



GENERAL SECRETARY-TREASURER

FRANK V. LÍMA**SENIOR TRANSITION TEAM****AUDIT****OVERVIEW**

The Audit Subcommittee is charged with reviewing current IAFF annual audit practices, financial reports, per capita reports and any additional reports that impact the operations, constitutional authority and responsibility of the office of the General Secretary-Treasurer (GST) and to make recommendations for compliance and/or improvement. The Audit Subcommittee was also charged with determining the content and scope of the change of office audit.

The Audit Subcommittee interviewed current and former IAFF employees, contractors, and consultants for other non-profit organizations on best practices. Additionally, they reviewed Budget and Finance Executive Board Committee reports, IAFF Executive Board minutes, IAFF Executive Board policies, Ethical Practices Committee recommendations and consultant reports including the change of office audit conducted by then General Secretary-Treasurer Kelly who took office in 2016.

FINDINGS

The change of office audit commissioned in 2016 by then GST Kelly included a review of the policies, procedures and related internal controls of the IAFF's activities. Part of that review included an evaluation of IAFF Executive Board Policies and authorization necessary to produce accounting control over assets, liabilities, revenue and expenditures.

The IAFF has contracted with Renner & Company, Certified Public Accountants, as selected by the IAFF Trustees to audit the consolidated financial statements of the IAFF, and its subsidiaries and the related consolidated statements of activities, functional expenses, and cash flows annually.

RECOMMENDATIONS**1. Perform a hybrid change of office audit In Progress**

Given the scope of the change of office audit commissioned in 2016 by then GST Kelly, the audits performed annually by Renner & Company and subsequent work by the IAFF Executive Board Ethical Practices Committee (EPC) identified concerns with all processes and financial controls. The Audit Subcommittee recommended that this audit/review focus more on the current status of IAFF financial records and accounts. This would then be followed by a more extensive

audit to ensure the General Secretary-Treasurer is fulfilling his constitutional responsibility and following through on the Executive Board and EPC recommendations.

The Audit Subcommittee recommends the following scope of work:

- Verify that all financial documents, files, and electronic accounts have been transferred to the GST's Office
- Review the bank reconciliations for all cash and investment accounts as of March 31, 2021, and ensure they agree with the general ledger
- Review supporting documentation and appropriate approval for all payments during the three months ending March 31, 2021, that exceed \$5,000 (based on individually significant balances)
- Additionally, review the expense allocation of those individually significant items (ISI) for reasonableness and accuracy
- Verify credit card payments are up to date
- Review status of accounts payable and accounts receivable
- Ensure all financial institution accounts have been transferred to the current GST
- Ensure no unauthorized individuals remain on financial institution accounts
- List all existing contractors, consultants, vendors, and suppliers
- Document all external financial submittal due dates (e.g., IRS 990, IRS 5500) and confirm status of submittals
- Document all internal financial due dates (e.g., budget approval) and confirm status

The office of the General Secretary-Treasurer and Chair of the Senior Transition Team, District Vice President Danny Todd, held interviews with three vendors/auditors: one from Alexandria, Virginia, another from Burbank, California and the selected one from Greenbelt, Maryland. The vendor selected by the team is Clifton Larsen Allen (CLA) LLP. CLA is a non-profit company with risk management capabilities which will allow for a thorough and transparent audit.