appropriation received by the local government is not correct.

Recommended procedure

Reconcile the appropriation amount received from the local government to correspondence and/or agreements defining the amount and timing of the appropriation to be received.

Donations

Risks:

- Restricted donations are not used for the purpose stipulated.
- Donations are not acknowledged in accordance with federal regulations.

Recommended procedure - restricted donations

Donations received with specifications on how the donated funds are to be spent should be tracked until the funds have been expended for the specified purpose. The department should require a written communication of the restriction from the donor. This documentation should be kept with department records. The department should keep a record of how the restricted donated funds were spent.

Recommended procedure – all donations

Donations should be acknowledged to the donor in accordance with Internal Revenue Service (IRS) Publication 1771 and/or any other applicable publication (depending upon the type of donation received) and any applicable federal or state law/rule.

Fundraising

Risks:

- Fundraising events are not in compliance with state laws.
- Donors do not receive a donor receipt in compliance with IRS regulations.
- Funds are not spent for the purpose of the fundraiser.

Recommended procedure – Game of Chance:

Game of Chance: Inquire with the Division of Charitable Solicitation and Gaming to determine if a particular fundraiser (e.g., raffle) is allowable. <https://sos.tn.gov/charities> Additionally, see the Tennessee Secretary of State’s Charitable Gaming Guide & Frequently Asked Questions. <https://sos.tn.gov/charities/guides/charitable-gaming-guide-faqs>.

Donor Receipt

Donations should be acknowledged to the donor in accordance with IRS Publication 1771 and/or any other applicable publication (depending upon the type of donation received) and any applicable federal or state law/rule.

Recommended procedure - fundraising event

- a. Monies received at a fundraising event should be documented and kept secure.
- b. Monies should never be left unattended during the event.
- c. When possible, cash registers should be utilized to store and record receipts.
- d. When custody of the cash box changes hands, a count shall be conducted, and a receipt shall be written to prove the amount of cash turned over.
- e. Events that require an “admission fee” should use prenumbered tickets for all paying attendees.

Ticket Reconciliation Procedures

The following are procedures to be followed when tickets are sold for admission to an event.

- a. All admission tickets should be prenumbered. For events in which several different prices are charged, a different ticket color and/or numerical series for each price group should be used.
- b. An employee should be assigned the responsibility for accounting for all tickets and ensuring the safekeeping of the ticket inventory.
- c. A designated individual other than the ticket seller shall record the beginning ticket number and the amount of change to be given to the ticket seller. The ticket seller should initial this information to document verification of the information on the form.

- d. A separate person should be assigned responsibility for collecting tickets at the point of admission. There must be two separate individuals involved in the ticket sales for the control to be effective: one person who sells tickets and collects money and another person who requires that a ticket be submitted to gain entrance into the event.
- e. When the event's ticket sales are complete, the ticket seller should count and record the collections (with a subtotal for each type of payment (cash, check, credit card, and debit card) and complete and sign a ticket reconciliation form.

TICKET RECONCILIATION FORM

	Blue Ticket	Red Ticket	Yellow Ticket
Ending Ticket Number			
Less: Beginning Ticket Number			
Tickets Sold (Difference)			
x Ticket Price	\$	\$	\$
Total Sales	\$	\$	\$
	Total Ticket Sales		\$

TICKET RECONCILIATION FORM (continued)

Beginning change fund \$ _____

Add: Total ticket sales \$ _____

Add: Donations received by ticket seller \$ _____

Total due in ticket sales box (expected) \$ _____

Cash collections \$ _____

Add: Check collections (attach list) \$ _____

Add: Credit card collections (attach list) \$ _____

Add: Debit card collections (attach list) \$ _____

Total in ticket sales box (actual) \$ _____

OVERAGE or (SHORTAGE) [actual - expected] \$ _____

Explanation of overage or shortage: _____

Signature of Ticket Seller _____

- f. The ticket seller, or other designated individual, retains a copy of the original ticket reconciliation while the original reconciliation must accompany the collections and unsold tickets that are turned into the office.
- g. A receipt should be issued to the person signing the ticket reconciliation.
- h. Any alternate procedures should be designed to ensure that all money is collected and remitted for deposit.

Recommended procedure - donor unidentified

If cash donations are received through a “fill the boot” style collection in which the donor and amount are not identified, the individual accepting the donation(s) shall prepare a cash log with their name, the date of the donations, total cash received, and shall note on the cash log that no receipts were provided to the donor(s).

Sale of Surplus Property and Equipment

Risks:

- The best price is not obtained from the sale of property.
- Property not owned by the department is sold.
- Assets purchased with grant funds are not sold in accordance with grant requirements.

Recommended procedures

- a. Ensure a policy is developed regarding the sale of surplus property.
- b. The sale of property acquired with grant funds (federal, state, local, nonprofit, etc.) should be handled in accordance with grant contractual and statutory requirements.
- c. Ownership of property should be verified before being sold. Ownership can be evidenced by title or paid invoice(s).
- d. Items should be identified as being sold “as-is” with no warranty(ies), express, implied, or otherwise.
- e. A receipt should be issued to the individual purchasing the property. Funds received and a copy of the receipt should be submitted to office personnel.
- f. If the price obtained from the sale of surplus property or equipment is below average resale value, the reason should be documented in department records.
- g. It should be determined if any property that is not saleable can be sold for scrap. A receipt for the funds received from a scrap sale should be obtained. Funds received and the receipt should be submitted to office personnel.
- h. Please see the Capital Assets, Capital Asset Disposal section of this document for additional information regarding the disposal of capital assets.

Investment Income

Risks:

- Safest investment medium and best rate of return is not achieved.

Recommended procedures

- a. Departments should compare the services offered, fees charged, and interest paid by different banks before choosing a bank to deposit department funds and conduct

- transactions. Interest income that can be earned is one factor when considering which bank to use.
- b. Departments should invest idle funds to maximize earnings for the department. Funds should be invested in a safe medium (e.g., certificates of deposit in a federally insured bank).

Expenditures/Payables

Salaries and Wages

Risks:

- An employee is overpaid or underpaid.
- Improper withholdings are made from employee payroll checks.
- Payroll withholdings are not paid to proper authorities/individuals.
- Employee leave time is not properly applied and leave balances are not updated.
- Failure to comply with IRS reporting requirements.

Recommended procedures

General salaries and wages

- a. The department should establish payroll and human resource policies. The policies should be shared with department employees.
- b. Policies should address items such as time reporting, overtime pay, leave, employee performance, drug-free workplace, workplace discrimination and harassment, conflict of interest, etc.
- c. All payroll transactions should be recorded in the department's accounting system.

New Hires

Each newly hired employee should file an Employment Eligibility Verification form (Form I-9).

Employee Files

Each employee should have a file containing the following items:

- a. Legal name,
- b. Mailing address,
- c. Telephone number,
- d. Social Security number,
- e. Date of birth,
- f. IRS Form W-4 withholding exemption certificate,
- g. Marital status and spouse's name, if applicable,

- h. Authorized rate of pay,
- i. Date of original employment,
- j. Authorizations for all payroll deductions (e.g., insurance, retirement, etc.),
- k. Direct deposit authorization (if applicable).

Time reporting and approval

- a. Payroll checks should not be issued without an approved timesheet.
- b. Employee pay rate and deductions should agree to rate and deduction authorizations in employee personnel files (periodic verification).
- c. A cumulative employee leave record should be maintained for each employee including salaried employees who earn any kind of leave. The record should clearly show all leave of any type earned and taken for each pay period, all paid and unpaid absences, and current leave balances.

Employee withholdings

- a. Social security, Medicare, and federal income tax payroll withholdings should be deposited according to IRS rules and recorded on appropriate IRS forms. For specific information, consult a current copy of IRS Publication 15, (Circular E), Employer's Tax Guide.
- b. An employee's paycheck can have numerous withholdings (out-of-state income tax, pension, insurance, garnishments, etc.). Procedures should be in place to ensure all deductions are timely remitted to the appropriate person or organization on behalf of the employee.

Employee termination

- a. Person(s) responsible for processing payroll should be notified anytime there is a termination of employment (voluntary or involuntary).
- b. An employee's final paycheck should not be issued until
 1. the employee has turned in all department assets (e.g., debit or credit cards, keys, tools, uniforms, etc.), and
 2. the employee's address has been verified (for purposes of future communications such as mailing federal Form W-2).
- c. Record the date and reason for termination in the employee's personnel file.

Purchases

Risks:

- Improper/unauthorized purchases and payments.
- Preferential treatment given to vendors.
- Failure to comply with IRS reporting requirements.
- Misuse of sales tax exemptions.

Recommended procedures

General purchasing

- a. The department should establish purchasing policies. The policies should be shared with department employees.
- b. Purchasing policies should define the department's bid threshold and include the competitive bidding process.
- c. Purchases should be made only for a valid department purpose.
- d. The department's sales tax exemption status should only be used for valid department purchases.
- e. Vendor payments should be made timely to avoid late fees.
- f. All purchasing activity including the eventual payment of invoices should be recorded in the department's accounting system.

General purchasing - prohibitions

- a. Kickbacks (i.e., payments made from a vendor directly to an employee for preferential treatment from the department in making purchases) should be prohibited.
- b. Splitting purchases into multiple purchases in order to bypass bid requirements should be prohibited.
- c. For purchases that involve a related-party affiliation, the department employee with the affiliation should not participate in the vendor selection process.
- d. Employees are prohibited from using the department's sales tax exemption status for personal purchases.
- e. Automated Teller Machine (ATM) cash withdrawals from the department's bank account(s) should be prohibited.
- f. Issuing a check to pay a credit card bill from the statement only (i.e., with no support/receipts for charges made) should be prohibited.

Credit and Debit Card Purchases

- a. Designate individuals authorized to make purchases with department credit and/or debit cards.
- b. Define what types of purchases may be made with these cards and dollar limits.
- c. Purchases should be approved in the same manner as other purchases.
- d. A record of current holder(s)/user(s) should be maintained.
- e. When a card is signed out to one employee, another employee should not be permitted to use the card until returned by the original employee and then issued to the second employee.
- f. Personal charges should be strictly prohibited.
- g. Employees who make purchases with a department credit and/or debit card should be required to submit support for any purchases (e.g., receipt) to office personnel.

Receipt of goods or services

- a. The receipt of delivered goods or provided services should be documented. The documented receipt should be provided to the person responsible for processing checks.
- b. Purchases of goods should be delivered to the fire station and services provided should be performed at the fire station and/or on fire station assets.

Expense Reports

- a. Travel advances should be prohibited.
- b. Receipts should be submitted with the reimbursement request.
- c. Expenditures for food, mileage, etc., should include details such as dates of travel, destination, purpose, and any other pertinent information (e.g., a reimbursement request for a group meal should include names/titles of attendees).

Checks

- a. Prenumbered checks should be used.
- b. Check stock should be safeguarded (e.g., locked desk, file cabinet, safe). Only authorized personnel should have access to check stock.
- c. Checks should require dual signatures (all bank accounts).
- d. Checks should not be generated until appropriate support is obtained (approval, invoice, proof of delivery, etc.).
- e. Authorized check signors should verify support for a purchase before signing a check.

Checks - Voided checks

- a. VOID should be clearly marked on the front of voided checks in permanent ink.
- b. The signature block should be cut out of each voided check.

Checks - Prohibitions

- a. Blank checks should never be signed.
- b. Checks should not be made out to cash.
- c. Check payee and check signor should never be the same person on a check.
- d. Forging another person's signature is prohibited.

Federal Form 1099

Federal Form 1099 should be prepared annually and sent to each applicable vendor and the Internal Revenue Service (IRS) for each noncorporate recipient of the department's money during a calendar year. (Contact the IRS for the current reporting limit and filing time requirements). This requirement applies to service providers and consultants under contract, as well as to any other nonpayroll, noncorporate recipients.

Records

Complete records regarding all purchases and payments should be maintained for a minimum of five years. Records should include, as applicable: purchase requisitions, purchase orders, receiving tickets, invoices, expense reports, credit card statements, check copies, bid documents, bank statements, and bank reconciliations.

Bank Reconciliations

Risks:

- Cash is misstated in department records.
- Deposit and/or check problems are not promptly identified.
- Fraudulent activity is concealed.

Recommended procedures

- a. Bank reconciliations should be performed each month.
- b. Bank reconciliations should be performed by someone other than individuals making deposits and issuing and signing checks.
- c. Stale outstanding checks should be investigated and cancelled and reissued as needed.
- d. Outstanding deposits that go beyond one month's bank reconciliation should be promptly investigated.
- e. Bank reconciliations should be reviewed and approved by someone other than the individual who performed the reconciliation. The review should be performed monthly. The reviewer should look for any unusual transactions (e.g., uncommon bank transfers, bad checks, old outstanding checks, and deposits, etc.). The reviewer should follow up on any unusual items noted. The reviewer should initial and date the reconciliation to indicate a review was performed.
- f. If department staff is limited and the same individual who writes checks and makes deposits also prepares the bank reconciliation, then the bank statement should be opened and reviewed before reconciliation by someone other than the individual performing the reconciliation.

Capital Assets

Risks:

- Assets are lost, stolen, damaged, neglected.
- Assets are not appropriately recorded in accounting records.
- Inadequate insurance coverage over capital assets.
- Improper or unauthorized use of capital assets.
- Assets purchased with grant funds are not disposed of in accordance with grant requirements.

Recommended procedures

Capitalization

- a. All capital assets that meet the department's established threshold should be capitalized.
- b. Capital assets requiring titles (e.g., motor vehicle) should be titled in the department's name. Titles should **not** be in the name of an employee or another entity.

Capital Asset Record

Capitalized assets should be identified (tagged or marked) with the department's name or seal. A listing should be maintained of all capital assets. The following information should be documented for each asset: description, identifying number (asset tag number, serial number, etc.), brand, year, dates placed in service and removed from service, location, cost, depreciation method and estimated useful life.

A record should be maintained of property that is under the capitalization threshold but is moveable, high-risk, sensitive property such as chainsaws, tools, computers, etc. These items should be identified (tagged or marked) with the department's name or seal.

Capital assets acquired with grant funds should be adequately identified and tracked to ensure they are maintained, accounted for, and disposed of in accordance with the terms of the grant.

Maintenance

Equipment maintenance should be performed to ensure potential issues with equipment are identified early, equipment is safe for operation, and the department gets the expected service and life out of the equipment.

Security

- a. Assets should be protected with security devices such as safes, locks, security cameras, etc.
- b. Access to capital assets should be limited to authorized personnel.
- c. Capital assets should only be used for official department purposes.
- d. Capital assets should leave fire station premises only for official department purposes.

Insurance

All capital assets should be adequately insured. Department officials should analyze risk exposure, assess the department's ability to absorb losses, and structure their insurance purchases accordingly.

Annual Inventory

An annual physical inventory reconciling department records to actual physical assets on hand should be performed and documented in the department's records. An inventory should be taken of capitalized and noncapitalized high-risk items. During the inventory the condition of assets should be assessed and any assets no longer in usable condition should be appropriately disposed of and removed from department records. If the inventory reveals lost or stolen assets, the department's insurance company should be notified, and the asset should be removed from department records.

Capital Asset Disposal

- a. Ensure a policy is developed regarding the disposal of capital assets.
- b. Property acquired with grant funds (federal, state, local, nonprofit, etc.) should be disposed of in accordance with grant contractual and statutory requirements.
- c. Disposed of assets should be identified in the capital asset inventory record as disposed and should include the date disposed and method of disposal.
- d. An entry should be made to department records to remove the cost of the asset and related accumulated depreciation, to record the receipt of funds related to the disposal (if applicable), and any related gain or loss on the disposal (if applicable).
- e. If the capital asset was insured, the department's insurance company should be notified of the disposal.
- f. Please see the Revenues/Receivables, Sale of Surplus Property and Equipment section of this document for information regarding the sale of property.

Appendices

Appendix A: Related Laws

The following list of Tennessee Code Annotated (TCA) references should only be used as a guideline in determining which state laws affect volunteer fire departments and should not be considered a comprehensive list. No inference regarding significance is implied simply because a law is listed or not listed. Listed laws are for general reference only.

Tennessee Code Annotated Reference	Description
Section 68-102-301 et seq.	Fire Department Recognition Act
Section 4-24 et seq.	Firefighting Training and Standards
Section 4-31-501 et seq.	Tennessee Local Development Authority Public Safety Protection Act of 2023
Section 5-9-101	County appropriation to volunteer fire departments
Section 8-27-401	Group insurance for county employees authorized — Persons eligible
Section 29-20-101 et seq.	Tennessee Governmental Tort Liability Act
Section 29-34-206	Liability for providing firefighting equipment to volunteer departments
Section 49-4-704	Scholarship program for dependent children of emergency personnel
Section 50-1-307	Volunteer firefighters – Rights against termination
Section 50-1-309	Volunteer firefighters – Permission to leave work – Allowance for time off following response to fire call
Section 50-6-401	Authority to write insurance – Tax
Section 55-4-140	Exemption for member of volunteer fire department or volunteer local rescue squad
Section 55-4-219	Special License Plates - Governmental service
Section 56-26-101 et seq.	Accident and Sickness Insurance – General Provisions
Section 56-33-101 et seq.	Travel Insurance
Section 58-8-101 et seq.	Mutual Aid and Emergency and Disaster Assistance Agreement Act of 2004
Section 67-3-101 et seq.	Petroleum Products and Alternative Fuels Tax Law
Section 67-6-102	Sales and Use Taxes – charges for mobile telecommunications services
Section 67-6-322	Religious, educational, and charitable institutions – Energy resource recovery facilities
Section 68-102-154	Volunteer firefighter equipment and training grant program

Appendix B: Helpful Websites

Commerce and Insurance – Fire Prevention

<https://www.tn.gov/commerce/fire-prevention.html>

Comptroller of the Treasury – Volunteer Fire Departments Reporting

<https://comptroller.tn.gov/office-functions/la/e-services/volunteer-fire-departments-reporting.html>

Comptroller of the Treasury – Internal Controls

<https://comptroller.tn.gov/office-functions/la/resources/information.html>

Comptroller of the Treasury – Audit Manual

<https://comptroller.tn.gov/office-functions/la/resources/manuals.html>

Comptroller of the Treasury – Reporting Fraud, Waste, and Abuse

<https://comptroller.tn.gov/office-functions/investigations/fraud-waste-and-abuse.html>

County Technical Assistance Service – Tennessee County Fire Handbook

https://www.tn.gov/content/dam/tn/commerce/documents/fire_prevention/posts/FireCTASHandbook.pdf

County Technical Assistance Service – Record Retention

<https://www.ctas.tennessee.edu/eli/fire-department-records>

Municipal Technical Advisory Service – Definition of Volunteers

<https://www.mtas.tennessee.edu/reference/definition-volunteers>

Municipal Technical Advisory Service – Record Retention

<https://www.mtas.tennessee.edu/node/2007531/printable/pdf?pdfGetId=2262>

OMB Office of Federal Financial Management – Compliance Supplement

<https://www.whitehouse.gov/omb/office-federal-financial-management>

Tennessee Secretary of State - Game of Chance

<https://sos.tn.gov/charities/guides/charitable-gaming-guide-faqs>

<https://sos.tn.gov/charities>

Tennessee Secretary of State – Business Services

<https://sos.tn.gov/businesses>

Tennessee Courts – TN Code – Lexis Law Link

<https://www.tncourts.gov/Tennessee%20Code>

Appendix C: Fraud Reporting

A good internal control structure will only provide reasonable assurance that unlawful conduct does not occur or is detected on a timely basis. Though it is common to assume “it will never happen to us,” it can happen. Unlawful conduct or fraud may be discovered because of tips from other employees, as a result of internal or external audits, because of established internal controls, and even by accident. Regardless of the method of discovery, the amount of money involved, or the frequency of occurrence, **all** discoveries should be reported to the Comptroller of the Treasury. Unlawful conduct or fraud must be reported whether money is repaid and/or whether the employee is terminated. Not believing that a person could have engaged in unlawful activities or fraud or having an employee engage in unlawful conduct or fraud and then promising to never do it again, are not valid reasons for failing to report what has been discovered.

When there is a reasonable suspicion or knowledge that fraud, waste, and/or abuse has occurred (i.e., theft, forgery, credit card fraud, or any other act of unlawful taking of public money, property, or services), the unlawful conduct should be reported in a reasonable amount of time to the office of the Comptroller of the Treasury.

Definitions of Fraud, Waste, and Abuse:

Fraud – An intentional deception that violates a law or the public trust for personal benefit or the benefit of others.

Waste – Behavior involving the extravagant, careless, or needless use of government funds, property, and/or personnel.

Abuse – Behavior involving the use of government funds or property that a prudent person would not consider reasonable and necessary business practice given the facts and circumstances.

Link for reporting fraud, waste, and abuse to the Comptroller of the Treasury:

<https://www.comptroller.tn.gov/office-functions/investigations/fraud-waste-and-abuse.html>

Fraud reporting signs may be posted at the fire station. A request for signs can be sent to Investigations@cot.tn.gov

