LEGISLATIVE FINANCIAL COMPLIANCE INSPECTION

GREENWOOD
Volunteer Fire Department

FOR THE YEAR ENDING DECEMBER 31, 2010

REPORT OVERVIEW

- Commingled Accounts
- Unallowable Expenditures
- Lack of Supporting Documentation
- Improper Record Keeping
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The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 12, Article 4, Section 14 as amended, we conducted a compliance inspection and review of the financial transactions and records of the Greenwood Volunteer Fire Department’s state funds for the calendar year ended December 31, 2010. We conducted our review and compliance inspection based on the criteria set forth by the Legislative Post Audit Division.

Respectfully submitted,

Stacy L. Sneed, CPA, CICA, Director
Legislative Post Audit Division

SLS/nmh
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EXECUTIVE SUMMARY

Finding 1 Commingled Funds

The department commingled state funds with funds from other sources. Due to the commingling of funds we were unable to determine if all expenditures were allowable and properly supported. We recommend the Greenwood VFD cease commingling State funds with non State funds and maintain State funds in a separate account.

Finding 2 Non-Allowable Expenditures

Based on the documentation provided to us, the Greenwood Volunteer Fire Department made $7,966.57 in expenditures identified from state funds that were not allowed by Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended. We recommend the department’s Board of Governors and its membership authorize, make and maintain all expenditures in accordance with Chapter 8. Article 15, Section 8(b) of the West Virginia Code, as amended. We further recommend the Greenwood VFD comply with Publication TSD-320 and not pay consumer sales tax and reimburse their state account $7,966.57.

Finding 3 Lack of Supporting Documentation

Based on the documentation provided to us, the Greenwood Volunteer Fire Department lacked proper supporting documentation for expenditures totaling $6,224.41. In addition, the department wrote seven checks to “cash” and 27 checks to individuals. We recommend the Greenwood VFD maintain proper documentation for all expenditures and reimburse their state account $6,224.41. We also recommend the department cease writing checks to “cash” and individuals.

Finding 4 Improper Record Keeping

The Greenwood Volunteer Fire Department could not provide any reconciliations or ledgers to support their financial statement balances. Due to improper record keeping there is a greater risk of error or fraud. Also due to improper record keeping, there may be insufficient information to protect the legal and financial rights of the department and of persons directly affected by the departments’ activities. We recommend Greenwood VFD maintain sufficient records and reconciliations to protect the legal and financial rights of the VFD.
INTRODUCTION

POST AUDIT AUTHORITY

The procedures were conducted pursuant to Chapter 12, Article 4, Section 14 of the West Virginia Code, which allows the Legislative Auditor to “assign an employee or employees to perform audits or reviews at the direction of the Legislative Auditor of the disbursement of state grant funds to volunteer fire departments.”

BACKGROUND

To provide additional revenue for the municipal firemen's pension and relief funds and for volunteer and part volunteer companies and departments, the West Virginia Legislature levied under Chapter 33, Article 3, Section 14d of the West Virginia Code, as amended in 2001, an additional premium tax equal to one percent of the taxable premiums collected for fire insurance and casualty insurance policies. Under this section of the Code, volunteer and part volunteer fire departments that are certified by the State Fire Marshal prior to each quarterly allocation are to receive 25 percent of the revenues generated by this premium tax.

In 1999, to provide additional revenue for the municipal fireman's pension and relief funds and for volunteer and part volunteer companies and departments, the West Virginia Legislature levied under the provisions of Chapter 33, Article 12c, Section 9 of the West Virginia Code, as amended, a tax equal to four percent of the gross premiums and fees on excess line policies. These moneys are to be distributed in accordance with the provision of Chapter 33, Article 3, Section 14d, as amended.

The West Virginia Legislature again provided additional revenue for the volunteer and part volunteer fire departments by authorizing, under Chapter 33, Article 3, Section 33 of the West Virginia Code, as amended in 2001, a policy surcharge equal to one percent of the taxable premiums paid by policyholders of any fire insurance policy or casualty insurance policy. Under this section of the Code, 50 percent of the moneys collected are to be distributed to those volunteer and part volunteer fire departments and companies certified by the State Fire Marshal before each quarterly allocation.

Chapter 33, Article 3, Sections 14d and 33 provide that the volunteer fire departments receive distributions on an equal share basis and part volunteer fire departments receive a reduced amount based on the ratio of full-time paid firefighters who are members of the municipal firemen’s pension system to the total number of the members of the fire department. The moneys are to be distributed quarterly on the first day of the months of January, April, July and October of each year.

To receive these funds, the volunteer and part volunteer fire companies and departments must comply with the provisions of Chapter 8, Article 15, Section 8a of the West Virginia Code, as amended:

The Legislature placed restrictions on the use of these additional revenues by the volunteer fire departments under Chapter 8, Article 15, Section 8b of the West Virginia Code, as amended March 8, 2000, and again April 9, 2005.
Prior to the March 8, 2000 amendment, Chapter 8, Article 15, Section 8b did not allow Operating expenses as described in subsection (11) nor did the law prohibit the commingling of the funds with funds from other sources. Prior to the April 9, 2005 amendment, Chapter 8, Article 15, Section 8b did not allow Dues as described in subsection (12). On March 13, 2010, Chapter 8, Article 15, Section 8b was amended to include items (13) Workers’ Compensation premiums, (14) Life insurance premiums to provide a benefit not to exceed $20,000 for firefighter; and (15) Educational and training supplies and fire prevention promotional materials, not to exceed $500 per year.

Chapter 12, Article 4, Section 14 of the West Virginia Code, as amended, requires an audit at the cost of the grantee, by an independent certified public accountant, of any person who receives State funds or grants in the amount of $25,000 or more. The audit must be filed within two years of the end of the year in which the disbursement of the funds or grants occurred. The Legislature amended this section of the Code effective June 9, 1995, and again effective July 1, 2005 providing an alternative to an audit for volunteer fire departments. In lieu of an audit, volunteer fire departments may file a sworn statement of annual expenditures to the Legislative Auditor’s Office on or before July 1, of each year. If the sworn statement of annual expenditures is not filed by the first day of July, the Legislative Auditor shall notify the State Treasurer who shall withhold any payment that would otherwise be distributed to the fire department.

Chapter 12, Article 4, Section 14 as amended March 8, 2000, and again April 9, 2005 provides that the Legislative Auditor may perform random audits of the volunteer fire departments. This section also requires that the volunteer fire department shall cooperate with the Legislative Auditor’s Office in performing their duties under this section. If the Legislative Auditor determines a volunteer fire department is not cooperating, the Legislative Auditor shall notify the State Treasurer who shall withhold payment of any amount that would otherwise be distributed to the department until such time that the Legislative Auditor informs the Treasurer that the fire department has cooperated as required by this section.
GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

OFFICERS AND STAFF

Wayne Lynch ................................................................. President
Beverly Robinson ............................................................ Treasurer
Gary Talkington ............................................................. Fire Chief
GREENWOOD VOLUNTEER FIRE DEPARTMENT  
January 1, 2010 – December 31, 2010

SCOPE

We conducted an evaluation of the revenue and expenditure transactions, and other records of the Greenwood Volunteer Fire Department’s state accounts for the year ending December 31, 2010. Our scope included determining instances of noncompliance with Chapter 8, Article 15, Section 8b of the West Virginia Code, and other applicable laws and regulations. The Compliance inspection was conducted in accordance with criteria set forth by the Legislative Post Audit Division.

OBJECTIVES AND METHODOLOGIES

The objective of our report was to review expenditures from the Department’s state fund to ensure all expenditures were allowable and supported, and to report any unlawful expenditures that we find. Additionally, we were to examine the spending unit’s financial transactions and records to evaluate its compliance with applicable State laws, rules and regulations.

Our sample of Departments to test was randomly selected by district, after determining a population of all Departments for which a report has not been issued.

This communication is intended solely for the information and use of the Post Audits Subcommittee, the members of the WV Legislature, and the Volunteer Fire Department. However, once presented to the Post Audits Subcommittee, this report is a matter of public record and its distribution is not limited.

Our reports are designed to assist the Post Audits Subcommittee in exercising its legislative oversight function and to provide constructive recommendations for improving the operations of Volunteer Fire Departments. As a result, our reports generally do not address activities we reviewed that are functioning properly.

CONCLUSIONS

Based on our review, we believe there is sufficient evidence to conclude the department commingled state funds with funds from other sources. Due to the commingling of funds, we were unable to determine if all expenditures were allowable and properly supported. However, based on the documentation provided, we determined the Greenwood Volunteer Fire Department lacked proper supporting documentation for expenditures totaling $6,224.41 and made $7,966.57 in expenditures identified from state funds that were not allowed. In addition, the department could not provide any reconciliations or ledgers to support their financial statement balances. Finally, the department wrote seven checks to “cash”, totaling $1,393.00, and 27 checks to individuals, totaling $7,964.67. Therefore, we recommend the department maintain state funds in a separate account, reimburse their state account $14,190.98, not write checks to “cash” or individuals, and maintain sufficient records and reconciliations to protect the legal and financial rights of the VFD.
We discussed this report with the current treasurer of the Greenwood Volunteer Fire Department on 9/21/12. All findings and recommendations were reviewed and discussed.
FINDINGS

FINDING 1 COMMINGLED FUNDS:
The Greenwood Volunteer Fire Department commingled State funds with funds from other sources.

CONDITION:
The Greenwood Volunteer Fire Department commingled state funds with funds from other sources totaling $41,650.84.

According to the current treasurer the beginning balance reported on the department’s annual state financial statement is commingled with their non state funds. We noted a net commingled beginning balance of $35,063.97. We also noted 54 checks totaling $6,504.85 that cleared the bank statement, however were not listed on their state check ledger. According to the current treasurer these checks were from non state sources. We also noted one deposit of $82.02 from other sources.

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<th>Amount</th>
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<td>54 checks from non state sources</td>
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<td>Deposit from other sources</td>
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<td><strong>Total</strong></td>
<td><strong>$41,650.84</strong></td>
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CRITERION:
WV Code 8-15-8(b), as amended, states in part:

“Authorized expenditures of revenues from the municipal pensions and protection fund and the fire protection fund.

Revenues allocated to volunteer and part volunteer fire companies and departments may be expended only for the items listed in subdivisions (1) through (15) of this section. Funds received from the state for volunteer and part volunteer fire companies and departments, pursuant to sections fourteen-d and thirty-three, article three, and section seven, article twelve-c, all of chapter thirty-three of this code, may not be commingled with funds received from any other source.” (Emphasis Added)

CAUSE:
According to the current Greenwood VFD Treasurer, the prior Treasurer commingled the account, and there were no ledgers supporting the commingled amount.
**EFFECT:**

Due to the commingling of funds, we are unable to determine if all expenditures made from state funds were allowable and/or properly documented.

**RECOMMENDATION:**

We recommend the Greenwood VFD cease commingling State funds with non State funds and maintain State funds in a separate account.
FINDING 2 NON-ALLOWABLE EXPENDITURES:

The Greenwood Volunteer Fire Department made $7,966.57 in expenditures identified from state funds that were not allowed by WV Code 8-15-8(b), as amended.

CONDITION:

Based on supporting documentation provided to us, we determined the following items were purchased with State money that were not allowable under the West Virginia Code:

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<td>Sams Club Stores</td>
<td>310.66</td>
<td>Food</td>
</tr>
<tr>
<td>2723</td>
<td>10/30/2010</td>
<td>CJ's Pizza</td>
<td>41.99</td>
<td>Food</td>
</tr>
<tr>
<td>2725</td>
<td>11/03/2010</td>
<td>Beverly Robinson</td>
<td>250.00</td>
<td>Cleaning</td>
</tr>
<tr>
<td>2728</td>
<td>11/13/2010</td>
<td>Charm Harness &amp; Boot</td>
<td>14.63</td>
<td>Sales Tax</td>
</tr>
<tr>
<td>CHECK NO.</td>
<td>CHECK DATE</td>
<td>PAYEE</td>
<td>AMOUNT</td>
<td>DESCRIPTION</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>--------------------</td>
<td>--------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>2730</td>
<td>11/19/2010</td>
<td>Wal-Mart Stores</td>
<td>205.65</td>
<td>Food</td>
</tr>
<tr>
<td>EFT</td>
<td>11/26/2010</td>
<td>WildBlue</td>
<td>0.18</td>
<td>Sales Tax</td>
</tr>
<tr>
<td>2731</td>
<td>12/01/2010</td>
<td>Beverly Robinson</td>
<td>250.00</td>
<td>Cleaning</td>
</tr>
<tr>
<td>2732</td>
<td>12/07/2010</td>
<td>LSS</td>
<td>2.94</td>
<td>Sales Tax</td>
</tr>
<tr>
<td>2733</td>
<td>12/07/2010</td>
<td>Alert All</td>
<td>119.50</td>
<td>Excess Allowable Fire Prevention</td>
</tr>
<tr>
<td>2735</td>
<td>12/15/2010</td>
<td>The Produce House</td>
<td>71.15</td>
<td>Food</td>
</tr>
<tr>
<td>2736</td>
<td>12/28/2010</td>
<td>Sams Club Stores</td>
<td>79.89</td>
<td>Coffee, Supplies for Fundraising</td>
</tr>
<tr>
<td>EFT</td>
<td>12/28/2010</td>
<td>WildBlue</td>
<td>0.18</td>
<td>Sales Tax</td>
</tr>
<tr>
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<td>12/31/2010</td>
<td>Ace Home Center</td>
<td>9.84</td>
<td>Sales Tax</td>
</tr>
<tr>
<td>2740</td>
<td>01/03/2011</td>
<td>Beverly Robinson</td>
<td>250.00</td>
<td>Cleaning</td>
</tr>
</tbody>
</table>

TOTAL $7,966.57

It is the responsibility of the department’s Board of Governors and its membership to authorize, make and maintain all expenditures in accordance with WV Code 8-15-8(b), as amended.

**CRITERION:**

WV Code 8-15-8(b), as amended, states in part:

“Authorized expenditures of revenues from the municipal pensions and protection fund and the fire protection fund.

Revenues allocated to volunteer and part volunteer fire companies and departments may be expended only for the items listed in subdivisions (1) through (15) of this section. Funds received from the state for volunteer and part volunteer fire companies and departments, pursuant to sections fourteen-d and thirty-three, article three, and section seven, article twelve-c, all of chapter thirty-three of this code, may not be commingled with funds received from any other source.”

Publication TSD-320 of the West Virginia Tax Department, states in part:

“Certain nonprofit organizations purchasing tangible personal property or taxable services to be used or consumed in the organization’s nonprofit activities are exempt from payment of the consumers sales tax or use tax on those purchases.”

**CAUSE:**

According to the current treasurer the former treasurer did not provide her with any ledgers, reconciliations or records to support the invoices, account balance and financial statement. The current treasurer does not know why the department made expenditures that were not in accordance with West Virginia Code. It seems the Department has a lack of control over how they spend their state monies.
**EFFECT:**

Due to unallowable expenditures, the VFD may have less funding available for expenditures required for effective and efficient fire protection services.

**RECOMMENDATION:**

We recommend the department’s Board of Governors and its membership authorize, make and maintain all expenditures in accordance with WV Code 8-15-8(b), as amended. We further recommend the Greenwood VFD reimburse their state account $7,966.57.
FINDING 3 LACK OF SUPPORTING DOCUMENTATION:

Based on the documentation provided to us, the Greenwood Volunteer Fire Department lacked proper supporting documentation for expenditures totaling $6,224.41. In addition, the department wrote seven checks to “cash” and 27 checks to individuals.

CONDITION:

Based on the documentation provided to us, we determined the following items were purchased with State money that did not have supporting documentation pursuant to West Virginia Code.

<table>
<thead>
<tr>
<th>CHECK NO.</th>
<th>CHECK DATE</th>
<th>PAYEE</th>
<th>Amount</th>
<th>Lack of support/Documentation Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2568</td>
<td>01/12/2010</td>
<td>Cash</td>
<td>$ 253.00</td>
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</tr>
<tr>
<td>2570</td>
<td>02/08/2010</td>
<td>Kayla Turk</td>
<td>52.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2582</td>
<td>01/24/2010</td>
<td>Superintendent of the WV State Police</td>
<td>20.00</td>
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</tr>
<tr>
<td>2583</td>
<td>01/24/2010</td>
<td>Superintendent of the WV State Police</td>
<td>20.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2595</td>
<td>02/08/2010</td>
<td>Verizon</td>
<td>133.75</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2602</td>
<td>02/10/2010</td>
<td>Cokeley &amp; Assoc. PLLC</td>
<td>500.00</td>
<td>Itemized invoice</td>
</tr>
<tr>
<td>2603</td>
<td>02/12/2010</td>
<td>NAPA</td>
<td>5.90</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2604</td>
<td>03/04/2010</td>
<td>Maryanna Talkington</td>
<td>229.20</td>
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</tr>
<tr>
<td>2605</td>
<td>02/12/2010</td>
<td>Galls</td>
<td>157.44</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2610</td>
<td>02/21/2010</td>
<td>Staples</td>
<td>162.66</td>
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</tr>
<tr>
<td>2624</td>
<td>03/10/2010</td>
<td>NFPA</td>
<td>150.00</td>
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</tr>
<tr>
<td>2626</td>
<td>03/11/2010</td>
<td>Maryanna Talkington</td>
<td>300.00</td>
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</tr>
<tr>
<td>2628</td>
<td>02/19/2010</td>
<td>Sam's Club #8189</td>
<td>37.34</td>
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<tr>
<td>2635</td>
<td>03/23/2010</td>
<td>Kayla Turk</td>
<td>275.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2636</td>
<td>03/27/2010</td>
<td>Shop N Save Express</td>
<td>141.79</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2641</td>
<td>04/05/2010</td>
<td>Allegheny Power</td>
<td>15.88</td>
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</tr>
<tr>
<td>2645</td>
<td>04/05/2010</td>
<td>Dominion Hope</td>
<td>173.32</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2650</td>
<td>04/30/2010</td>
<td>Maryanna Talkington</td>
<td>455.47</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2663</td>
<td>05/10/2010</td>
<td>The Flower Station</td>
<td>62.54</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2664</td>
<td>05/19/2010</td>
<td>Cash</td>
<td>0.38</td>
<td>Itemized invoices for balance of check</td>
</tr>
<tr>
<td>2666</td>
<td>05/24/2010</td>
<td>Beverly Robinson</td>
<td>50.00</td>
<td>Itemized invoices</td>
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<tr>
<td>2667</td>
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<td>Cash</td>
<td>200.00</td>
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</tr>
<tr>
<td>2679</td>
<td>06/22/2010</td>
<td>IGA</td>
<td>150.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2687</td>
<td>06/30/2010</td>
<td>Cash</td>
<td>100.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2689</td>
<td>07/14/2010</td>
<td>Maryanna Talkington</td>
<td>100.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2691</td>
<td>07/19/2010</td>
<td>Allegheny Power</td>
<td>15.88</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2697</td>
<td>07/19/2010</td>
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<td>100.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2698</td>
<td>07/22/2010</td>
<td>Sams Club Stores</td>
<td>61.91</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2704</td>
<td>08/06/2010</td>
<td>Wal-Mart Stores</td>
<td>91.10</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2705</td>
<td>08/17/2010</td>
<td>Sams Club Stores</td>
<td>449.28</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2714</td>
<td>09/18/2010</td>
<td>Cash</td>
<td>145.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>Check No.</td>
<td>Date</td>
<td>Payee</td>
<td>Amount</td>
<td>Description</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>------------------------</td>
<td>---------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>2716</td>
<td>09/22/2010</td>
<td>Ace Home Center</td>
<td>20.95</td>
<td>Itemized invoices for balance of check</td>
</tr>
<tr>
<td>2719</td>
<td>09/27/2010</td>
<td>Sams Club Stores</td>
<td>112.37</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2721</td>
<td>10/29/2010</td>
<td>Maryanna Talkington</td>
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<td>Itemized invoices</td>
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<tr>
<td>2724</td>
<td>11/12/2010</td>
<td>Maryanna Talkington</td>
<td>750.00</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2726</td>
<td>11/09/2010</td>
<td>Sams Club Stores</td>
<td>115.24</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2727</td>
<td>11/16/2010</td>
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<td>Itemized invoices</td>
</tr>
<tr>
<td>2729</td>
<td>11/22/2010</td>
<td>Sams Club Stores</td>
<td>262.60</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td>2734</td>
<td>12/07/2010</td>
<td>Post Master</td>
<td>25.20</td>
<td>Itemized invoices</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$6,224.41</strong></td>
<td></td>
</tr>
</tbody>
</table>

Also, the VFD wrote the following checks to “cash”: Check No. 2568, 2616, 2664, 2667, 2687, 2697, and 2714, and wrote the following checks to individuals: Check No. 2570, 2585, 2592, 2604, 2626, 2632, 2635, 2639, 2650, 2655, 2666, 2668, 2674, 2678, 2680, 2688, 2689, 2699, 2703, 2713, 2720, 2721, 2724, 2725, 2731, 2737, and 2740. The checks written to “cash” totaled $1,393.00, and the checks written to individuals totaled $7,964.67. Due to the commingling of funds we were unable to determine if checks written to cash or individuals were made from state funds or non state funds.

**CRITERIA:**

WV Code 8-15-8(b), as amended, states in part:

“Authorized expenditures of revenues from the municipal pensions and protection fund and the fire protection fund.

Revenues allocated to volunteer and part volunteer fire companies and departments may be expended only for the items listed in subdivisions (1) through (15) of this section. Funds received from the state for volunteer and part volunteer fire companies and departments, pursuant to sections fourteen-d and thirty-three, article three, and section seven, article twelve-c, all of chapter thirty-three of this code, may not be commingled with funds received from any other source.”

To reduce the risk of fraud from occurring, checks should be made payable to a registered entity and should be supported by an itemized invoice from a properly licensed business.

**CAUSE:**

According to the current treasurer the former treasurer did not provide her with any ledgers, reconciliations or records to support the invoices, account balance and financial statement.

**EFFECT:**

There is a greater risk for fraud when expenditures are not properly documented. Also, due to the lack of proper supporting documentation, we were unable to determine if these expenditures were allowable. Also, there is a higher risk of fraud when checks are made payable to individuals or “cash”.

**RECOMMENDATION:**

We recommend the Greenwood VFD maintain proper documentation for all expenditures and reimburse their state account $6,224.41. We also recommend the department cease writing checks to “cash” and individuals.
FINDING 4 IMPROPER RECORD KEEPING:

The Greenwood Volunteer Fire Department could not provide any reconciliations or ledgers to support their financial statement balances.

CONDITION:

We noted a -$41,568.82 difference between the ending bank statement balance of $38,122.05 and the ending financial statement balance of $79,690.87. Included in this difference is a beginning balance difference of -$35,575.97 between the beginning bank statement balance of $51,297.59 and the beginning financial statement balance of $86,873.56. Also included in this difference is a -$5,992.85 difference between the total line item distribution from the financial statement of $40,908.57 and the total distributions from the bank statements of $46,901.42. The department could not provide a ledger or reconciliation to support the beginning or ending balances shown on their financial statement. Also, the department could not provide a ledger to support the line item distributions from their financial statement.

CRITERION:

The department is responsible for keeping adequate records for a reasonable period of time. The department should make and maintain records containing adequate and proper documentation designed to furnish information to protect the legal and financial rights of the department.

WV Code 12-4-14(i) states in part,

“Any person who files a fraudulent sworn statement of expenditures under subsection (b) or (g) of this section, a fraudulent sworn statement under subsection (d) of this section or a fraudulent report under this section is guilty of a felony and, upon conviction thereof, shall be fined not less than one thousand dollars nor more than five thousand dollars or imprisoned in a state correctional facility for not less than one year nor more than five years, or both fined and imprisoned.”

CAUSE:

According to the current treasurer the former treasurer did not provide her with any ledgers, reconciliations or records to support the invoices, account balance and financial statement. It appears there is a general lack of control over recordkeeping at the Department.

EFFECT:

Due to improper record keeping there is a greater risk of error or fraud. Also due to improper record keeping, there may be insufficient information to protect the legal and financial rights of the department and of persons directly affected by the departments' activities. Additionally, if the department filed a fraudulent statement of expenditures, the person filing the statement may be guilty of a felony.

RECOMMENDATION:

We recommend Greenwood VFD maintain sufficient records and reconciliations, to protect the legal and financial rights of the VFD. Additionally, we recommend the Department ensure their statement of expenditures is filed correctly and that it is reconciled to their bank statement.
# SUPPLEMENTAL INFORMATION

## STATEMENT OF EXPENDITURES YEAR ENDED DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>Authorizing W.V. Code</th>
<th>AUDIT</th>
<th>VFD</th>
<th>DIFFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 8, Article 15, Section 8b(1)</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(2)</td>
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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(3)</td>
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<td>819.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(4)</td>
<td>10,652.30</td>
<td>20,020.87</td>
<td>(9,368.57)</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(5)</td>
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<td>0.00</td>
<td>1,539.70</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(6)</td>
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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(7)</td>
<td>3,491.04</td>
<td>2,629.70</td>
<td>861.34</td>
</tr>
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<td>Chapter 8, Article 15, Section 8b(8)</td>
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</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(9)</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Chapter 8, Article 15, Section 8b(10)</td>
<td>7,235.51</td>
<td>7,969.01</td>
<td>(733.50)</td>
</tr>
<tr>
<td>Chapter 8, Article 15, Section 8b(11)</td>
<td>7,989.39</td>
<td>9,469.99</td>
<td>(1,480.60)</td>
</tr>
<tr>
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<tr>
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<td>0.00</td>
<td>483.50</td>
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<tr>
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<td>500.00</td>
<td>0.00</td>
<td>500.00</td>
</tr>
</tbody>
</table>

**Total Disbursements For Year Ended December 31, 2010** | $32,710.44 | $40,908.57 | ($8,198.13) |

---

**Difference between Bank distributions and Financial Statement distributions**

a =

- **Lack of support**: -6,224.41
- **Unallowable**: -7,966.57
- **Check 2562 on financial statement not on bank statements**: -100.00
- **Check 2567 on financial statement not on bank statements**: -250.00
- **Check 2737 on financial statement not cleared bank statement**: -150.00
- **Bank Charge on ledger not on Bank statement**: -12.00
- **Checks that cleared bank not in Financial Statement distribution; see check log**: $6,504.85 $5,992.85

**Total**: -8,198.13

---

**b =** Because the account is commingled and the department does not maintain proper ledgers, we are unable to determine the line items differences.
STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Stacy L. Sneed, CPA, CICA, Director of the Legislative Post Audit Division, do hereby certify that the report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 4th day of October 2012.

Stacy L. Sneed, CPA, CICA, Director
Legislative Post Audit Division

Notification of when the report was released and the location of the report on our website was sent to the Secretary of the Department of Administration to be filed as a public record. Report release notifications were also sent to the Governor; Attorney General; State Auditor; and State Fire Marshal. Copies forwarded to the Greenwood Volunteer Fire Department; Prosecuting Attorney, Doddridge County; County Clerk, Doddridge County.