Boggs Run Volunteer Fire Department
Marshall County
January 1, 2011 – December 31, 2013

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Post Audits Subcommittee

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The Honorable Mike Hall
The Honorable Jeffrey V. Kessler

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The Honorable Eric Nelson, Jr.
The Honorable Timothy Miley

Legislative Post Audit Division

Volunteer Fire Department Audit Staff
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Introduction

On August 23, 2013, a report was presented to the Post Audits Subcommittee stating the Boggs Run Volunteer Fire Department did not provide the required documentation needed for the Legislative Auditor to complete an audit of the Department’s 2011 financial records. As such, the Legislative Auditor determined the Department was not cooperating with the audit and notified the State Treasurer to withhold payment of future funds. However, in September 2014, the Department began cooperating with the Legislative Auditor’s request for the audit and funding was released. The audit period was expanded to include 2012 and 2013.

The Department began 2011 with a balance of $17,038.89 in its state account. From 2011 through 2013 the Department received additional monies from the State in the amount of $124,270.57. Once the Department became eligible for State funding, as of September 2014, it received a total of $34,995.53 in 2014, $47,611.41 in 2015, and $48,687.15 in 2016. The use of these funds by volunteer fire departments is restricted by West Virginia Code §8-15-8b.

Objective

The objective of the audit of the Boggs Run Volunteer Fire Department was to evaluate compliance with West Virginia Code §8-15-8b. Our report is 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.

Scope

The Legislative Auditor conducted an audit of the revenue and expenditure transactions of Boggs Run Volunteer Fire Department’s state account for January 1, 2011 through December 31, 2013. The scope included determining instances of noncompliance with West Virginia Code §8-15-8b. The audit was conducted pursuant to the authority provided by West Virginia Code §12-4-14.

Conclusion

The Boggs Run Volunteer Fire Department did not provide proper supporting documentation for expenditures totaling $88,935.65. Included in this amount were checks written to the former fire chief and treasurer of the Department in the amount of $24,860.00. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of $1,815.31.

It should be noted that in January 2015, the former fire chief and the former treasurer pled guilty to embezzling money from the Department. They entered into a plea agreement and were ordered to pay back $5,000 and were given two years supervised probation.

Due to the significant issues found during the audit and the previous fraud, the Legislative Auditor’s Office will conduct a follow-up audit of all transactions involving state funds for 2016.

Recommendations

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. **The Legislative Auditor recommends the Department attempt to recover and reimburse its state account $88,935.65 for the unverified items or provide adequate documentation to verify the purchases were appropriate according to WV Code §8-15-8b.**

3. **The Legislative Auditor recommends the Department cease the use of state funds for items not allowable per WV Code.**

4. **The Legislative Auditor recommends the Department reimburse its state account in the amount of $1,815.31 for the purchase of items not allowed under WV Code §8-15-8b.**

5. **The Legislative Auditor recommends the Post Audit Division conduct an audit of the Department’s 2016 financial records to determine if measures have been put into place to prevent future issues.**

All findings and recommendations presented in this report have been reviewed and discussed with the Boggs Run Volunteer Fire Department. The Department was informed of the recommendations.
Finding

**FINDING 1: LACK OF SUPPORTING DOCUMENTATION FOR $88,935.65**

**Condition:**

The Boggs Run Volunteer Fire Department lacked proper supporting documentation to account for 185 expenditures totaling $88,935.65 in state funding. Specific issues included:

- Checks written to the former fire chief totaling $12,800;
- Checks written to the former treasurer, totaling $12,060;
- Auto parts and tires;
- Fleet services;
- Kroger;
- Lowes;
- Rural King;
- Sam’s Club;
- Sears; and
- Wal-Mart.

In January 2015, the former chief and treasurer pled guilty of embezzlement from the volunteer fire department. As part of the plea agreement, they were ordered to pay $5,000 to the Department and serve two years on probation.

**Criteria:**

WV Code §8-15-8b, 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.” (Emphasis Added)

**Cause:**

The Department did not maintain sufficient documentation to verify the purchases were made for the benefit of the Department and were allowed per WV Code. Additionally, two former officers of the Department in charge of the financial records at the time of the audit period were indicted on charges of embezzlement.

**Effect:**

Due to the lack of proper supporting documentation, there is no way to determine if these expenditures were allowable.

**Recommendations:**
1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.

2. The Legislative Auditor recommends the Department attempt to recover and reimburse its state account $88,935.65 for the unverified items or provide adequate documentation to verify the purchases were appropriate according to WV Code §8-15-8b.
FINDING 2: UNALLOWABLE EXPENDITURES OF $1,815.31

Condition: The Boggs Run Volunteer Fire Department made unallowable purchases totaling $1,815.31. These expenditures included auto parts for non-vfd vehicles, digital cameras with accessories, cable television, Halloween candy, and Christmas decorations.

Criteria: WV Code §8-15-8b, 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.” (Emphasis Added)

Cause: The Department used state money for purposes other than those allowed by WV Code.

Effect: Use of state funding for unallowable purchases negates the purpose for which the money was given to the Department, leaving the Department vulnerable to not being able to purchase other items needed and allowed per WV Code.

Recommendations:

3. The Legislative Auditor recommends the Department cease the use of state funds for items not allowable per WV Code.

4. The Legislative Auditor recommends the Department reimburse its state account in the amount of $1,815.31 for the purchase of items not allowed under WV Code §8-15-8b.

5. The Legislative Auditor recommends the Post Audit Division conduct an audit of the Department’s 2016 financial records to determine if measures have been put into place to prevent future issues.
# Appendix

## Audit Summary: Activity for Boggs Run Volunteer Fire Department

### State Funds Audited and Accounted For

<table>
<thead>
<tr>
<th>State Account:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Account Balance (1/1/2011)</td>
<td>$17,038.89</td>
</tr>
<tr>
<td>2011 Deposits from State Treasurer</td>
<td>44,757.22</td>
</tr>
<tr>
<td>2012 Deposits from State Treasurer</td>
<td>44,538.77</td>
</tr>
<tr>
<td>2013 Deposits from State Treasurer</td>
<td>34,974.58</td>
</tr>
<tr>
<td>Additional Deposits</td>
<td>11,878.03</td>
</tr>
<tr>
<td>Additional Interest Earned</td>
<td>17.74</td>
</tr>
<tr>
<td><strong>Total Funds Audited:</strong></td>
<td><strong>$153,205.23</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases Adequately Accounted For</td>
<td>$61,633.58</td>
</tr>
<tr>
<td>Purchases Lacking Adequate Documentation (<em>finding 1</em>)</td>
<td>88,935.65</td>
</tr>
<tr>
<td>Purchases Not Allowed (<em>finding 2</em>)</td>
<td>1,815.31</td>
</tr>
<tr>
<td><strong>Total Expenditures:</strong></td>
<td><strong>$152,384.54</strong></td>
</tr>
</tbody>
</table>

| Balance Remaining in Account (12/31/2013): | $820.69         |