

LEGISLATIVE AUDIT REPORT

WEST VIRGINIA OFFICE OF THE STATE FIRE MARSHAL

AUDIT PERIOD JULY 1, 2013 - DECEMBER 31, 2014

SIGNIFICANT FINDINGS

- Improper Payment of Overtime Totaling \$23,279
- Inadequate, Inaccurate, or Incomplete Records to Support Overtime
- Supervisor Approved Own Overtime Totaling \$10,850
- Agency Records Insufficient to Audit \$2.78 Million in Fee Collections
- Insufficient Safeguards and Records for State-Owned Firearms



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A REPORT TO THE WEST VIRGINIA LEGISLATURE

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The Honorable William P. Cole III

The Honorable Mike Hall

The Honorable Jeffrey V. Kessler

House Members

The Honorable Tim Armstead

The Honorable Eric Nelson, Jr.

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Denny Rhodes
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The Honorable William Cole III, President
West Virginia State Senate
Post Audits Subcommittee, Co-Chair
Room 229 M, Building 1
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The Honorable Timothy Armstead, Speaker
West Virginia House of Delegates
Post Audits Subcommittee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, WV 25305

Dear Mr. President and Mr. Speaker:

In compliance with the provisions of West Virginia Code, Chapter 4, Article 2, as amended, we conducted a compliance audit of the West Virginia Office of the State Fire Marshal for the period of July 1, 2013 through December 31, 2014.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained during the audit meets the requirements set forth by those standards.

The audit disclosed certain findings, which are detailed in this report. The Office of the State Fire Marshal management response to the audit findings is included in Appendix B at the end of the report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Denny Rhodes".

Denny Rhodes

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OBJECTIVES and CONCLUSIONS

OBJECTIVE ONE

Determine if overtime paid to employees of the Office of the State Fire Marshal was properly approved and calculated. Also, determine if the agency complied with the Code of Federal Regulations, Fair Labor Standards Act and the WV Division of Personnel Administrative Rule for overtime compensation paid to employees.

Conclusion

The Office of the State Fire Marshal had several issues concerning the overtime payments made to its employees during our audit period. These issues include the improper payment of \$23,279 of overtime, inadequate overtime records to support the payment of overtime, and not properly reviewing the overtime hours associated with \$10,850 in overtime pay for one employee.

Related Findings and Recommendations

Finding 1: Improper Payment of Overtime Totaling \$23,279

- 1.1 We recommend the Office of the State Fire Marshal comply with Legislative Rule Title 143, Series 1, Section 14.7 of the Administrative Rule of the WV Division of Personnel and credit back any annual leave, sick leave, or compensatory time to the employees' accrued leave balances to reduce or avoid payment for hours accumulated in excess of the agency's regular work schedule.

Finding 2: Inadequate, Inaccurate, or Incomplete Records to Support Overtime

- 2.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9 and the Fair Labor Standards Act Recordkeeping Requirements by maintaining accurate and complete records to support the payment of all overtime and retaining these records for two years. This documentation should include the following:
 - a. Employees' timesheets detailing the dates, actual work times, total hours worked for each day, and the actual hours spent working on specific activities.
 - b. Letter authorizing additional hours approved by each division's supervisor.

Timesheets should be complete and accurate to support all additional hours worked in the period to be paid as overtime compensation. Any

discrepancies in an employee's timesheet should be corrected prior to the payment of overtime.

- 2.2 We recommend the Office of the State Fire Marshal develop a uniform timesheet for all sworn officers that meets the requirements for employee timesheets detailed above. Further, we recommend the agency develop written policies and procedures to ensure time records are complete, accurate and sufficiently detailed to support additional overtime hours worked. These policies and procedures should be distributed and communicated to all sworn officers employed by the agency.
- 2.3 We recommend that the Office of the State Fire Marshal develop a written policy and procedure for supervisors that details the steps for the review and calculation of additional hours to be paid as overtime for the sworn officers within their division. These policies and procedures should be distributed and communicated to all division supervisors responsible for the review and calculation of additional hours worked by sworn officers of the agency.

Finding 3: Supervisor Approved Own Overtime Totaling \$10,850

- 3.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9 and best business practices to strengthen internal controls for the review, calculation, and approval of additional hours to be paid as overtime compensation. The agency's current policy of requiring that sworn officers' overtime hours be reviewed and approved by their supervisor prior to payment needs to be expanded upon so that the overtime hours worked by supervisors are also reviewed and approved by another individual, such as the State Fire Marshal.

OBJECTIVE TWO

Determine if revenues were properly collected, accounted for and deposited in accordance with WV Code §12-2-2, the *WV State Treasurer's Office Cash Receipts Handbook* and best business practices.

Conclusion

Revenues of the Office of the State Fire Marshal were not properly collected, accounted for and deposited in accordance with WV Code §12-2-2, the *WV State Treasurer's Office Cash Receipts Handbook* and best business practices. Significant weaknesses in the agency's fee collection policies, procedures and recordkeeping were identified. These weaknesses were of such consequence that we were unable to perform audit procedures that would provide reasonable assurance that fees due to the agency were collected and properly deposited.

Such deficiencies over fee collections substantially increased the risk that revenues were lost, stolen, or not properly credited to the agency's accounts.

Related Findings and Recommendations

Finding 4: Agency Records Insufficient to Audit \$2.78 Million in Fee Collections

- 4.1 We recommend the Office of the State Fire Marshal comply with WV Code §12-2-2(a) by keeping an itemized record of all monies collected on a daily basis and deposit collected monies within the time frame required by the State Treasurer's Office.
- 4.2 We recommend the Office of the State Fire Marshal comply with WV Code §12-2-2(d) and Legislative Rule Title 112, Series 3, Section 3.1 by receiving approval from the State Treasurer's Office for an imprest (change) fund.
- 4.3 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9(b) by maintaining records that adequately document the agency's organization, functions, policies, decisions, procedures and essential transactions.
- 4.4 We recommend the Office of the State Fire Marshal comply with the *WV State Treasurer's Office Cash Receipts Handbook* for spending units by implementing the following procedures:
 - a. Establish proper separation of duties and checks and balances for fee collection procedures, which includes cash collecting, recording, depositing and reconciling. Also, the agency should require a background check for new employees that handle fee collections as part of their duties.
 - b. Establish a mail handling process that requires the immediate endorsement of checks, the date stamping of payments and accompanying support received by mail, and maintaining a mail log detailing payments received.
 - c. Establish an internal record that documents all fee collections.
 - d. Perform reconciliations of fees collected and supported in the agency records to deposit records in wvOASIS at least monthly.
 - e. The agency should consider the following:
 - Centralizing the revenue collection process as a means to reduce the number of individuals handling receipts prior to the

receipts being deposited. Multiple collection points increase the risk that fee collections may be lost or stolen.

- Eliminating cash as a form of payment.
- Utilizing the State Treasurer's Office's e-Government Services Program as a means of receiving payments. This program provides an electronic payment system for goods and services offered by State agencies. Utilizing this method is more secure and saves the State both time and money.

OBJECTIVE THREE

Determine if the Office of the State Fire Marshal operated its fleet vehicle and firearms inventory without significant weaknesses in internal controls and that the inventory is properly safeguarded and documented in accordance with the *WV Purchasing Division Surplus Property Operations Manual*, *WV Fleet Management Policies* and best business practices.

Conclusion

No issues were noted concerning the agency's fleet vehicle inventory management.

The Office of the State Fire Marshal had significant weaknesses in internal controls over its firearms asset inventory. The firearms were not properly safeguarded and transactions were not documented in accordance with the *WV Purchasing Division Surplus Property Operations Manual* and best business practices.

Related Findings and Recommendations

Finding 5: Insufficient Safeguards and Records for State-Owned Firearms

- 5.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9; WV Code §5A-3-36, as amended; and the *WV Purchasing Division Surplus Property Operations Manual* by maintaining accurate and up-to-date inventory records in the wvOASIS Fixed Asset Inventory listing. The fire marshal to whom a firearm is issued should be listed as the custodian of that firearm in the inventory records. Any change in the custodianship of a firearm should be promptly updated in the records. Further, when taken out of service, the retirement date of firearms no longer in use and the method of disposal should be entered into the wvOASIS Fixed Asset system and the agency's inventory records updated accordingly.

- 5.2 We recommend the Office of the State Fire Marshal conduct an internal inventory of all firearms no less than once each fiscal year and reconcile the inventory records to ensure that every firearm is properly accounted for and the custodian, location and, if applicable, the disposal of each, is accurately recorded.
- 5.3 We recommend the sale of any firearm pursuant to WV Code §29-3-32(c) be thoroughly documented by the agency. Any firearm to be sold should first be recorded in the wvOASIS Fixed Asset system as retired and should not be removed from the inventory records entirely. Once sold, the wvOASIS Fixed Asset records should indicate the disposal method as *sell on-site*. The purchase should be made with check or money order and no cash should be accepted.
- 5.4 The agency should develop a form used specifically for recording the sale of retired firearms. At a minimum, this form should require the following information:
- The name, job title, and contact information of the purchaser
 - The date and amount of the sale, including the check number or money order number used to make the purchase
 - The serial number, caliber, make, and model of the firearm sold
 - The wvOASIS Fixed Asset Number assigned to the firearm sold

This completed form should be signed by both the purchaser and an authorized representative of the agency. This form should be maintained by the agency indefinitely. Further the agency should also maintain documentation for the receipt and deposit of monies for all firearms sold.

OBJECTIVE FOUR

Determine if the Office of the State Fire Marshal travel expenditures were properly documented and controlled so as to sufficiently mitigate the risk of improper or excessive expenditures. Also, determine that travel related disbursements and direct billed travel costs were made in accordance with WV Code §12-3-11 and the WV Travel Management Office's State Travel Policy.

Conclusion

There were no significant areas of non-compliance in regards to travel expenditures. We did note instances of noncompliance that, while not significant enough to warrant inclusion in this report, still merited the attention of the management of the agency. These non-compliance issues were communicated in a letter to the management of the Office of the State Fire Marshal.

Related Findings and Recommendations

No findings to report.

OBJECTIVE FIVE

Determine if agency purchases were made in accordance with applicable WV Purchasing Division rules. Also, determine if State issued purchasing cards were properly used and safeguarded in accordance with WV Code §12-3-10a, 10b, 10c, 10d and 10f, the WV State Auditor's Office Purchasing Card Policies and Procedures and best business practices.

Conclusion

There were no significant areas of non-compliance in regards to purchasing. We did note instances of noncompliance that, while not significant enough to warrant inclusion in this report, still merited the attention of the management of the agency. These non-compliance issues were communicated in a letter to the management of the Office of the State Fire Marshal.

Related Findings and Recommendations

No findings to report.

FINDINGS and RECOMMENDATIONS

Office of the State Fire Marshal Overtime Compensation

During the audit period of July 1, 2013 to December 31, 2014, the Office of the State Fire Marshal made \$171,884 in overtime payments to 42 employees. The Office paid overtime to its office staff and those employees who are not sworn officers with law enforcement authority on the basis of additional hours worked beyond 40 hours in a seven day work period. For sworn officers who work as fire marshals in the Inspections and Investigations Divisions, overtime compensation was made for additional hours worked beyond 160 hours in a 28 day work period.

The majority of the \$171,884 in overtime payments were made to 11 sworn officers of the Investigations and Inspections Divisions. These 11 sworn officers accounted for \$99,824 (58%) of the total overtime payments made during the audit period. We reviewed the \$99,824 in overtime payments for those 11 fire marshals and noted the following issues:

Finding 1: Improper Payment of Overtime Totaling \$23,279

We noted 110 instances of overtime payments totaling \$23,279 that should not have been paid.

During our audit of overtime pay we noted 110 instances of overtime payments totaling \$23,279 that should not have been paid. The payments were the result of work-periods that included the use of sick, annual, or compensatory hours that, when combined with the employees' work hours during the period, resulted in the payment of overtime. These overtime payments violated the WV Division of Personnel's Administrative Rule, Section 14.7, which states that annual and sick leave hours "... requested in the same workweek [work period] in which additional hours are worked shall be reduced and credited back to the employee's accrued balances to reduce or avoid payment for hours in excess of the agency work schedule...." Additional hours paid in these instances were paid as "straight overtime" at the employees' regular hourly rates.

Our finding also includes the use of compensatory time, as it is used similar to annual leave and should not be paid out as additional straight pay in addition to the employees' regular pay. Compensatory time is awarded to an employee for working extra hours to avoid the payment of those extra hours; therefore, awarding it and then allowing it to be paid out as additional overtime pay defeats the intended purpose of compensatory time.

Employees were, in effect, permitted to convert leave into additional pay in excess of regular salaries.

By counting leave hours as additional hours above those normally required during a work-period, employees were, in effect, permitted to convert leave into additional pay in excess of regular salaries. The purpose of paid leave is not to increase employee pay above regular salaries; rather, leave allows employees to receive their regular pay when they otherwise do not meet the required number of work hours during a prescribed work period due to approved absences. While no accrued leave should be "paid out" prior to separation from employment, the

issue is more concerning for sick leave since, unlike unused annual leave, employees are not permitted to convert unused sick leave into cash payments when their employment ends.

Allowing leave to be converted into pay prior to an employee separating creates a situation where employees could receive a higher retirement annuity.

Further, this practice of allowing leave to be converted into pay prior to an employee separating creates a situation where employees could receive a higher retirement annuity. Under the Public Employees Retirement System, a retiring employee's *Final Average Salary* is a primary factor in determining the retirement annuity to be paid. The *Final Average Salary* means the average annual salary from the highest 36 consecutive months within the last 15 years of employment, with overtime compensation being included in the calculation. With all other factors equal, the higher an employee's final average salary the higher the retirement annuity.

Recommendation

- 1.1 We recommend the Office of the State Fire Marshal comply with Legislative Rule Title 143, Series 1, Section 14.7 of the Administrative Rule of the WV Division of Personnel and credit back any annual leave, sick leave, or compensatory time to the employees' accrued leave balances to reduce or avoid payment for hours accumulated in excess of the agency's regular work schedule.

Finding 2: Inadequate, Inaccurate, or Incomplete Records to Support Overtime

The documentation required to calculate, authorize, and pay overtime hours for sworn officers of the Office of the State Fire Marshal includes:

1. Employee 28-day timesheets prepared by each employee; and
2. *Summary letters* prepared by division supervisors listing each sworn officer's total overtime hours during the work period. The letters are forwarded to the State Fire Marshal and the Fire Marshal initials or signs authorizing payment.

The Office of the State Fire Marshal was unable to locate all timesheets and summary letters supporting overtime payments.

The Office of the State Fire Marshal was unable to locate all timesheets and *summary letters* supporting overtime payments for our audit period. In other instances, available records were either incomplete or inadequate. As a result, we were unable to determine if all overtime paid in our audit sample was properly calculated and approved.

We observed erroneous calculations of overtime workhours, discrepancies among supporting records documenting workhours and the application of incorrect pay rates.

Also, we observed erroneous calculations of overtime workhours, discrepancies among supporting records documenting workhours and the application of incorrect pay rates for overtime pay. All of these factored into both over and under employee payments detailed below.

In conducting the audit and analyzing those documents available to support overtime payments, we noted:

- 42 instances totaling \$20,041 in overtime payments where both the employee timesheets documenting hours worked and *summary letters* authorizing overtime paid were not provided.
- 48 instances totaling \$22,637 in overtime payments where supporting timesheets were either missing entirely or one or more workweeks were omitted from the timesheets; however, we did note *summary letters* for these work periods.
- Three instances where summary letters authorizing overtime payments totaling \$1,555 were missing; though, timesheets were made available for these work periods.
- 49 instances totaling \$20,637 in overtime payments where employee timesheets did not list actual work times, but only the total hours worked in the day. In many instances the number of hours worked on specific activities were also undocumented.
- 17 instances where the summary hours calculated by the division supervisors were incorrect, the hours were incorrectly listed as straight time or overtime at 1.5 times employees' hourly rates, or the hours paid did not match the actual hours documented on employees' timesheets.

These errors resulted in \$751 in overpayments and \$930 in underpayments to employees.

Recommendations

- 2.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9 and the Fair Labor Standards Act Recordkeeping Requirements by maintaining accurate and complete records to support the payment of all overtime and retaining these records for two years. This documentation should include the following:
 - a. Employees' timesheets detailing the dates, actual work times, total hours worked for each day, and the actual hours spent working on specific activities.
 - b. Letter authorizing additional hours approved by each division's supervisor.

Timesheets should be complete and accurate to support all additional hours worked in the period to be paid as overtime compensation. Any discrepancies in an employee's timesheet should be corrected prior to the payment of overtime.

- 2.2 We recommend the Office of the State Fire Marshal develop a uniform timesheet for all sworn officers that meets the requirements for employee timesheets detailed above. Further, we recommend the agency develop written policies and procedures for employee timesheet and time documentation requirements to ensure time records are complete and accurate to support additional overtime hours worked. These policies and procedures should be distributed and communicated to all sworn officers employed by the agency.
- 2.3 We recommend that the Office of the State Fire Marshal develop a written policy and procedure for supervisors that details the steps for the review and calculation of additional hours to be paid as overtime for the sworn officers within their respective divisions. These policies and procedures should be distributed and communicated to all division supervisors responsible for the review and calculation of additional hours worked by sworn officers of the agency.

Finding 3: Supervisor Approved Own Overtime Totaling \$10,850

The risk of fraudulent, erroneous and excessive payments of overtime is significantly increased when management does not adequately monitor overtime worked by employees.

An Office of the State Fire Marshal supervisory employee received \$10,850 in overtime pay during a one-year period where he was solely responsible for reviewing and approving his own timesheet and overtime hours. This employee assumed the supervisory duties of calculating and approving timesheets and overtime hours for employees of the Investigations Division when promoted in November 2013 to Field Deputy Fire Marshal. From that time until he separated from employment in December 2014, no independent management review of the supervisor's timesheets and overtime hours was performed. The risk of fraudulent, erroneous and excessive payments of overtime is significantly increased when management does not adequately monitor overtime worked by employees. However, outside of the issues noted in Finding #1 we have no evidence that any overtime paid was not worked. This employee received \$16,207 in overtime pay during our 18 month audit period, the most of any employee at the agency.

Recommendation

- 3.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9 and best business practices to strengthen internal controls for the review, calculation, and approval of additional hours to be paid as overtime compensation. The agency's current policy of requiring that sworn officers' overtime hours be reviewed and approved by their supervisor prior to payment needs to be expanded upon so that the overtime hours worked by supervisors are also reviewed and approved by another individual, such as the State Fire Marshal.

Finding 4: Agency Records Insufficient to Audit \$2.78 Million in Fee Collections

Deficiencies in the agency's fee collection policies, procedures and recordkeeping prohibited the audit of agency revenues.

The Office of the State Fire Marshal deposited approximately \$2.78 million in fee collections during the audit period of July 1, 2013 through December 31, 2014. However, significant deficiencies in the agency's fee collection policies, procedures and recordkeeping prohibited the audit of agency revenues. Such deficiencies as those observed at the agency substantially increases the risk that revenues could be lost, stolen, or not properly credited to the agency's accounts and that any such lost, stolen or undeposited receipts would remain undetected by the agency's management.

Section 1.6 of the *WV Cash Receipts Handbook for Spending Units* issued by the WV State Treasurer's Office states in part, "...Each Spending Unit that has the authority to collect revenues must have policies and procedures detailing all required steps at each interval of the collection, handling and depositing processes. The procedures should give each employee a clear understanding of what is expected, what behavior is and is not acceptable and how to accurately accept, handle and safeguard Cash...."¹ The Office of the State Fire Marshal was in clear violation of the Handbook as the office had no procedures providing guidance to agency employees on the proper collection and safeguarding of revenues.

The Office of the State Fire Marshal has three divisions that collect fees for various activities. The Regulatory and Licensing Division collects licensing fees for electricians, the explosives industry, and fireworks operators, as well as fees for administering electrician and pyro-technician exams. The Inspections and Plans Review Division collects fees for fire safety inspections, reviewing building plans and processing Freedom of Information Act (FOIA) requests for inspection reports. Lastly, the Investigations Division collects and processes fees related to FOIA requests for fire investigation reports.

The deficiencies over fee collections at the Office of the State Fire Marshal are as follows:

The agency had no written policies or procedures governing the fee collection process.

1. **Lack of Written Procedures over Fee Collections:** The agency had no written policies or procedures governing the fee collection process. As a result, there were no procedures to guide employees on best practices designed to mitigate the risk of noncompliance with applicable regulations or detect and prevent the misuse, theft, or abuse of funds.
2. **Inconsistency in Cash Receipt Records:** Based on the Microsoft Access database that is used as the agency's internal accounting records, there were approximately \$2.6 million of revenues collected by the various divisions of the agency during the audit period. This is approximately \$180,000 less than

¹ See Appendix A for additional criteria applicable to this finding.

what was deposited according to the deposit data obtained from WVFIMS and wvOASIS. As a result of the discrepancy and the lack of management oversight of the database for collected fees, we determined the database record to be unreliable and, therefore, we were unable to perform audit procedures designed to determine if all fees were properly collected, recorded, and deposited.

3. **Unable to Determine the Timeliness of Deposits:** Three Divisions collected fees that were subsequently forwarded to the agency's Administration Division for deposit. We received varying reports through testimony provided by employees of each of these Divisions regarding the time payments were held prior to deposit. Due to a lack of detailed supporting documentation for collected fees, we were unable to determine whether deposits were made timely as required by WV Code §12-2-2(a).
4. **One Employee Responsible for Recording, Receiving and Depositing Payments:** One employee of the agency (Administration Services Assistant) was responsible for receiving payments from the three Divisions that collect fees. The employee also prepared deposits, delivered the deposits to the State Treasurer's Office, and entered the deposit information into WVFIMS/wvOASIS. Additionally, the individual was the only employee who had access to a safe that contained nearly \$2,000 of undocumented cash. When one individual is responsible for all aspects of receiving, recording and depositing receipts, there is an increased risk of fraud to occur and remain undetected.
5. **Undocumented Cash on Hand:** The agency had cash totaling approximately \$2,000 (as noted in #4 above) in the safe located in the Administrative Services Assistant's office with no documentation showing the origin of the monies. The State Fire Marshal was unaware of the monies in the employee's office and could offer no explanation as to the original source of the monies. The Administrative Services Assistant stated the agency's \$200 imprest change fund made up part of the undocumented \$2,000; however, the Office of the State Fire Marshal did not have the required State Treasurer's Office approval for maintaining an imprest change fund.
6. **Lack of Controls over Fees Collected by Mail:** The agency accepted payments in the form of cash, check, and money orders both in person and by U.S. Mail. The agency's staff reported to us that the majority of payments are received through the mail and that in-person payments rarely occur. There was one individual in each of the Divisions of the agency responsible for opening the mail and forwarding payments received to the Administrative Services Assistant. The Divisions did not maintain mail logs to record payments, which increases the risk that fees received by mail may be lost, stolen, or not deposited in the agency's accounts.

The agency had cash totaling approximately \$2,000 in the safe located in the Administrative Services Assistant's office with no documentation showing the origin of the monies.

7. **Lack of Supervisory Review:** In each Division that collected fees, an employee was responsible for entering the money received into a database; however, this database was not reviewed for accuracy or completeness by a supervisor of each respective Division. When collected fees were prepared for deposit, the deposits were not reconciled to each Division's record for collected fees, or to any other record to ensure that all collected fees were included with the deposits. In addition, there was no supervisory review prior to the delivery of deposits to the State Treasurer's Office. Further, the deposits were not reconciled to WVFIMS or wvOASIS after being deposited.
8. **Lack of Physical Safeguards for Collected Fees:** During our audit of cash-on-hand at the Office of the State Fire Marshal, we observed that a file cabinet where voided receipt forms, receipt form booklets, and deposit records were held was unlocked and the keys were positioned in the lock cylinder. Also, the bank bag used to take the deposits to the Treasurer's Office did not have a lock. We observed monies held at multiple divisions were not properly safeguarded and were accessible to all employees. We were also unable to locate the folder used to keep checks for investigation report fees prior to their deposit since the employee responsible for maintaining the folder was absent from work. As a result, the audit of checks-on-hand could not be performed for the Investigations Division.
9. **Inconsistency of Receipt Form Booklets:** The Office of the State Fire Marshal had sequentially numbered receipt forms; however, receipt forms were not issued to customers in sequential order. Therefore, reconciling receipt forms to deposits was not possible since we were unable to account for all receipt forms used. Also, receipt forms were not prepared for payments received by U.S. Mail, which was the method the majority of payments were received. Finally, access to the receipt form booklets was not restricted to authorized employees.

Recommendations

- 4.1 We recommend the Office of the State Fire Marshal comply with WV Code §12-2-2(a) by keeping an itemized record of all monies collected on a daily basis and deposit collected monies within the time frame required by the State Treasurer's Office.
- 4.2 We recommend the Office of the State Fire Marshal comply with WV Code §12-2-2(d) and Legislative Rule Title 112, Series 3, Section 3.1 by receiving approval from the State Treasurer's Office for an imprest (change) fund.
- 4.3 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9(b) by maintaining records that adequately document the agency's organization, functions, policies, decisions, procedures and essential transactions.

- 4.4 We recommend the Office of the State Fire Marshal comply with the *WV State Treasurer's Office Cash Receipts Handbook* for spending units by implementing the following procedures:
- a. Establish proper separation of duties and checks and balances for fee collection procedures, which includes cash collecting, recording, depositing and reconciling. Also, the agency should require a background check for new employees that handle fee collections as part of their duties.
 - b. Establish a mail handling process that requires the immediate endorsement of checks, the date stamping of payments and accompanying support received by mail, and maintaining a mail log detailing payments received.
 - c. Establish an internal record that documents all fee collections.
 - d. Perform monthly reconciliations of collected fees supported in the agency's internal records to deposit records in wvOASIS.
 - e. The agency should consider the following:
 - Centralizing the revenue collection process as a means to reduce the number of individuals handling receipts prior to the receipts being deposited. Multiple collection points increase the risk that fee collections may be lost or stolen.
 - Eliminating cash as a form of payment.
 - Utilizing the State Treasurer's Office's e-Government Services Program as a means of receiving payments. This program provides an electronic payment system for goods and services offered by State agencies. Utilizing this method is more secure and saves the State both time and money.

Finding 5: Insufficient Safeguards and Records for State-Owned Firearms

We audited 100% of the agency's firearms and noted several deficiencies in the inventory records and the general oversight for firearms.

The Office of the State Fire Marshal's firearms inventory includes pistols and shotguns issued to active fire marshals employed by the agency, as well as spare firearms that are kept in a gun safe at the Charleston Headquarters. As of February 2016, the agency's firearm inventory consisted of 37 service pistols and 16 shotguns. We audited 100% of the agency's firearms² and noted several deficiencies in both the inventory records and the general oversight for firearms.

Section 2.2 of the *WV Purchasing Division Surplus Property Operations Manual* states in part that "...Agencies are responsible for maintaining equipment from date of purchase to date of retirement, such as keeping equipment secure, entering assets into the WVFIMS Fixed Asset system, conducting physical inventories, submitting annual certification, retiring assets properly..." Section 2.31 requires that "...Firearms regardless of the cost..." be entered into the Fixed Asset System and that the agency is to "...make sure all serial numbers are entered correctly..." for all firearms. The Office of the State Fire Marshal was in noncompliance with these, as well as other sections, of the Manual.³

Maintaining complete, accurate, and up-to-date inventory records is a critical component in ensuring State owned assets, particularly firearms, are accounted for and not lost, stolen, or disposed of improperly. If weapons were to be lost or stolen and subsequently used in the commission of a crime, the Office of the State Fire Marshal and the State may be subject to liability claims and extensive negative publicity.

During our audit of firearms we noted the following:

1. **Unable to Account for Two Firearms:** We were unable to locate or account for two pistols listed in the agency's wvOASIS Fixed Asset Inventory Record. These two weapons were Sig Sauer P229 .40 Caliber Service Pistols that had a combined purchase price of \$1,100. The agency asserted these weapons were sold pursuant to WV Code §29-3-32(c), which allows the sale of firearms at fair market value to any active or retired fire marshal once weapons are, "...taken out of service due to routine wear..." The agency provided documentation in the form of deposited checks for the sale of several Sig Sauer pistols that had been retired; however, none of the checks were for pistols that matched the serial numbers of the two firearms we could not account for. One of the checks provided referenced a serial number that was one digit different than one of the unaccounted for firearms. We were provided a copy of the email correspondence between the agency and the

We were unable to locate or account for two pistols listed in the Fire Marshal's wvOASIS Fixed Asset Inventory Record.

² During our audit period, the Office of the State Fire Marshal maintained a record of its firearms' inventory in the wvOASIS Fixed Asset Management System as well as an internal firearm inventory record. We also reviewed purchasing documents from July 1, 2010 to December 31, 2014 for firearm purchases that may have been excluded from both inventory lists. We combined all firearms noted from both inventory records and purchasing documents into one master list for our audit.

³ See Appendix A for additional criteria applicable to finding.

firearm manufacturer that confirmed the serial number as recorded on the check was not a firearm purchased by the agency. These facts seem to suggest the check in question may have been for the purchase of one of the missing pistols; however, we were unable to make a definitive determination. We subsequently informed the Joint Committee on Government and Finance - Commission on Special Investigations of our inability to account for two weapons.

One 12 Gauge Shotgun could not be located during our initial inventory observation.

2. **Weapon Located at Home of Former Employee:** One 12 Gauge Shotgun could not be located during our initial inventory observation. The agency subsequently located this firearm by contacting former fire marshals who were responsible for the firearm inventory. According to the agency, the shotgun was found in the home of the former Acting Field Deputy who had taken it home to clean and forgot to return it to the agency's headquarters. We physically observed this weapon after it was returned to confirm it was in the possession of the agency.

3. **Incomplete and Inaccurate Inventory Records:**

We noted the following inaccuracies in the Office of the State Fire Marshal's inventory records:

- a. Five Glock 21 Service Pistols recently purchased at a total price of \$2,345 were not listed in the agency's inventory records at the time of our audit.
- b. Eleven firearms were listed in the agency's inventory records as issued to fire marshals who were not the fire marshals who had custody of the weapons.
- c. The wvOASIS Fixed Asset Inventory listed six firearms in the custody of fire marshals; however, the weapons were located in the agency's gun safe in Charleston.
- d. Nine Remington 12 Gauge Shotguns were listed in the agency's internal firearm inventory record but were not included in the wvOASIS Fixed Asset Inventory record.
- e. Nine firearms consisting of one MAC-10 machine pistol, four Sig Sauer P229 Service Pistols, one Glock 21 Service Pistol, and three Remington 12 Gauge Shotguns were listed in the wvOASIS Fixed Asset Inventory, but were not included in the agency's internal firearms inventory record.
- f. A retired fire marshal who was previously in charge of the agency's firearm inventory was listed in the wvOASIS Fixed Asset Inventory record as the custodian of 12 firearms consisting of eight pistols, three shotguns, and one MAC-10 compact machine pistol. The retired fire marshal was not in custody of these firearms and was listed erroneously as the custodian as a result of the wvOASIS Inventory Record not being properly updated.

- g. Finally, one Sig Sauer .40 Caliber Service Pistol was listed in the agency's wvOASIS Fixed Asset Inventory as in the custody of a retired fire marshal. The agency was unable to account for this firearm during our initial inventory observation, but subsequently provided records documenting that the firearm was awarded to another retired fire marshal per WV Code §29-3-32(a).

Recommendations

- 5.1 We recommend the Office of the State Fire Marshal comply with WV Code §5A-8-9; WV Code §5A-3-36, as amended; and the *WV Purchasing Division Surplus Property Operations Manual* by maintaining accurate and up-to-date inventory records in the wvOASIS Fixed Asset Inventory listing. The fire marshal to whom a firearm is issued should be listed as the custodian of that firearm in the inventory records. Any change in the custodianship of a firearm should be promptly updated in the records. Further, when taken out of service, the retirement date of firearms no longer in use and the method of disposal should be entered into the wvOASIS Fixed Asset system and the agency's inventory records updated accordingly.
- 5.2 We recommend the Office of the State Fire Marshal conduct an internal inventory of all firearms no less than once each fiscal year and reconcile the inventory records to ensure that every firearm is properly accounted for and the custodian, location and, if applicable, the disposal of each, is accurately recorded.
- 5.3 We recommend the sale of any firearm pursuant to WV Code §29-3-32(c) be thoroughly documented by the agency. Any firearm to be sold should first be recorded in the wvOASIS Fixed Asset system as retired and should not be removed from the inventory records entirely. Once sold, the wvOASIS Fixed Asset records should indicate the disposal method as *sell on-site*. The purchase should be made with check or money order and no cash should be accepted.
- 5.4 The agency should develop a form used specifically for recording the sale of retired firearms. At a minimum, this form should require the following information:
- The name, job title, and contact information of the purchaser
 - The date and amount of the sale, including the check number or money order number used to make the purchase
 - The serial number, caliber, make, and model of the firearm sold
 - The wvOASIS Fixed Asset Number assigned to the firearm sold

This completed form should be signed by both the purchaser and an authorized representative of the agency. This form should be maintained by the agency indefinitely. Further the agency should also maintain documentation for the receipt and deposit of monies for all firearms sold.

APPENDIX A

AUTHORITY

The audit was conducted pursuant to WV Code §4-2, as amended, which requires the Legislative Auditor to “make post audits of the revenues and funds of the spending units of the state government, at least once every two years, if practicable, to report any misapplication of state funds or erroneous, extravagant or unlawful expenditures by any spending unit, to ascertain facts and to make recommendations to the Legislature concerning post audit findings, the revenues and expenditures of the State and of the organization and functions of the State and its spending units.”

The Post Audit Division of the Office of the Legislative Auditor is organized under the Legislative Branch of the State and the audits are reported to the Legislative Post Audits Subcommittee. This organizational structure has historically allowed the Division to be organizationally independent when audits are performed on an agency, board, or program of the Executive Branch of the State.

This communication is intended solely for the information and use of the Post Audits Subcommittee, the members of the WV Legislature, management of the Office of the State Fire Marshal, and WV taxpayers. Once presented to the Post Audits Subcommittee this report is a matter of public record and its distribution is not limited. This report is intended to assist the Post Audits Subcommittee in exercising its legislative oversight function, to provide constructive recommendations for improving State operations, and report agency activities to the WV taxpayers.

SCOPE

The audit of the Office of the State Fire Marshal included the period of July 1, 2013 to December 31, 2014. The audit scope included a review of applicable internal control policies and procedures, compliance with the WV Code, Expenditure Schedule Instructions, Legislative Rules, the WV State Purchasing Division Purchasing Handbook, Statewide contracts, agency-specific contracts, the State Auditor’s Office Purchasing Card Policies and Procedures, the State Purchasing Division’s Travel Regulations, best business practices and Office of the State Fire Marshal policies and procedures applicable for the audit period.

The audit included examining, on a test basis, evidence of compliance with those requirements referred to above and performing other procedures, as necessary. The audit does not provide a legal determination of the Office of the State Fire Marshal’s compliance with those requirements.

The Office of the State Fire Marshal management is responsible to accurately and efficiently perform all duties mandated under WV Code Chapter 29, Article 3, as well as other applicable areas of WV Code, the Code of State Rules, and its own internal policies. To achieve this, the Office of the State Fire Marshal must create and maintain policies and procedures to ensure all duties mandated are performed. Additionally, it is the duty of the Office of the State Fire Marshal to accurately track and account for all State monies.

The Office of the State Fire Marshal management is also responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations

including safeguarding assets, and compliance with applicable laws, rules, and regulations are achieved. Due to inherent limitations in internal control, errors and fraud may nevertheless occur and not be detected.

The scope over internal controls involved only assessing controls significant to the audit objectives. To conclude on the adequacy of internal controls regarding the Office of the State Fire Marshal as a whole was not a specific objective of the audit. Any significant internal control weaknesses discovered were reported in the findings.

This report includes findings regarding significant instances of noncompliance with applicable laws, rules and regulations as related to the objectives. Instances of noncompliance deemed insignificant to warrant inclusion in the report, or instances outside the scope of the audit that still merited the attention of the Office of the State Fire Marshal management, were communicated in a letter to the agency.

EXIT CONFERENCE

A draft of the report was sent to management on August, 5, 2016. An exit conference was held with the State Fire Marshal Kenneth Tyree Jr. and other management representatives of the agency on August 16, 2016, during which all findings and recommendations were discussed.

OVERALL SUFFICIENCY OF EVIDENCE

All testimonial evidence obtained by the audit team was evaluated for objectivity, credibility, and reliability and was obtained under conditions in which the employee was able to speak freely without intimidation. The employees had direct knowledge of their working area and there was no evidence employees were biased. Additionally, we assessed the sufficiency and appropriateness of computer processed information regardless of whether the information was provided to us, or was independently extracted, by using an Internal Control Questionnaire, assessing the reliability and integrity of data, performing analytical reconciliations, and testing the supporting documentation.

The auditors performed and documented an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence, according to Section 6.69 of the Yellow Book, by documenting internal controls, and performing tests of an appropriate size.

The overall evidence obtained was relevant to the objectives and findings. The evidence was determined to be valid and reasonable and supported the auditor's conclusions and findings. The overall evidence was reliable when tested and can be verified and supported. In establishing the appropriateness of the evidence as a whole, the auditors tested reliability by obtaining supporting documentation, used original documents when available, verified the credibility of testimonial evidence, evaluated analytical review, assessed risk through an analytical risk assessment, and applied auditor judgment on the overall evidence.

When assessing the sufficiency and appropriateness of evidence, the auditors evaluated the expected significance of evidence to the audit objectives, findings, and conclusions, available corroborating evidence, and the level of audit risk as described in Section 6.71 of the Yellow Book, by using professional judgment and statistical sampling to determine a sufficient quantity for the testing and to determine the type of evidence needed based on the audit objectives.

The auditors did not identify any limitations or uncertainties in evidence that were significant to the audit findings and conclusions. The evidence obtained in the course of the audit provides a reasonable basis for the findings and conclusions based on the audit objectives.

METHODOLOGIES

Objective One

Determine if overtime paid to employees of the Office of the State Fire Marshal was properly approved and calculated. Also, determine if the agency complied with the Code of Federal Regulations, Fair Labor Standards Act and the WV Division of Personnel Administrative Rule for overtime compensation paid to employees.

To achieve our objective we obtained from the agency:

- (a) Timesheets for all sworn officers of the agency for the audit period
- (b) Agency leave records for the audit period
- (c) EPICS Payroll Report for all agency employees for the audit period
- (d) Summary of Additional Hours Letters that denotes the supervisors' review and calculation of additional hours contained in the employees' timesheets, as well as the State Fire Marshal's approval of these hours.

We judgmentally selected a sample of employees consisting of the 11 employees who received the most overtime compensation for the audit period. We then prepared an Excel spreadsheet labeled with each employee's name and recalculated in this worksheet overtime pay based on a review of the documentation above and our understanding of the requirements as set out in the criteria listed below. We compared our audited calculations of overtime pay with what was actually paid as documented in the EPICS report and noted any differences.

Applicable Laws, Policies and Agreements for Objective One

- Fair Labor Standards Act of 1938, as amended
- Legislative Rule Title 143, Series 1 - Administrative Rule of the WV Division of Personnel
- WV Code §21-5C, as amended

Objective Two

Determine if revenues were properly collected, accounted for and deposited in accordance with WV Code §12-2-2, the *WV State Treasurer's Office Cash Receipts Handbook* and best business practices.

To achieve our objective, we performed a count of the agency change fund and collected, but not yet deposited, receipts. We assessed applicable internal controls over receipt collections and the sufficiency of records documenting receipt collections. We determined that both internal controls over and records documenting receipts were deficient to the point that substantive testing of receipts was not feasible. Therefore, no audit procedures for substantive testing of receipts were performed.

Applicable Laws, Policies and Agreements for Objective Two

- WV Code §5A-8-9
- WV Code §12-2-2, as amended
- WV State Treasurer's Office Legislative Rule Title 112, Series 3
- WV State Treasurer's Office *Cash Receipts Handbook for Spending Units*

Objective Three

Determine if the Office of the State Fire Marshal operated its fleet vehicle and firearms inventory without significant weaknesses in internal controls and that the inventory is properly safeguarded and documented in accordance with the *WV Purchasing Division Surplus Property Operations Manual*, WV Fleet Management Policies and best business practices.

To achieve our objective for the fleet vehicle inventory, we requested the agency's complete and current fleet vehicle inventory records and compared the agency's inventory records with the current WV Office of Fleet Management fuel (WEX) and maintenance (ARI) reports for the agency to ensure all vehicles were included in the agency's fleet vehicle inventory records. We then physically observed each of the vehicles listed in the inventory and checked the vehicle plate number, vehicle identification number (VIN #), and driver against the information in the agency's fleet inventory records to ensure the vehicle and driver listed in the agency's records matched the employee the vehicle was issued to and to ensure that all vehicles were in possession of the agency and in good condition.

To achieve our objective for the firearms inventory, we obtained a fixed asset inventory listing from wvOASIS as well as a copy of an internal record maintained by the agency. We also reviewed all expenditures for Fiscal Years 2011, 2012, and 2013 to determine if any firearms were purchased prior to our audit period that were not included in either of the agency's inventory listings. We then combined all firearms into a master list. We then physically observed all of the firearms in the possession of the agency and matched the serial numbers of those weapons to those listed in the master list while also noting the actual custodian of the weapon or its location in the agency gun safe. For all weapons we did not physically observe in our master list we sought documentation from the agency to confirm it had been retired or sold and otherwise noted the firearms for which documentation could not be provided as "unaccounted for".

Applicable Laws, Policies and Agreements

- WV Purchasing Division Surplus Property Operations Manual
- WV Code §5A-8-9
- WV Code §5A-3-34
- WV Code §5A-3-36, as amended
- Best business practices

Objective Four

Determine if the Office of the State Fire Marshal travel expenditures were properly documented and controlled so as to sufficiently mitigate the risk of improper or excessive expenditures. Also, determine

that travel related disbursements and direct billed travel costs were made in accordance with WV Code §12-3-11 and the WV Travel Management Office's State Travel Policy.

To achieve our objective relating to travel expenditures, we reviewed a sample of travel expenditures made by the agency during the audit period to determine if they were made in accordance with applicable criteria that apply to the agency.

Applicable Laws, Policies and Agreements

- WV Code §5A-8-9
- WV Code §12-3-11, as amended
- State of WV Travel Rules
- WV State Purchasing Division's State Travel Policy

Objective Five

Determine if agency purchases were made in accordance with applicable WV Purchasing Division rules. Also, determine if State issued purchasing cards were properly used and safeguarded in accordance with WV Code §12-3-10a, 10b, 10c, 10d and 10f, as amended, the WV State Auditor's Office Purchasing Card Policies and Procedures and best business practices.

To achieve our objective concerning purchases made by the agency, we reviewed a sample of current expense transactions, as well as a sample of purchasing card transactions made by the agency during the audit period to determine if they were made in accordance with applicable criteria that apply to the agency.

Applicable Laws, Policies and Agreements

- WV Purchasing Division Purchasing Handbook
- WV State Auditor's Office Purchasing Card Policies and Procedures
- WV Code §5A-8-9
- WV Code §12-3-10a, 10b, 10c, 10d and 10f, as amended
- Best business practices

APPENDIX B - MANAGEMENT RESPONSE



Department of Military Affairs and Public Safety

Earl Ray Tomblin, Governor

Joseph Thornton, Cabinet Secretary

Kenneth E. Tyree, Jr., State Fire Marshal

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OFFICE OF THE STATE FIRE MARSHAL

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August 15, 2016

The Honorable William P. Cole, III, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Room 229M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Tim Armstead, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Room 228M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. President and Mr. Speaker:

I'm grateful to respond to the conclusion of this critical audit performed on our agency. Based on the request I made at the inception of my taking over the leadership and oversight of this agency; I felt it necessary to request the legislative audit to: First, identify any potential deficiencies in the maintenance and operations of our agency pertaining to stewardship and accountability of all fixed and financial assets. Secondly, to make any necessary corrections to potential deficiencies pertaining to the said items.

I and my leadership staff feel we'll be able to insure proper accountability and where necessary to implement agency policies and procedures to enact positive progressive change. We continue to achieve our goal to improve where possible in all areas, including those that have been identified by the auditors over the past 18 months.

It should be noted that with a substantial staff turnover of more than 50 percent, we made exhaustive efforts to provide all requested information and documentation to the best of our ability to

locate all such documents. With the transition from FIMS to the new Oasis system we are making the necessary adjustments and training to execute the efficient operations of our agency. With that said, we're committed to provide the utmost stewardship and to do our best to improve all necessary components of our agency.

Based on the Legislative Auditor Recommendations our agency will take the following corrective actions:

The following information is provided to address the concerns as identified in the legislative auditor's report and as the agency head, to show a commitment to resolve any and all concerns and to insure proper accountability and stewardship to our agency's overtime concerns:

1. **(Finding 1) Improper Payment of Overtime:** We've followed their recommendation; beginning in May 2016 we began crediting back the said leave(s)/time, which has properly corrected the payment to agency employees.
2. **(Finding 2) Inadequate, Inaccurate, or Incomplete Records to Support Overtime:** We've complied with their recommendations by implementing a system that involves: (1) Use of the WV Oasis Kronos system and (2) improving our time sheets to reflect: (a) uniformity in format and (b) the identified/recommended details (dates, work times, total hours worked for each day, and hours spent on specific activities) and proper supervisory documentation approving additional hours worked by each division. Also, it should be noted that written policies and procedures have been integrated into our agency's policy and procedures manual pertaining to: (1) accurate and detailed time record completion by the employee and (2) supervisory review, calculation, and approval of all said timesheets including additional hours worked.
3. **(Finding 3) Supervisor Approved Own Overtime:** We've complied with this recommendation since the start of my assignment by ensuring all timesheets are reviewed and signed off by myself or the Chief Deputy State Fire Marshal prior to the final approval within the Oasis Kronos system.
4. **(Finding 4) Insufficient Records pertaining to Fee Collection:** We have fully complied with all recommendations made by the auditor as of January 2016 by the following implementations:

4.1 Part of the protocols and system processes include the implementation of a new WV Interactive Online Payment System prototype that we using currently for electrician licensing renewals which has eliminated nearly 40 percent of all cash type transactions and reduce the amount of payments processed within the agency. We are also in the process of using the State Treasury's Lock Box system to alleviate all check processing with the minimal exception being customer "walk-ins". To address the concern for the lack of physical safeguards: Appropriate file cabinets are now kept locked and keys stored properly; We have acquired a keyed bank deposit bag to secure deposits; and record keeping and procedures have been updated and put in place to safeguard all collected fees.

4.2 Initially we had an approved Imprest Fund from the State Treasurer's Office and new policy *2004 Imprest Fund*. As of April 1st, we stopped accepting cash payments and on April 4th closed the imprest fund. We have improved and updated our record keeping policies and procedures to better account for our other deposits through WVOasis, Microsoft Access Data Bases and Excel files.

4.3 We implemented new policies pertaining to Fiscal Management within the agency's policies and procedures manual. We have diligently made changes to our policies and procedures as the auditors have brought various issues to our attention. The following are changes that have already been made and future changes to include a new Online Payment System.

Between the new policies that we have in place and the new Online Payment System prototype we believe these inconsistencies will be resolved and future auditors will be able to perform conclusive testing that all fees are properly collected, recorded and deposited.

We have additionally been working with the State Treasurer's Office to rectify this situation by: Using the On Site check deposit system; Developing the Online Payment System to eliminate the receiving of cash payments; Making timely cash deposits; We have met with and in the process of utilizing Treasury's "Lock Box" system, after completion of the necessary compatible documentation.

4.4 We have developed two policies that address the issues pertaining to mail and correspondence handling and receipt of checks, money orders and cash.

4.4.a Checks and balances are now in place using this additional policy to those already mentioned (See 4.4)

4.4.a(1) Receipts are matched against records received by individual divisions by administrative staff. It is then entered into WVOasis and deposited. We can now also self audit by returning to the mail and correspondence logs to see when received, type of revenue and audit against divisional records and deposited amounts.

4.4.b We are now utilizing an established system to process all mail in a manner that insures proper accountability by segregating duties properly.

4.4.c We will utilize one receipt payment book per division to allow for a consistent numbering system for internal and external auditing and accounting purposes.

4.4.d Using same procedures as identified in 4.4.c.

4.4.e Part of the protocols and system processes include the implementation of a new WV Interactive Online Payment System prototype that we are using currently for electrician licensing renewals which has eliminated nearly 40 percent of all check and money order transactions and reduce the amount of payments processed within the agency. We are also in the process of using the State Treasury's Lock Box system to alleviate all check processing with the minimal exception being customer "walk-ins".

5. (Finding 5) Insufficient Safeguards and Records for State Owned Firearms:

5.1 Recommendations will be followed and have been implemented.

5.2 Recommendations will be followed by conducting an inventory NLT the end of each calendar year .

5.3 Recommendations will be followed and have been implemented by: Updating and matching inventory to the current custodians; OASIS has been updated to reflect correct information; all firearms have been placed in the fixed asset system as well as the agency's internal inventory records and an annual inventory assessment shall be performed to ensure accuracy and accountability for all said equipment; since the new OASIS system is fully in place for these fixed assets and annually accountability will be performed, it should prevent this occurrence from ever happening.

5.4 Recommendation has been followed by the creation of the said form with exactness and will be used until further notice.

As the agency head, I'm committed to insuring proper accountability and execution pertaining to the operations and resources managed under my charge.

Sincerely,

A handwritten signature in blue ink, appearing to read "KETEJ", with a large, stylized flourish at the end.

Kenneth E. Tyree Jr.
State Fire Marshal

Cc: Joseph Thornton, Cabinet Secretary, DMAPS