

Overview of Expectations of 1% Fund Accounting Records

Note: Below is an overview of the guidelines for proper oversight of the 1% funds. Please reference the South Carolina States Firefighters' Association website <https://scfirefighters.org/data-record-keeping/one-percent-2/> for required forms and additional guidance related to the proper use of 1% funds, including the Firemen's Insurance and Inspection Fund Law.

General:

- The department must maintain a separate bank account for Firemen's Insurance and Inspection Funds ("1% funds"). No other funds should be intermingled in the 1% funds account (including revenues generated from donations, fund raisers, etc.).
- All activity related to the 1% funds account (receipts and withdrawals) should be recorded in a separate general ledger account.
- The 1% funds general ledger account should be reconciled to the bank statement on a monthly basis by an individual independent of the check signers. All unidentified reconciling items should be investigated. The reconciliation should then be reviewed and approved by someone independent of the preparer. Both the preparer and reviewer should sign and date the reconciliation. Bank statements and reconciliations should be retained for future reference.
- The department should complete all required forms and submit those forms to the Association in a timely manner and in accordance with the Association's deadlines (including forms 202 – Annual Budget Worksheet, 205 – Local Board of Trustees (when applicable), 206 – Annual Accounting, and 207 – Compliance Self-Audit). Please note that Forms 201, 202, 206 and 207 are ONLY available for online submittal. The department should maintain copies of the approved forms.

Cash Receipts:

- When 1% funds are received, the Treasurer should record the receipt in the general ledger. Someone independent of the Treasurer should deposit the check in the 1% funds bank account, and a copy of the deposit slip should be retained.
- If other monies are received which relate to 1% funds, supporting documentation should be maintained for all receipts to ensure that you can show 100% of the receipts were deposited into the bank account and recorded on the ledger.

Expenditures:

- An Annual Budget Worksheet Form (202) should be prepared and approved by a majority of the firemen using Signature Page Form 201 and submitted to the Association for approval within the Member Management System (MMS) Database. Individual expenditures can be submitted for approval for a Specific Items request using the Signature Page Form (201) within the MMS Database.
- All expenditures should be reviewed by the Treasurer prior to approval to verify they are allowable in accordance with the Association's guidelines and included in the approved budget. Expenditures in excess of the approved budget should be approved by a majority of the firemen using the Signature Page Form (201) and submitted as a Specific Items request within the Association's MMS Database to the Association for final approval prior to disbursement.
- All expenditures should be supported by appropriate documentation such as detail invoices or receipts prior to payment. After the Treasurer has reviewed and approved the expenditures, a check should be issued from the 1% funds account. All checks should be signed by two authorized parties. A copy of the check should be retained along with the supporting documentation for the expenditure.
- No cash withdrawals or checks written to cash should be issued from the 1% funds.
- The department should not issue checks to individuals for reimbursement of expenditures incurred; rather, checks should be issued directly to the third party vendor.

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- For meals, including Christmas parties, documentation should include the number of attendees to ensure you stay below the maximum dollars per meal per person.