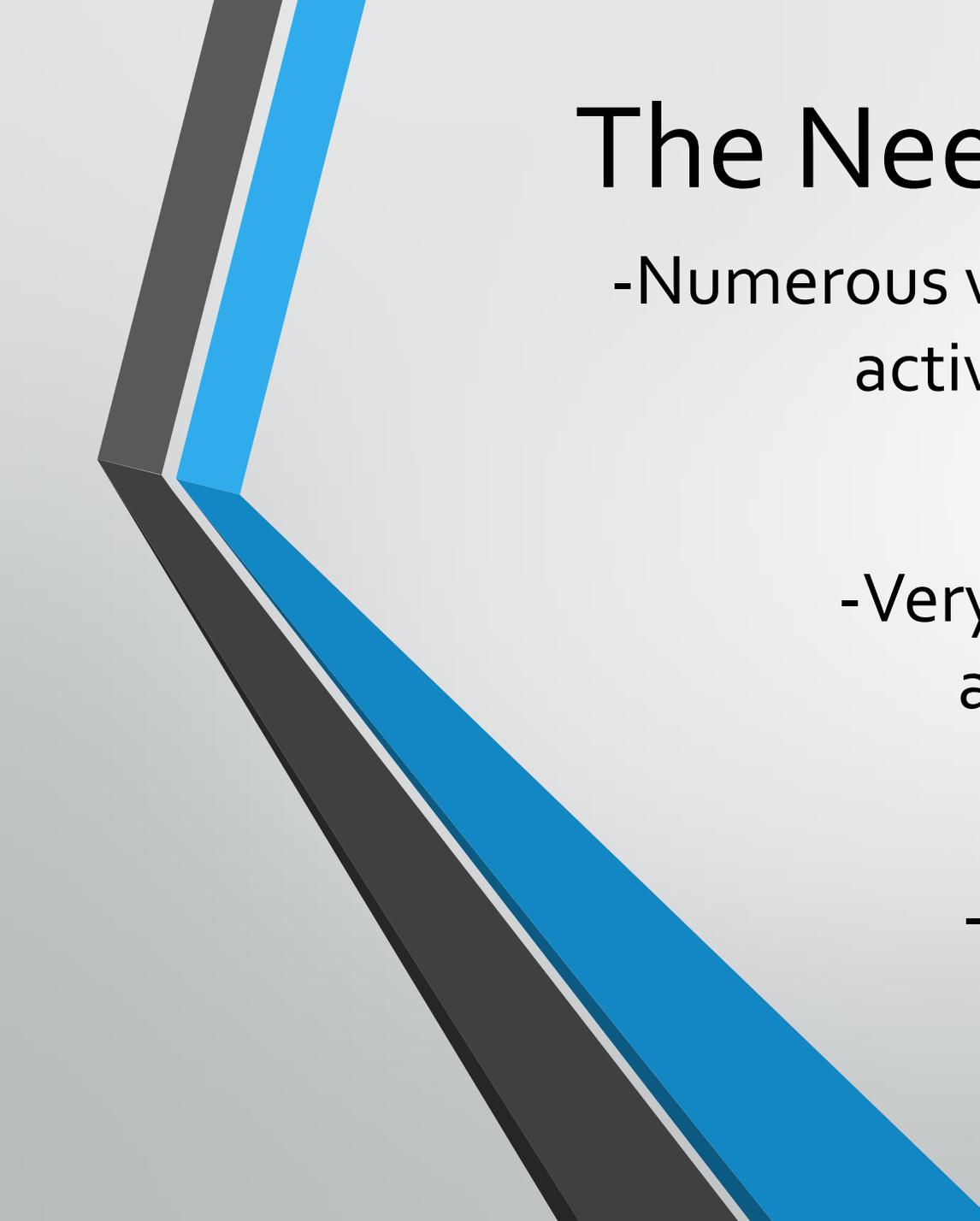


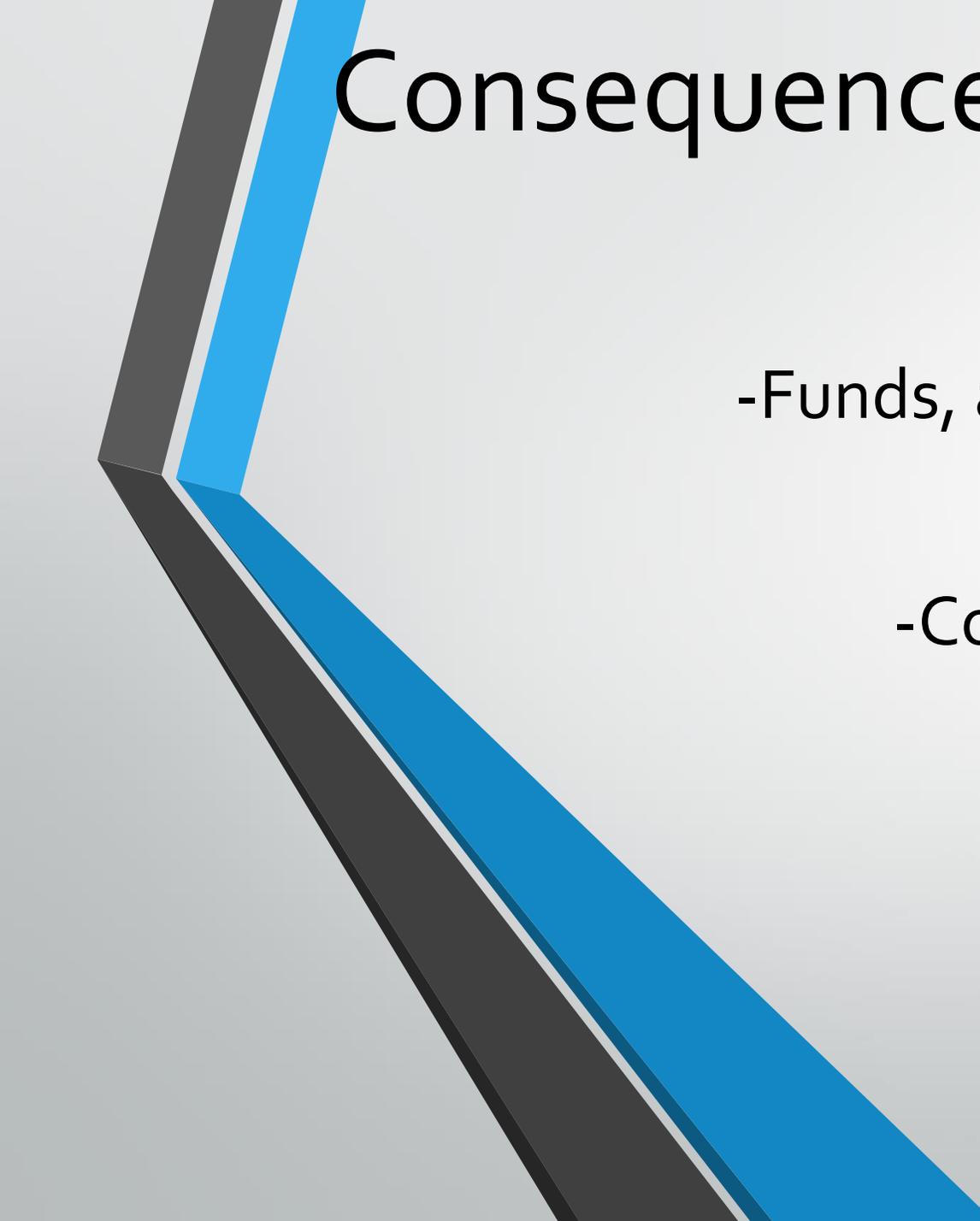
Using Service to Volunteer Organizations as Authentic Learning for Accounting Students

Presentation at the IACBE
Annual Conference and Assembly
Meeting April 6, 2016
Memphis, TN



The Need in the Community

- Numerous volunteer organizations carry out activities and operations without any employees, even part-time.
- Very often no business experience or appreciation of the need for basic internal controls
- Too often with disastrous results in these all volunteer organizations (AVOs)



Consequences of Lack of Internal Controls in AVOs

- Funds, at best, unaccounted for but often embezzled or misused
- Community loses benefit of services
- Lives of those held responsible are ruined
- Damage often extends to all AVOs

Started Out by Writing Op-eds

Seeing the value of establishing internal controls for Voluntary Emergency Services Organizations

FRED J. CROOP

Published: February 20, 2016



Thankfully, it appears the Wilkes-Barre Township Volunteer Fire Company is back on the right path to serving and representing the fine citizens of the municipality properly — both financially and in times of emergencies. Due to the work of law enforcement agencies and the judicial system, the person who caused problems for years has been relieved of his duties so a new team of dedicated volunteers can manage the fire company and avoid any future financial issues.

The situation in Wilkes-Barre Township illustrates the need to make every attempt to prevent all Voluntary Emergency Services Organizations (VESO) and the people they serve from being the victims of financial mismanagement; both intentional and unintentional. The misappropriation of funds from volunteer organizations casts a public shadow over the entity and causes the citizens it serves to lose trust in it as well.

There should be efforts to keep an unacceptable situation from festering and growing worse year after year. Even though public reports of what occurred within this fire department are accurate, there are activities within VESOs and affiliated nonprofits in Pennsylvania that may not be obvious to most people unless they have been intimately involved in operations.

In the Wilkes-Barre Township case, there were two nonprofit organizations related to fire protection: the volunteer fire company and the volunteer firefighters' relief association. Most fire protection is set up this way in the Keystone State. State monies flow through the municipality to one or both entities. The Commonwealth requires the records and transactions of each be kept entirely separate from each other. The state auditor general is required to audit the records of the 1,915 relief associations in Pennsylvania — but only the relief associations, not the volunteer fire companies.

In the end, the missing money in Wilkes-Barre Township was discovered, and ultimately a person was convicted and sent to prison because the fire department's and relief association's funds were comingled without proper documentation. Otherwise, the auditor general would not have been able to settle the financial mess.....

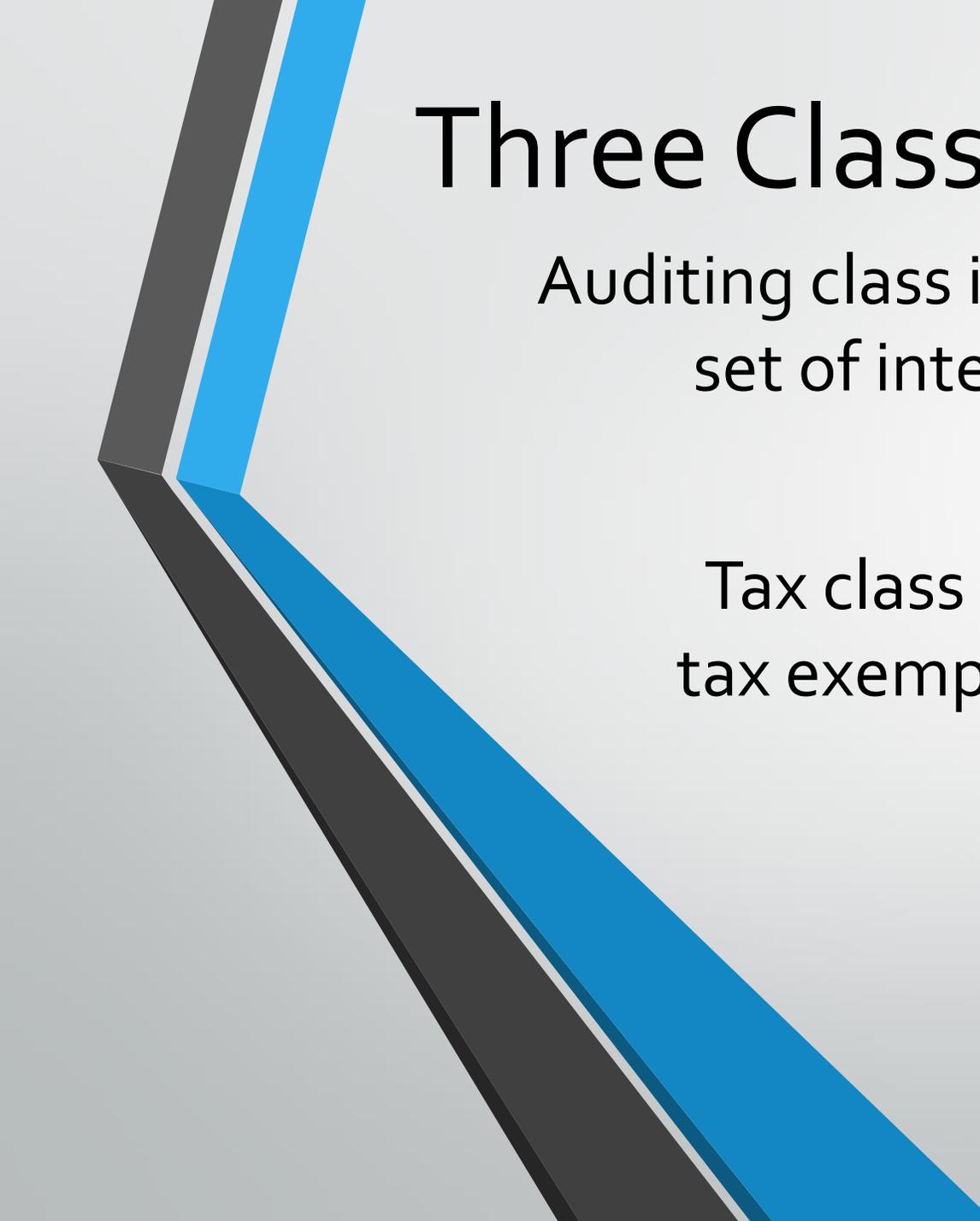
Fred J. Croop, Ed.D., M.B.A., C.P.A., is the dean of the College of Professional Studies and Social Sciences at Misericordia University.

<http://citizensvoice.com/news/seeing-the-value-of-establishing-internal-controls-voluntary-emergency-services-organizations-for-1.2009428>

Leveraged Efforts - Students



- Realized AVOs represented rich learning environments for accounting students
- Through service learning, students gain additional real-life authentic experience with accounting and civic engagement



Three Classes Involved to Date

Auditing class interviewed CPAs and compiled a set of internal controls based on having no employees or physical location

Tax class researched and compiled federal tax exemption and Pennsylvania charitable organization filing requirements

Intermediate Accounting class handled logistics of a seminar and presented on how to prepare bank recs

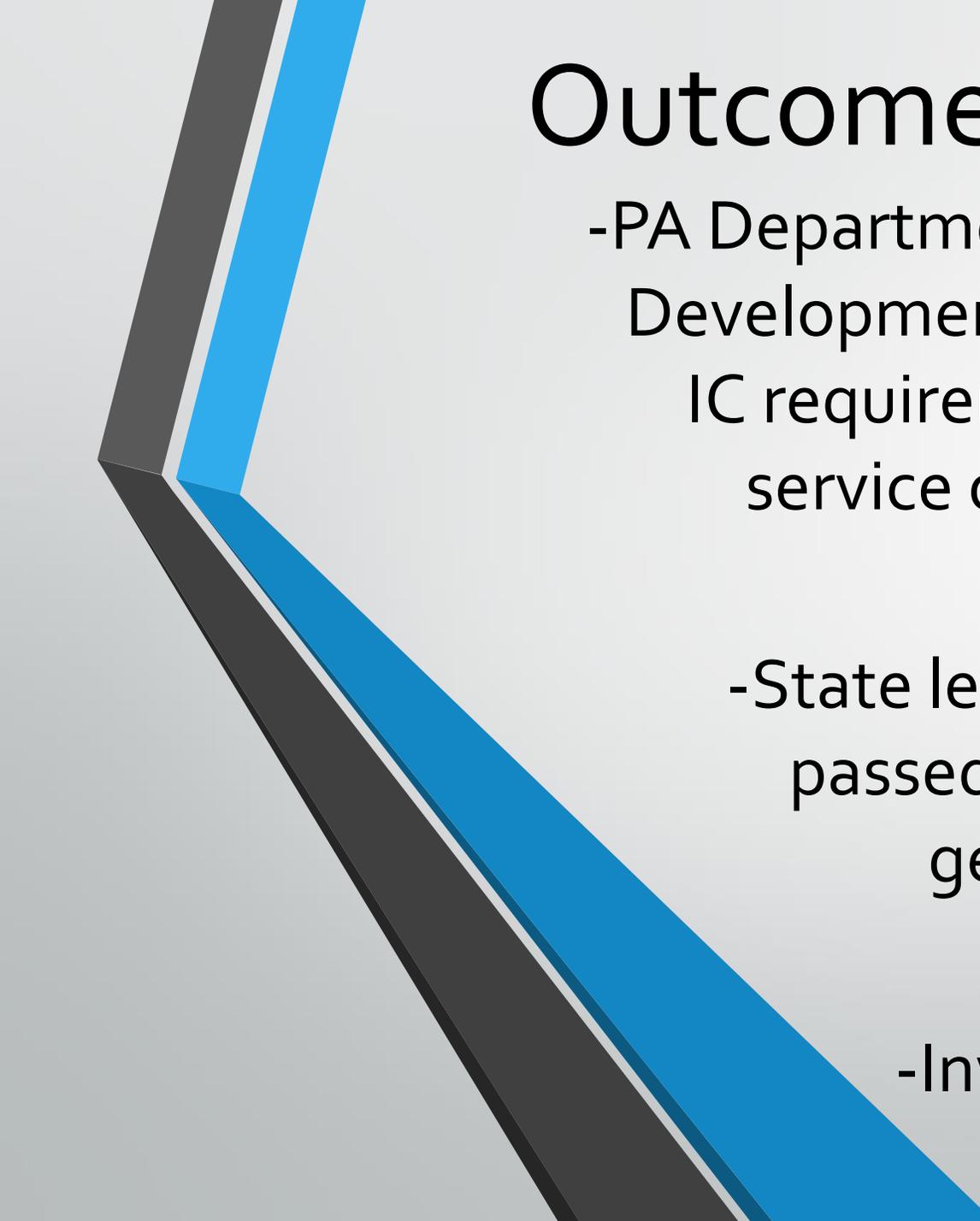
Outcomes for the Community

*Misericordia University Internal Controls and Federal
Tax Exemption Basics for All-Volunteer
Organizations Resource Manual*

<http://www.misericordia.edu/page.cfm?p=1478>

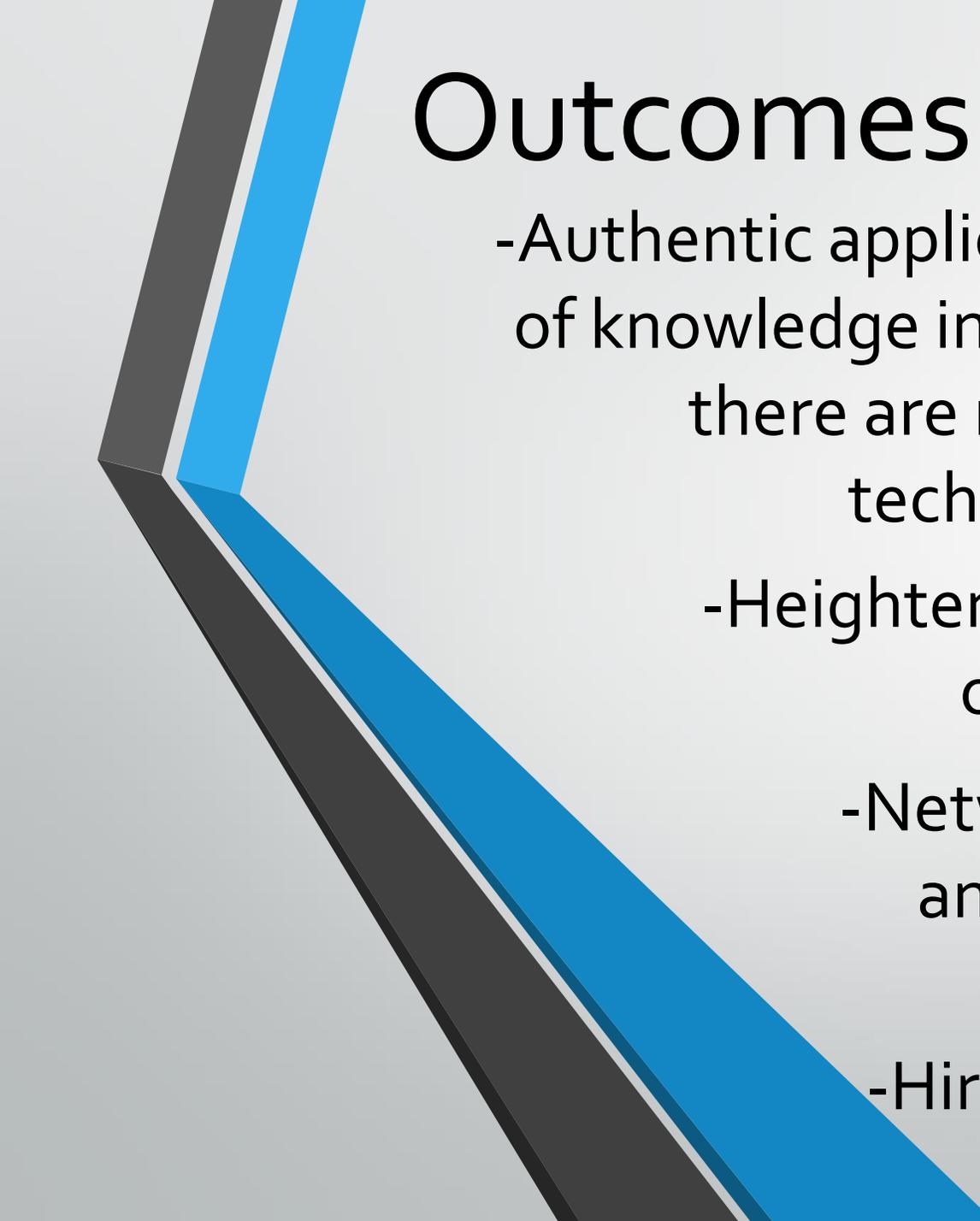


Seminar on Internal
Controls for All-
Volunteer
Organizations



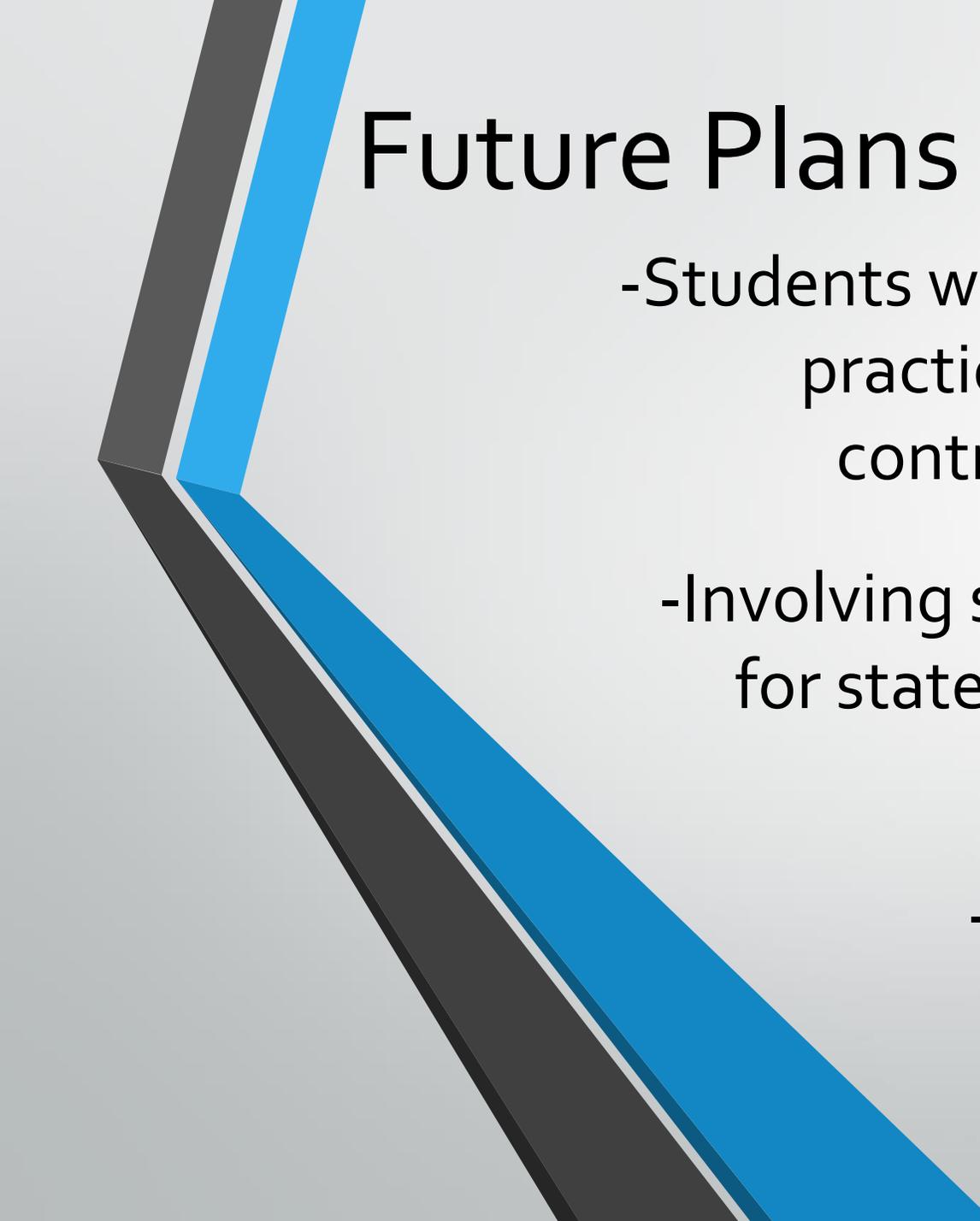
Outcomes for Pennsylvania

- PA Department of Community and Economic Development asked me to develop a body of IC requirements that volunteer emergency service organizations must implement in order to obtain grant funding.
- State legislator asked me to help her get passed a pilot program where CPAs will get CPE credit for doing reviews of volunteer fire companies.
- Invited to speak at board meetings of non-profits on the issue



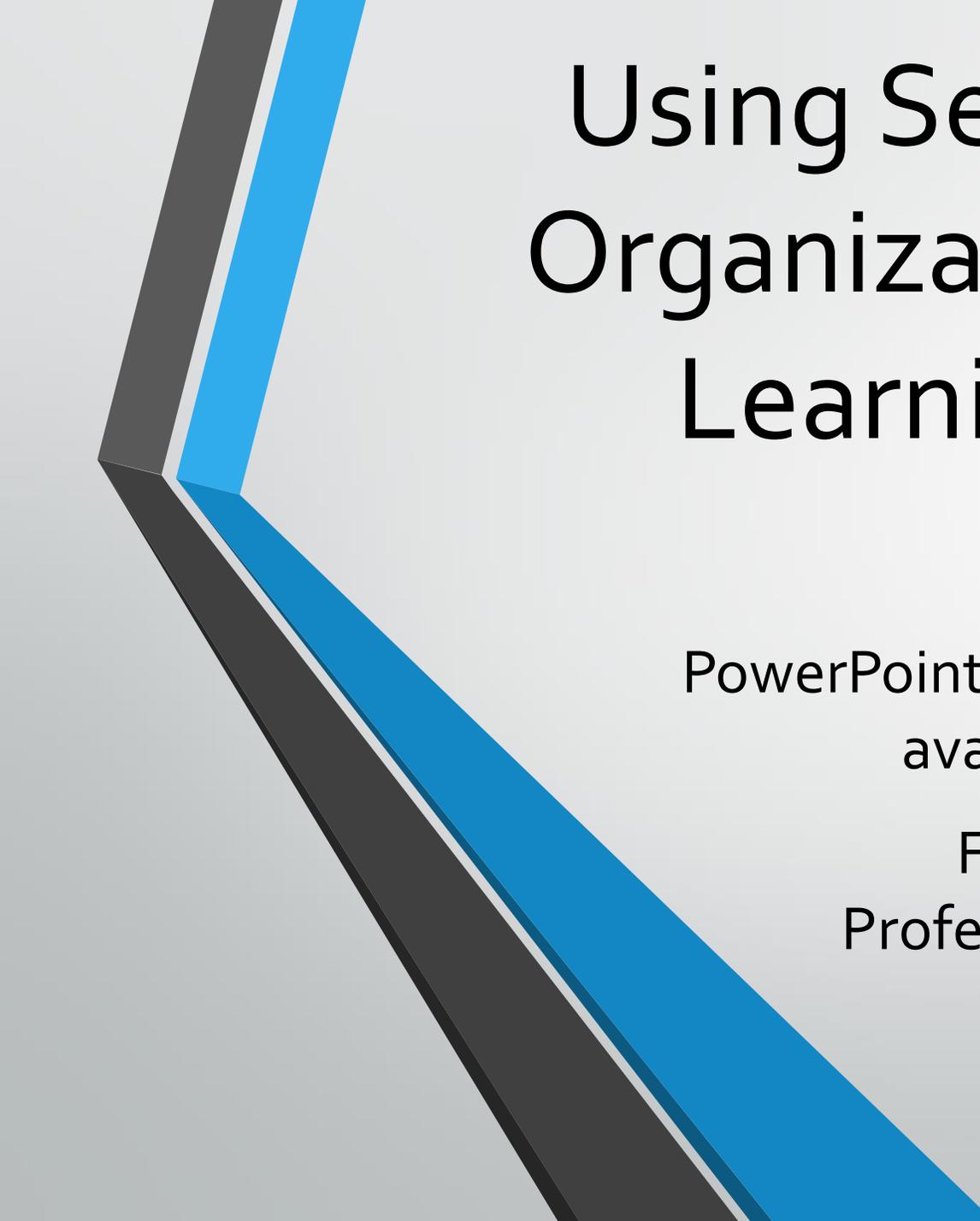
Outcomes for the Students

- Authentic application of topics covered; transfer of knowledge in creating internal controls where there are no employees; ability to relate to techniques like the prep of a bank rec
- Heightened sensitivity to the significance of and need for civic engagement
- Networking with community leaders and potential employers serving as AVO board members
- Hired to be a component of internal control – preparing bank recs



Future Plans for Support of AVOs

- Students work on refining and making more practical and attractive certain internal controls recommended in the Manual
- Involving students of all majors in lobbying for state support for AVOs and mandates for required internal controls
- Ultimately, the establishment of a Center for AVO support managed by a director and staffed by students



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PowerPoint and transcript of oral presentation
available upon request through email:

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