
Board for Volunteer Firefighters and Reserve Officers (BVFFRO)

Agency: 220

Audit Report: 1013186

Finding Number: 001

Finding: The Board for Volunteer Fire Fighters and Reserve Officers does not have adequate controls over its cash receipting and pension tracking system.

Resolution: The Board agrees that a segregation of duties is important when receipting and depositing. The Board feels adequate controls over its cash receipting and pension tracking system are in place. The Board follows guidance included in the *State Administrative and Accounting Manual (SAAM)* Chapter 20 to mitigate any potential shortcomings including authorization, review and approval, verification, reconciliation, physical security, education, training, and coaching. While a segregation of duties may be the ideal control activity, it is not the only control activity recognized in SAAM. Where the Board has been unable to segregate duties sufficiently due to staffing limitations, it has worked hard to implement other control activities.

The Board agrees that the pension tracking system is outdated, which is the cause of most issues identified in the finding. The Board is currently working on a decision package to seek funding for a study to replace the aging system. Until the Legislature gives approval for a new system, the Board will work with contractors to set up additional controls within the current system. Specifically, the Board will work with the contractor to develop better reports within its tracking software to better monitor additions, edits, or deletions to the pension database, including any changes made to the receipt table.

The Board does not agree with the auditor's recommendation to reconcile receipts in the database to deposit amounts in the state's Agency Financial Reporting System (AFRS). The Executive Secretary reconciles each deposit made with receipts entered in AFRS on a daily basis, which has been the process for several years. The Board understands the auditor's concern that a receipt can be added or changed after the daily reconciliation takes place. As mentioned above, the Board will address this concern through the development and monitoring of a change report.

The Board already had written policies and procedures in place regarding the pension database which are included in the employee handbook.

The Board also concurs that Human Resource Management System (HRMS) and the pension tracking system do not reconcile. The pension tracking system was developed to track the service time that members accumulate to become eligible for pensions. It was not built to track pension payments. The Board believes that the auditor's concern stems from the risk that staff could create a retirement pension within HRMS without approval. To address this risk, the Board is working on identifying a report within HRMS that can be used to monitor any additions and changes made within the system which can be compared to additions within the pension database to ensure only approved pensions are being added to HRMS.

Status of Audit Resolution

December 2015

As of October 2014, the Board contracted with the U.S. Department of Commerce to verify the eligibility of all benefit recipients against the Social Security Death Master Index File on a monthly basis. This process ensures that the Board can identify members that have passed away and cease any further pension payments in a timely fashion.

As of November 2014, the Board began validating all members' Social Security Numbers prior to payment of benefits. This allows the Board to verify that only members with valid Social Security Numbers that match federal records of names and dates of birth are paid benefits.

Completion Date: Corrective action is expected to be complete by December 2016.

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