



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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Des Moines, Iowa 50319-0006  
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**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

FOR RELEASE

March 17, 2022

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Auditor of State Rob Sand today released an audit report on the Gilbert/Franklin Township Fire and Emergency Response Agency for the year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS:**

The Agency's receipts totaled \$215,405 for the year ended June 30, 2021, a 12.5% increase over the prior year. Disbursements for the year ended June 30, 2021 totaled \$174,949, a decrease of less than 1% from the prior year. The increase in receipts is primarily due to an increase in contributions from townships and the Gilbert Franklin Fire Association received in fiscal year 2021.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 18 through 22 of this report. The findings address issues such as a lack of segregation of duties, lack of an independent review of the monthly bank reconciliations, lack of a disaster recovery plan, lack of approval of disbursements by the Agency Board and lack of publication of Agency meeting minutes. Sand provided the Agency with recommendations to address each of the findings.

Each of the five findings discussed above are repeated from the prior year. The Agency Board has a fiduciary responsibility to provide oversight of the Agency's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

# # #

**GILBERT/FRANKLIN TOWNSHIP FIRE AND  
EMERGENCY RESPONSE AGENCY**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENT  
OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2021**

**Gilbert/Franklin Township Fire and  
Emergency Response Agency**



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March 4, 2022

Officials of the Gilbert/Franklin Township Fire  
and Emergency Response Agency  
Gilbert, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the City of Gilbert/Franklin Township Fire and Emergency Response Agency for the year ended June 30, 2021. The audit was performed in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Gilbert/Franklin Township Fire and Emergency Response Agency throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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**Gilbert/Franklin Township Fire and Emergency Response Agency**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Art Fleener	Chair	Franklin Township
Frank Rydl	Vice-Chair	City of Gilbert
Cindy Wirth	Treasurer	Franklin Township
Todd Jorgenson	Member	City of Gilbert
Tom Hackett	Member	Franklin Township
Keri Kain	Clerk	



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Independent Auditor's Report

To the Members of the Gilbert/Franklin Township  
Fire and Emergency Response Agency:

Report on the Financial Statement

We have audited the accompanying financial statement and the discretely presented component unit of the Gilbert/Franklin Township Fire and Emergency Response Agency as of and for the year ended June 30, 2021, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

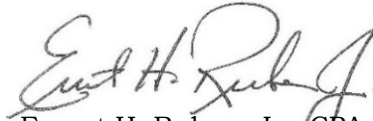
In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Gilbert/Franklin Township Fire and Emergency Response Agency and its discretely presented component unit as of June 30, 2021 and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2022 on our consideration of the Gilbert/Franklin Township Fire and Emergency Response Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Gilbert/Franklin Township Fire and Emergency Response Agency's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

March 4, 2022



**Gilbert/Franklin Township Fire and  
Emergency Response Agency**

**Basic Financial Statement**

**Gilbert/Franklin Township Fire and  
Emergency Response Agency**

Gilbert/Franklin Township Fire and Emergency Response Agency

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2021

Operating receipts:	
Township contributions	\$ 141,505
City contributions	54,349
Total operating receipts	195,854
Operating disbursements:	
Administration	27,777
Communication	9,963
Maintenance and repair	11,839
Support and recognition	1,780
Station supplies	1,006
Training	3,663
Utilities	8,786
Vehicle operation	2,981
Total operating disbursements	67,795
Excess of operating receipts over operating disbursements	128,059
Non-operating receipts (disbursements):	
Contribution from Gilbert Franklin Fire Association	10,000
Interest on investments	141
Rent	9,410
Debt service	(70,800)
Equipment	(36,354)
Total non-operating receipts (disbursements)	(87,603)
Change in cash balance	40,456
Cash balance beginning of year	112,800
Cash balance end of year	\$ 153,256
<b>Cash Basis Fund Balance</b>	
Restricted for debt service	\$ 26,780
Unrestricted	126,476
Total cash basis fund balance	\$ 153,256

See notes to financial statements.

Gilbert/Franklin Township Fire and Emergency Response Agency

Notes to Financial Statement

June 30, 2021

**(1) Summary of Significant Accounting Policies**

The Gilbert/Franklin Township Fire and Emergency Response Agency was formed in 2011 pursuant to the provisions of Chapter 28E of the Code of Iowa. The parties to the 28E agreement are the City of Gilbert and Franklin Township. The purpose of the Agency is to save life and property from fire and render aid wherever possible in the event of an emergency in the community on behalf of the units of government which are members of the Agency.

The governing body of the Agency is composed of three representatives from the member township and two representatives from the member city. The Agency members are Franklin Township of Story County and the City of Gilbert.

A. Reporting Entity

For financial reporting purposes, the Gilbert/Franklin Township Fire and Emergency Response Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency.

The component unit discussed below is included in the Agency's reporting entity because of the significance of its operational or financial relationship with the Agency.

Discretely Presented Component Unit

The Gilbert Firefighters Association has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and scientific purposes which benefit or support the Gilbert/Franklin Township Fire and Emergency Response Agency. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Association are substantially for the direct benefit of the Agency. Condensed financial information of the Foundation is presented in Note 5.

B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Agency's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Risk Management**

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(4) Bonds and Notes Payable**

A summary of changes in bonds and notes payable for the year ended June 30, 2021 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Business-type activities:					
Limited obligation revenue bond	\$ 405,625	-	20,936	384,689	21,681
Direct borrowings:					
Promissory note	183,000	-	36,000	147,000	36,000
Installment purchase	60,084	-	35,710	24,374	24,374
Business-type activities total	\$ 648,709	-	92,646	556,063	82,055

Revenue Bond and Note

A summary of the City's June 30, 2021 revenue bond and note payable is as follows:

Year Ending June 30,	USDA Taxable Limited Obligation Bond			Midland Power Promissory Note		
	Issued Jun 25, 2015			Issued Jun 22, 2015		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	3.50%	\$ 21,681	13,119	0.00%	\$ 36,000	-
2023	3.50	22,452	12,348		36,000	-
2024	3.50	23,250	11,550		36,000	-
2025	3.50	24,077	10,723		36,000	-
2026	3.50	24,933	9,867		3,000	-
2027-2031		138,617	35,383		-	-
2032-2035		129,679	9,479		-	-
Total		<u>\$ 384,689</u>	<u>102,469</u>		<u>\$ 147,000</u>	<u>-</u>

Year Ending June 30,	Racom Radios Installment Purchase			Total		
	Issued Nov 14, 2019					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	0.00%	\$ 24,374	-	\$ 82,055	13,119	95,174
2023		-	-	58,452	12,348	70,800
2024		-	-	59,250	11,550	70,800
2025		-	-	60,077	10,723	70,800
2026		-	-	27,933	9,867	37,800
2027-2031		-	-	138,617	35,383	174,000
2032-2035		-	-	129,679	9,479	139,158
Total		<u>\$ 24,374</u>	<u>-</u>	<u>\$ 556,063</u>	<u>102,469</u>	<u>658,532</u>

Taxable Limited Obligation Revenue Bond

On June 25, 2015, the Agency entered into an agreement with the U.S. Department of Agriculture – Rural Development for the issuance of a \$500,000 taxable limited obligation revenue bond with interest at 3.50% per annum. The bond was issued in parity with the Midland Power Promissory Note. The bond was issued to partially redeem the interim promissory note previously issued to pay the costs of construction of a multi-use facility. The bond is payable solely from the net receipts of the Agency. Principal and interest are payable in 240 equal monthly installments of \$2,900. During the year ended June 30, 2021, the Agency paid principal of \$20,936 and interest of \$13,864 on the bond.

The resolution providing for the issuance of the limited obligation revenue bond includes the following provisions:

- (a) The bond will only be redeemed from the future net receipts of the enterprise activity and the bond holders hold a lien on the future net receipts of the fund.
- (b) Sufficient monthly transfers shall be made to a separate revenue sinking account for the purpose of making principal and interest payments when due.
- (c) Monthly transfers of \$290 shall be made until the required reserve account balance of \$34,800 has been accumulated. This account is restricted for paying the principal and interest on the notes if the sinking account balance is insufficient.

Midland Power Promissory Note – Direct Borrowing

On June 22, 2015, the Agency entered into an agreement with Midland Power for the issuance of an interest free \$360,000 promissory note. The note was issued in parity with the U.S. Department of Agriculture – Rural Development taxable limited obligation revenue bond. The note was issued to partially redeem the interim promissory note which partially funded the construction costs of a multi-use facility. Principal is payable in 120 equal monthly installments of \$3,000 beginning on August 15, 2015. During the year ended June 30, 2021 the Agency made payments totaling \$36,000.

RACOM Radios Installment Purchase – Direct Borrowing

On November 14, 2019, the Agency entered into an agreement with RACOM to purchase new radios for the Gilbert/Franklin Township Fire and Emergency Response Agency. The purchase of the radios will be made with three annual payments at zero percent per annum. During the year ending June 30, 2021, the Agency paid \$35,710.

**(5) Gilbert Franklin Fire Association**

The Gilbert Franklin Fire Association is incorporated under the Iowa Nonprofit Corporation act and directly benefits the Gilbert Franklin Fire Department. As permitted by GASB Statement No. 34, the Agency has opted to present condensed financial information for this discretely presented component unit. The following is the condensed financial information for the Association for the year ended June 30, 2021.

Receipts:	
Donations	\$ 7,520
Fundraising	4,682
Interest	<u>16</u>
Total operating receipts	<u>12,218</u>
Disbursements:	
Fundraising	7,829
Support of fire department	<u>20,320</u>
Total operating disbursements	<u>28,149</u>
Deficiency of disbursements under receipts	(15,931)
Balance beginning of year	<u>56,246</u>
Balance end of year	<u>\$ 40,315</u>

**(6) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including the Gilbert/Franklin Township Fire and Emergency Response Agency, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Agency. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Gilbert/Franklin Township Fire and Emergency Response Agency's operations and finances.



**(7) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

**Gilbert/Franklin Township Fire and  
Emergency Response Agency**



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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards

To the Members of the Gilbert/Franklin Township  
Fire and Emergency Response Agency:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Gilbert/Franklin Township Fire and Emergency Response Agency and its discretely presented component unit as of and for the year ended June 30, 2021, and the related Notes to Financial Statement, which collectively comprise the Agency's financial statement, and have issued our report thereon dated March 4, 2022. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Gilbert/Franklin Township Fire and Emergency Response Agency's internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Gilbert/Franklin Township Fire and Emergency Response Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gilbert/Franklin Township Fire and Emergency Response Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Gilbert/Franklin Township Fire and Emergency Response Agency's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (D) through (G) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gilbert/Franklin Township Fire and Emergency Response Agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Agency’s operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

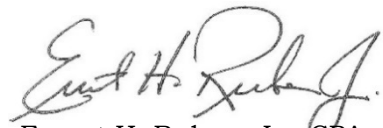
The Gilbert/Franklin Township Fire and Emergency Response Agency’s Responses to the Findings

The Gilbert/Franklin Township Fire and Emergency Response Agency’s responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Gilbert/Franklin Township Fire and Emergency Response Agency’s responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Gilbert/Franklin Township Fire and Emergency Response Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

March 4, 2022

Schedule of Findings

Year ended June 30, 2021

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same individual. This segregation of duties helps prevent losses from error or dishonesty and maximizes the accuracy of the Agency's financial statement.

Condition – One individual prepares the bank deposits, records the cash receipts to the cash receipts journal, writes checks and mails signed checks.

Cause – The Agency has a limited number of individuals and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Agency's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of volunteers. However, the Agency should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available volunteers, including Agency officials, to provide additional control through an independent review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Agency has a Clerk and a Treasurer. Both individuals review all transactions. The Board of Directors review the monthly reports which include a detail itemization of all income and expenses for the month.

Conclusion – Response acknowledged. The Agency should continue to review its control procedures to obtain the maximum internal control possible, including utilizing current Board members. Independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

(B) Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Independent review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – There is no documented independent review of the bank reconciliations.

Cause – Procedures have not been designed and implemented to ensure bank reconciliations are independently reviewed for completeness and accuracy.

Gilbert/Franklin Township Fire and Emergency Response Agency

Schedule of Findings

Year ended June 30, 2021

Effect – The lack of independent review of bank reconciliations and incomplete reconciliation can result in unrecorded transactions, undetected errors, and opportunity for misappropriation.

Recommendation – An independent person should review the reconciliations and document their review by signing or initialing and dating the monthly reconciliations.

Response - The Agency will institute an independent review process for bank reconciliations.

Conclusion – Response accepted.

(C) Gilbert Firefighters Association

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same individual. This segregation of duties helps prevent losses from error of dishonestly and maximizes the accuracy of the Association's financial statement.

Condition – One individual prepares the bank deposits, records the cash receipts to the cash receipts journal, writes and signs checks.

Cause – The Association has a limited number of individuals and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions.

Effect – Inadequate segregation of duties could adversely affect the Association's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of volunteers. However, the Association should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available volunteers, or Township Officials to provide additional control through an independent review of financial transactions, reconciliations and reports. This independent review should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will review our control procedures to obtain the maximum internal control possible given the limited volunteers available.

Conclusion – Response accepted.

Gilbert/Franklin Township Fire and Emergency Response Agency

Schedule of Findings

Year ended June 30, 2021

(D) Accounting Policies and Procedures Manual

Criteria – Accounting policies and procedures manuals provide the following benefits:

- Aid in training of additional volunteers.
- Help achieve uniformity in accounting and in the application of policies and procedures.
- Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Condition – The Agency does not have an accounting policies and procedures manual.

Cause – Officials have not prioritized an accounting policies and procedures manual.

Effect – Lack of policies and procedures could result in inconsistency of operations and accounting.

Recommendation – An accounting policies and procedures manual should be developed.

Response – This is not required by Iowa Code. The Board will take this recommendation under consideration.

Conclusion – Response acknowledged. An accounting policies and procedures manual should be developed to provide consistency of operations and accounting.

(E) Disaster Recovery Plan

Criteria – Properly designed and implemented policies and procedures pertaining to disaster recovery help ensure the Agency will be able to provide continuity of service.

Condition – The Agency does not have a written disaster recovery plan.

Cause – Officials have not prioritized the development of a written disaster recovery plan.

Effect – The Agency may not be able to provide continuity of service in the event of a disaster.

Recommendation – A written disaster recovery plan should be developed and tested periodically.

Response – Though this is not required by Iowa Code, the Board will take this recommendation under consideration.

Conclusion – Response acknowledged. A written disaster recovery plan should be developed and tested periodically.

(F) Approval of Disbursements – Gilbert Firefighters Association

Criteria – An effective internal control system provides for internal controls related to ensuring all disbursements are properly approved.

Gilbert/Franklin Township Fire and Emergency Response Agency

Schedule of Findings

Year ended June 30, 2021

Condition – The Firefighters Association does not review a listing of disbursements to be approved before paid.

Cause – Policies and procedures have not been established to ensure a detailed listing of expenses are included in the Association minutes for approval.

Effect – Lack of policies and procedures may result in increased likelihood of error or misappropriation.

Recommendation – A detailed list of expenses should be provided to the Association Board for approval. The list should include check numbers, date of check written and vendor who the check was issued to. The supporting documentation for each check written should also be provided to the reviewer. The reviewer should sign and date the listing to indicate approval.

Response – The Association will continue with their policy that any item under \$250 purchased with the GIFA credit card is an approved purchase. As well as setting a budget for the fundraising events, being more specific on items based off of prior years spending (for example, food, supplies, entertainment, etc.).

Conclusion – Response acknowledged. Each disbursement should be approved by the appropriate officials before payment is made.

(G) Bank Reconciliations – Gilbert Fire Association

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Independent review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – The Association is not performing monthly bank reconciliations. Therefore, there is also no independent review of the bank reconciliations.

Cause – Procedures have not been designed and implemented to ensure bank reconciliations are completed and independently reviewed for completeness and accuracy.

Effect – Not performing and independently reviewing bank reconciliations can result in unrecorded transactions, undetected errors, and opportunity for misappropriation.

Recommendation – Bank reconciliations should be completed monthly and reviewed by an independent person. Their review should be documented by signing or initialing and dating the monthly reconciliations.

Response – The Association will institute an independent review process for bank reconciliations.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



Gilbert/Franklin Township Fire and Emergency Response Agency

Schedule of Findings

Year ended June 30, 2021

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Agency or Agency officials and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (4) Agency Minutes – The Agency does not review and approve a listing of disbursements prior to payment.

Agency meeting minutes were not published as required by Chapter 28E.6 of the Code of Iowa.

Recommendation – All disbursements should be approved by the Board prior to payment. In addition, the Agency should comply with Chapter 28E.6 of the Code of Iowa and publish meeting minutes.

Response – The Agency will institute an approval process for monthly expenses. The minutes and detailed transactions will be published in the local paper within 20 days of the Board Meeting.

Conclusion – Response accepted.

- (5) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Agency’s investment policy were noted.

Gilbert/Franklin Township Fire and Emergency Response Agency

Staff

This audit was performed by:

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