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NEWS RELEASE

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FOR RELEASE

October 18, 2023

Auditor of State Rob Sand today released a report on a special investigation of the City of Hazleton Fire Department (Department) for the period July 1, 2017 through March 31, 2022. The special investigation was requested by City officials as a result of concerns regarding how the Department's financial transactions were handled. In addition, City officials were concerned with how the Hazleton Fire Department nonprofit corporation (Corporation) was operating as the Corporation had been dissolved on July 1, 1997.

Sand reported because the Corporation had been dissolved the financial records and bank account should have been administered by the City of Hazleton in accordance with Chapter 384.220(2) of the *Code of Iowa*. Because of the dissolution, the financial transactions of the Association would have to comply with the same standards as all other City disbursements.

Auditor Sand reported, the Corporation disbursed \$274,973.82 during the period of the investigation. Of the \$274,832.82, \$11,868.71 of the disbursements lacked supporting documentation, and \$1,600.00 in CRP Burns had been billed to individuals but the payment had not been received or deposited with the Corporation or the City. Had the disbursements been processed by the City, which has a higher threshold to demonstrate disbursements are in the best interest of the public, \$1,634.25 of disbursements from the Corporation bank account would have been considered improper disbursements.

In addition, Sand reported it was not possible to determine if any additional improper disbursements or if all collections were properly deposited during the period of the investigation because adequate records were not available.

The report includes recommendations for the new Association established in March 2022, to strengthen internal controls, such as improvements to segregation of duties, improving the determination and documentation of the public purpose of transaction, maintaining supporting documentation for all expenditures, improving controls over amounts billed but not collected.

Copies of the report have been filed with the Buchanan County Sheriff's Office, the Division of Criminal Investigation, the Buchanan County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's website at [Special Interest Reports](#).

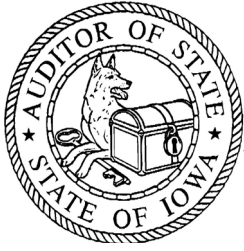
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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF HAZELTON FIRE DEPARTMENT

FOR THE PERIOD
JULY 1, 2017, THROUGH MARCH 31, 2022**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain financial transactions of the City Fire Department and the Association which had previously been dissolved, and at the request of City officials, we conducted a special investigation of the Hazleton Fire Department (Department) and the Association. We have applied certain tests and procedures to selected financial transactions of the Department for the period July 1, 2017 through March 31, 2022. Based on discussions with City and Department officials and a review of relevant information, we performed the following procedures:

- (1) Evaluated how the Association was organized to determine if it was a department of the City or a separate legal entity.
- (2) Evaluated the City internal controls over receipts and disbursements to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Evaluated the Association's internal controls over receipts and disbursements to determine whether adequate policies and procedures were in place and operating effectively.
- (4) Obtained and reviewed the Association's bank statements to identify any unusual activity.
- (5) Scanned images of redeemed checks from the Association's bank account to identify any unusual disbursements.
- (6) For selected disbursements, examined available supporting documentation to determine whether the disbursements were appropriate, properly approved, and supported by adequate documentation.
- (7) Interviewed Hazleton Fire Department officials to determine the propriety of certain disbursements.
- (8) Reviewed grant agreements and grant receipts to determine if grant funds were deposited into the City's or Fire Department's account and comply with the terms of the grant agreement.

The procedures identified \$11,868.71 of unsupported disbursements and \$1,600.00 uncollected CRP Burns billings. Had the disbursements been processed by the City, which has a higher threshold to demonstrate disbursements are in the best interest of the public, \$1,634.25 of disbursements from the Corporation bank account would have been considered improper disbursements. Because adequate records were not available, we were unable to determine if there were additional improper disbursements or if all collections were properly deposited. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City Hazelton, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Division of Criminal Investigation, the Buchanan County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by officials and personnel of the City of Hazleton and the Hazelton Fire Department during the course of our investigation.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and "S".

ROB SAND
Auditor of State

September 14, 2023

City of Hazelton Fire Department

Investigative Summary

Background Information

The Hazleton Fire Department is located in Hazleton, Iowa in Buchanan County. The Fire Department (Department) provides fire services to the City of Hazleton and Hazleton township. The Department is composed of community members who volunteer their services, except for the Fire Chief (Chief), who is an employee of the City.

The members of the Fire Department established a nonprofit corporation named the “Hazleton Fire Department” (Corporation) in September 1963. According to information on the Secretary of State website, the Corporation was statutorily terminated on July 1, 1997. According to the Corporation’s Articles of Incorporation, the Corporation was to be dissolved on September 9, 2013. The Articles of Incorporation did not specify how the remaining assets of the nonprofit corporation were to be handled. After the Corporation was dissolved, the members continued to act as if the Corporation was still a separate legal entity.

The Corporation’s operations are overseen by officers elected by the members annually. The officers consist of a President, Vice President of Fire, Vice President of Medical, Secretary of Fire, Secretary of Medical, Treasurer, Chief, and Deputy Chief. After the election is complete, the list of elected officers is provided to the City Council. The City Council passes a resolution approving the positions elected by the Corporation.

Arne Dettbarn was elected as the Fire Chief and approved by the City Council in June 2011. Mr. Dettbarn served as the Chief until his resignation from the Department on February 8, 2022. The Chief is responsible for the following:

- Enforcing fire ordinances and laws, technical assistance related to fire safety, establishing control and coordination at a fire scene.
- Approving purchase for the Fire Department and submitting claims to the City to be paid. In addition, the Chief approved disbursements from the Corporation’s separately maintained bank account.
- Reviewing financial statements from the Corporation’s Treasurer.
- Receipts – creating invoices for Conservation Reserve Program burns (CRP) and helping to collect money from fundraising events and donations to be given to the Corporation’s Treasurer to be deposited into the Corporation’s bank account.

The City is responsible for paying the following expenses for the Department: the Fire Chief’s salary, travel/training for members, repair and maintenance of the building and vehicles, fuel, equipment repair, electricity and gas, communications, insurance, medical expenses, protective clothing, miscellaneous supplies, and equipment. In order to pay for the operations of the Department, the City budgets funds from its General Fund and Special Revenue Fund annually.

The Corporation’s primary revenue source are proceeds from fundraising events, donations, and grants. The Corporation also received donations for CRP burns. All proceeds collected were to be deposited in the Corporation’s separately maintained bank account. Disbursements from the Corporation’s account were to be approved by Fire Chief. The signors on the bank accounts included the Corporation’s Treasurer and Secretary.

The Corporation’s Treasurer, is responsible for the following:

- 1) Receipts – collecting donations, fundraising proceeds, receiving funds from members who collected donations, preparing deposits, posting to the accounting records, and making deposits,

- 2) Disbursements – purchasing, preparing checks, signing, and distributing checks, posting to the accounting records, and maintaining supporting documentation,
- 3) Bank accounts – reconciling monthly bank statements to the accounting records, and
- 4) Reporting – preparing the monthly Treasurer’s Report and other reports as requested.

The Corporation’s Secretary was also responsible for the collecting and depositing receipts and issuing and signing the checks issued from the Corporation’s bank account.

In December 2021, the Hazleton City Clerk identified an issue with a USDA grant the Department applied for in 2019. The grant agreement was between the USDA and the City and not the Corporation. The Corporation used the City’s Tax ID number to apply for the grant.

The grant funds were deposited into the Corporation’s separately maintained bank account and not the City’s bank account. City officials had no records showing the grant was approved by the City or records showing how the grant funds were used. The City Clerk also identified two new trucks were purchased for the Department without approval from the City Council. The City Clerk also determined the Corporation had been dissolved in 2013. After speaking with former Fire Department officials, they were not aware of the Corporation’s statutory dissolution until the City Clerk had informed them.

As a result of the concerns identified, the City Council approved a resolution requesting the Office of Auditor of State review the City Fire Department financial records. We performed the procedures detailed in the Auditor of State’s Report for the period of July 1, 2017 through March 31, 2022.

Detailed Findings

The procedures performed did not identify any issue with the City’s administration of the Fire Department. However, because of the dissolution of the Corporation in 1997, the bank account and the remaining funds should have been turned over the City as required Chapter 384.20 of the Code of Iowa.

We reviewed the disbursements from the Corporation’s bank account and identified \$11,868.71 of unsupported disbursements and \$1,600.00 in billed but undeposited/uncollected funds for the period July 1, 2017 through March 31, 2022. Had we applied the higher threshold required for a government entity to demonstrate expenses are in the best interest of the public (Public Purpose), \$1,634.25 of disbursements from the Corporation’s bank account would have been considered to have not been in the best interest of the public and therefore improper disbursements.

We also determined grant funds were deposited into the Corporation’s bank account which should have been deposited with the City.

Because adequate documentation was not available, it was not possible to determine if additional amounts were improperly disbursed or if all collections were properly deposited during the period of our review. Several internal control weaknesses were also identified. The unsupported disbursements and the undeposited collections are discussed in further detail in the following paragraphs.

SEPARATELY MAINTAINED RECORDS

As previously stated, the “Hazleton Fire Department” (Corporation) a nonprofit corporation was established in 1963. The name of the Corporation was the same name which the City of Hazleton Fire Department went by. The Corporation was statutorily terminated by the Secretary of State of Iowa on July 1, 1997. However, the Secretary of State’s website includes a summary page which shows the Corporation was to expire on September 9, 2013. According to City and Fire Department officials, no one was aware the Corporation had been statutory dissolved.

City and Department officials could not locate copies of the original Articles of Incorporation. As a result, we were unable to determine how the assets of the Corporation, including funds remaining in any separately maintained bank accounts were to be distributed.

Chapter 384.20(2) of the *Code of Iowa* states “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property. Public moneys may not be expended or encumbered except under an annual or continuing appropriation.”

Since City and Department officials had no records of how the remaining assets were to be handled upon dissolution, the Corporation existed for the benefit of the City of Hazleton Fire Department, and under Chapter 384.20(2), the City Clerk should have administered the separately maintained bank account upon the dissolution of the Corporation.

On March 1, 2022, the members of the Fire Department filed papers with the Secretary of State forming a new nonprofit corporation called the “Hazleton Firefighters Association (Association).” Under its Articles of Incorporation, it is a perpetual corporation with no set expiration date. The Association established a new bank account for the Association.

The Corporation’s (old) bank account had a balance of \$29,156.61 as of March 31, 2022. The account is being held by a Department official until a final determination is made on who should receive the funds remaining in the Corporation’s bank account. Because the Corporation was dissolved on July 1, 1997, the balance of the account should be turned over to the City Clerk to be used for Fire Department operations as required by Chapter 384.20(2) of the *Code of Iowa*. If the funds include donor restricted funds, the City should administer those funds in accordance with the donor’s restrictions.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

As previously stated, disbursements from the Corporation’s bank account were made by check. Supporting documentation for all disbursements was to be maintained in the Fire Department by the Treasurer and Arne Dettbarn, the former Chief. In addition, disbursements were to be included on a list presented at Fire Department meetings. We scanned the bank statements and images of all redeemed checks and other disbursements from the Corporation’s bank account for the period July 1, 2017 through March 31, 2022 to determine propriety of the disbursements.

Using available supporting documentation obtained from the Hazleton City Clerk and Fire Department officials; internet searches; discussions with the Hazleton City Clerk and Fire Department officials current and former; and the vendor, frequency, and amount of payments, we classified payments as improper, unsupported, or reasonable.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for the Department’s operations. Disbursements were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to Department operations or was personal in nature. Other disbursements were classified as reasonable if it appeared they were for Department operations based on available supporting documentation, the vendor, frequency, and amount of the payments, and/or discussions with City and Department officials.

As previously stated, City and Department officials were unaware the Corporation had been dissolved. Because the Corporation assets, including the bank account, should have been administered by the City once dissolved and since cities require a higher threshold to demonstrate expenses were in the best interest of the public (Public Benefit) than the requirements established for a nonprofit corporation, some of the disbursements made by the Corporation during the period it was dissolved would be considered appropriate based on the requirements for the Corporation. However, some of the

disbursements considered reasonable for the Corporation would be considered improper and not in the public interest under the restriction placed on a City.

During the period of our review, the Corporation disbursed \$274,842.53 from its bank account. **Table 1** shows the amount of the disbursements which would have been classified as reasonable, unsupported, or improper based on the restriction placed on a nonprofit corporation (which include personal benefit) and the amounts classified as reasonable, unsupported, or improper had the expense been made by the City which has a higher threshold for determining public benefit.

Table 1

Description	Corporation Classification	City Classification
Reasonable	\$ 262,973.82	261,339.57
Unsupported	11,868.71	11,868.71
Improper	-	1,634.25
Total	\$ 274,842.53	274,842.53

As illustrated by the **Table**, had the Corporation retained its nonprofit status, of the \$274,842.53 disbursed, \$262,973.82 would be considered reasonable for the operations of the Department. The reasonable disbursements included items such as the purchases of food and supplies for events, raffle items for events, cash withdrawals for events, equipment, food for training, and equipment maintenance. Because Department officials could not locate supporting documentation for the remaining \$11,868.71, we are unable to determine if the disbursements were for the operations of the Department or personal in nature. As a result, the \$11,868.71 is considered unsupported disbursements.

If the City had administered the Corporation’s bank accounts upon its dissolution, there would have been no change in the \$11,868.71 of unsupported disbursements; however, \$1,634.25 of disbursements would have been considered improper and not for the benefit of the Department. The \$1,634.25 includes:

- \$1,300.00 of donations to other nonprofit organizations. In accordance with an AG opinion, unless there is a contract for goods or services with the nonprofit, a City cannot donate funds to a nonprofit entity.
- \$167.59 for food purchases for which there was no specific event or fire where food would have been provided to the members on the call. As a result, the disbursement was considered personal in nature.
- \$109.95 for promotional items which are used for the Department’s annual fundraising events.
- \$56.71 for a personal purchase included on an invoice for clothing which Department officials could not determine if the Department was reimbursed.

Grants, Fundraising, and Donation

Grant Revenue – During 2019, the Department applied for a grant to assist with the purchase of a pumper truck, equipment truck, and equipment from the USDA. At the December 2019 City Council meeting, the City Council approved the Fire Chief and the Mayor to sign all the grant documents. However, the USDA grant agreement was signed by the Fire Chief at the time and the City Clerk at the time, instead of the Mayor. The grant documents show the grant was applied for using the City of Hazleton’s Tax ID number and was between the USDA and the City of Hazleton.

According to the former Fire Chief, who signed the agreement, and two former members of the Department, it was stated the Fire Department applied for the grants, but they had to use the Townships or City's Duns Numbers in the application. They also stated there was an agreement between the Fire Department and the Mayor and City Clerk at the time, that allowed the Department to use the City's tax ID numbers and that the grant funds would be deposited into the Corporation's bank account and used to purchase the equipment.:

The \$71,000.00 of grant proceeds was deposited into the Corporation's bank account on November 13, 2020. Prior to the funds being deposited in the Corporation's bank account, the Corporation issued the following checks related to the purchase of equipment under the grant.

- June 30, 2020, the Corporation issued check number 1864 for \$60,00.00 payable to the Fairfax Fire Department for the purchase of a pumper truck.
- On September 17, 2020 the Corporation issued check number 1868 for \$46,500.00 payable to Michael Kelly for an equipment truck.
- The Corporation also purchased Air Pak's for \$34,476.00 on December 28, 2020.

Because the grant specifies the City of Hazleton and used the City's EIN number, the grant funds and related expenses should have been made by the City and recorded in the City's accounting system and not the Corporation.

It was also communicated to our office that the fire trucks purchased with the grant funds were not originally titled in the City's name but were put in the name of the Hazleton Township. According to the current title on file at the City, the trucks are titled in the City of Hazleton's name. Because the original titles could not be located, we are unable to determine if the original titles were in the name of the Hazleton Township.

Fundraising and Donations – Annually, the Corporation holds two main fundraising events: the Soup Supper and the Spaghetti Supper. The Soup Supper is held in March and the Spaghetti Supper is held in the fall. The Corporation also received donations throughout the year and at the two main fundraising events. According to Department officials, fundraisers were handled by the Corporation, and the City was not involved. All revenue received at the suppers, other fundraising events, and donations were to be deposited in the Corporation's bank account.

As part of the Soup Supper, the Department held raffles. The raffles would include items bought by the Department and items donated by individuals and businesses. A concern was communicated to our office that the Corporation was conducting raffles without the proper license. Based on discussion with former Department officials, they stated that the Department did not get a license for any of their raffles. Per 99B "Social and Charitable Gambling" of the *Code of Iowa*, a qualified organization license is not required if a qualified organization only has one raffle a year where the cumulative value of the cash prize or prizes is one thousand dollars or less and the value of all entries sold is one thousand dollars or less, or the cumulative value of the donated merchandise prize or prizes is five thousand dollars or less and the value of all entries sold is five thousand dollars or less."

According to Department officials, both members and non-members collected cash at these events. Officials stated, they did not maintain receipt books, tickets, or other supporting documentation showing the amount of revenue collected at a fundraising event or amounts received from donations. In addition, officials could not locate documentation showing the value of the raffle items donated, who won the raffle prizes, or how much was collected for the raffles. As a result of the lack of supporting documentation, we were unable to determine if all revenue received from fundraising or from donations was deposited in the Corporation's bank account.

CRP Burns – The Corporation issued invoices to individuals to help with controlled burns under the Conservation Reserve Program (CRP). The CRP program allows farmers to do a controlled burn as a

form of land management. According to the former Fire Chief, farmers would ask the Department for assistance with the CRP Burns. According to Department officials, farmers needed an invoice for the burns in order to be reimbursed by the State under the program. The Department would send out invoices to some of the farmers for these burns. However, there was no requirement to pay for the burn or to donate to the Department. However, some farmers would pay the invoice or make a donation to the department.

We located 3 invoices issued for CRP burns. Two of the three CRP invoices could be traced to a deposit in the Corporation's bank account. The remaining invoice dated April 28, 2021 totaled \$1,600.00 and was addressed to Arne Dettbarn. The invoice included two CRP burns invoiced at \$800.00 per burn. We could not locate a deposit for the \$1,600.00 in the Corporation's bank account.

According to the former Fire Chief, one of the invoices which was addressed to him, was not for him but for a farmer that had spoken to the former Chief directly and had sent the check to the former Fire Chief. The former Fire Chief stated he gave the check to the Corporation's Treasurer for deposit.

Because the Department did not issue invoices for all CRP burns and there was no expectation for an individual to pay the invoice or donate to the Department for the CRP burns, we were unable to determine if the amounts billed for CRP burns, were collected and deposited with the Corporation or the City. Because the Department provide services using equipment owned by the City, the funds should have been deposited and recorded in the City's accounting system.

Other Administrative Issues

Sale of Fire Department Equipment – A concern was communicated to our office regarding the sale of Department equipment. According to the former Chief and other Department officials, they did not track who owned the equipment other than the trucks. It was also stated equipment was owned by either the City or Township, the Corporation did not own it.

According to current and previous Department officials, the Department sold items from the station years ago. However, the Department did not maintain any supporting documentation such as an inventory listing or receipt books showing the sale of items. Some of the items sold included a chainsaw, an old equipment truck and some related equipment from the truck.

According to the City Clerk, the City owns the buildings. There is a 28-E Agreement with the Hazleton Township which covers ownership of two trucks. The old pumper and grass truck are split ownership under these agreements. The remaining trucks and equipment are owned by the City.

As previously stated, the Fire Department Corporation was dissolved in 1997. Because City and Department officials could not locate any support on how the assets were to be handled once the Corporation was dissolved and the Corporation existed to benefit the Department, all assets should have been turned over to the City. As a result, the sale of any equipment should have been approved by the City Council and any revenue collected from the sale of equipment should be deposited with the City.

Oversight – The Corporation officers have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of its operations and maintain the public trust. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. Based on our review, we identified the following concerns related to oversight of the Corporation:

- Adequate supporting documentation was not maintained for disbursements made from the Corporation's account.
- Adequate support was not maintained for collections at fundraising events.
- Receipts were not issued for donations or other collections received by the Corporation.

- The Corporation does not have a written policy and procedures manual which includes requirements for supporting documentation for all payments to vendors, debit card purchases, reimbursements to members and other individuals.
- The Corporation did not maintain minutes for Corporation meetings documenting approval of fundraising events, review of financial information related to the fundraising bank account, and other significant information.

Recommended Control Procedures

An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations. Because the Corporation has been dissolved, our findings, observations, and recommendations are made to help the Association established in March of 2022 to strengthen its internal controls.

- A) Segregation of Duties – An important aspect of internal control is the segregation of duties among members to prevent an individual member from handling duties which are incompatible. The former Treasurer of the Hazleton Fire Department nonprofit corporation had control over each of the following areas:
- (1) Bank accounts – reconciling,
 - (2) Receipts – collecting, collecting from Fire Dept. members that collected, preparing deposits, posting to the accounting records, and making deposits,
 - (3) Disbursements – purchasing, preparing checks, signing, and distributing checks, posting to the accounting records, and maintaining supporting documentation monthly bank statements to the accounting records, and
 - (4) Reporting – preparing the monthly Treasurer’s Report and other reports as requested.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, Association officials should review existing control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel and/or elected officials.

- B) Public Purpose – Section 384.3 of the Code of Iowa states, in part, “All moneys received for city government purposes from taxes and other sources must be credited to the general fund of the city.” We determined the Department is a part of the City and, therefore, all monies received by the Department are subject to section 384.3 of the Code of Iowa.

In addition, we determined the Corporation had been dissolved in 1997. As a result, the remaining assets of the Corporation should have been turned over to the City to be administered, unless otherwise stated in the Articles of Incorporation. As of March 31, 2022, the Corporation’s old bank account had a balance of \$29,156.61.

Recommendation – The City and Department officials should consult legal counsel on how to handle the remaining balance in the Corporation’s bank account.

- C) Supporting Documentation – The Corporation did not maintain adequate supporting documentation for purchases from vendors or reimbursements to individuals made from the Corporation’s bank account. In addition, the Corporation did not maintain adequate supporting documentation including receipts for donations and collections at fundraising events.

Recommendation – Association officials should implement policies and procedures for collections and disbursements including:

- Pre-numbered receipts should be issued for all donations and collections.
- Adequate supporting documentation should be maintained for disbursements, including invoices and receipts.

- Checks issued from the Association’s bank account should be prepared by the Association’s Treasurer and written in sequential order. Checks should be reviewed and signed by the appropriate Association officials. The review should include comparing invoices and supporting documentation to the check.

D) Undeposited/Unbilled Collections – We determined the Corporation issued invoices for CRP burns. There was not a requirement the individual requesting the burn pay the invoice or donate to the Corporation. In addition, since the burns were done by the Fire Department using equipment owned by the City any funds received should be deposited with the City and not the Corporation.

Recommendation – City officials should implement written policies to ensure billing process is documented, including timing and frequency of bills, rates used and tracking collections when payments are received. City officials should also implement policies regarding outstanding bills and subsequent follow-up to ensure collections are received. In addition, independent reconciliations should be prepared and reviewed to ensure all individuals or groups have been properly billed and trace collections to deposits.

E) Oversight – The Corporation Board has a fiduciary responsibility to provide oversight of its operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Based on our observations and the procedures we performed, we determined that the Corporation’s Board failed to exercise proper fiduciary oversight. The lack of appropriate oversight and the failure to ensure implementation of adequate controls permitted a member to exercise too much control over the operations of the Corporation’s bank account.

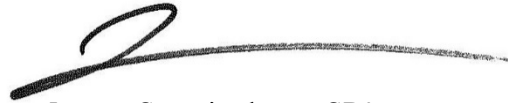
Recommendation – Oversight by Association members is essential and should be an ongoing effort. Association officials should exercise due care and review all pertinent information. Association officials should also ensure sufficient information is prepared to them for making decision and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

Report on Special Investigation of the
City of Hazleton Fire Department

Staff

This special investigation was performed by:

Ridge G. Nennig, Staff Auditor
Julius O. Cooper, Staff Auditor

A handwritten signature in black ink, appearing to read 'James Cunningham', with a long horizontal flourish extending to the right.

James Cunningham, CPA
Deputy Auditor of State