

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 Firemen's Insurance and Inspection Fund Accounting Manual for a complete detail of the South Carolina State Firefighters' Association guidelines.

General:

- The department should 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, drink machines, etc.).
- All activity related to the 1% funds account (receipts and withdrawals) should be recorded in separate general ledger accounts.
- The 1% funds general ledger account should be reconciled to the bank statement on a monthly basis. All unidentified reconciling items should be investigated. The reconciliation should then be reviewed and approved by someone independent of the preparer. 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 (including forms 202 – Annual Budget, 205 – Local Board of Trustees (when applicable), 206 – Annual Accounting, and 207 – Compliance Self-Audit). Please note that forms 206 and 207 are ONLY available for online submittal now.

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 Form (202) should be prepared and approved by a majority of the firemen and submitted to the Association for approval or individual expenditures can be approved by expenditure (form 201).
- All expenditures should be reviewed by the Treasurer prior to approval to verify the expenditures are allowable expenditures 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 Expenditure Approval Form (201) and submitted to the Association for final approval.
- 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.
- For meals, including Christmas parties, documentation should include the number of people firefighters and other people attending to ensure you stay below the maximum dollars per meal per person.