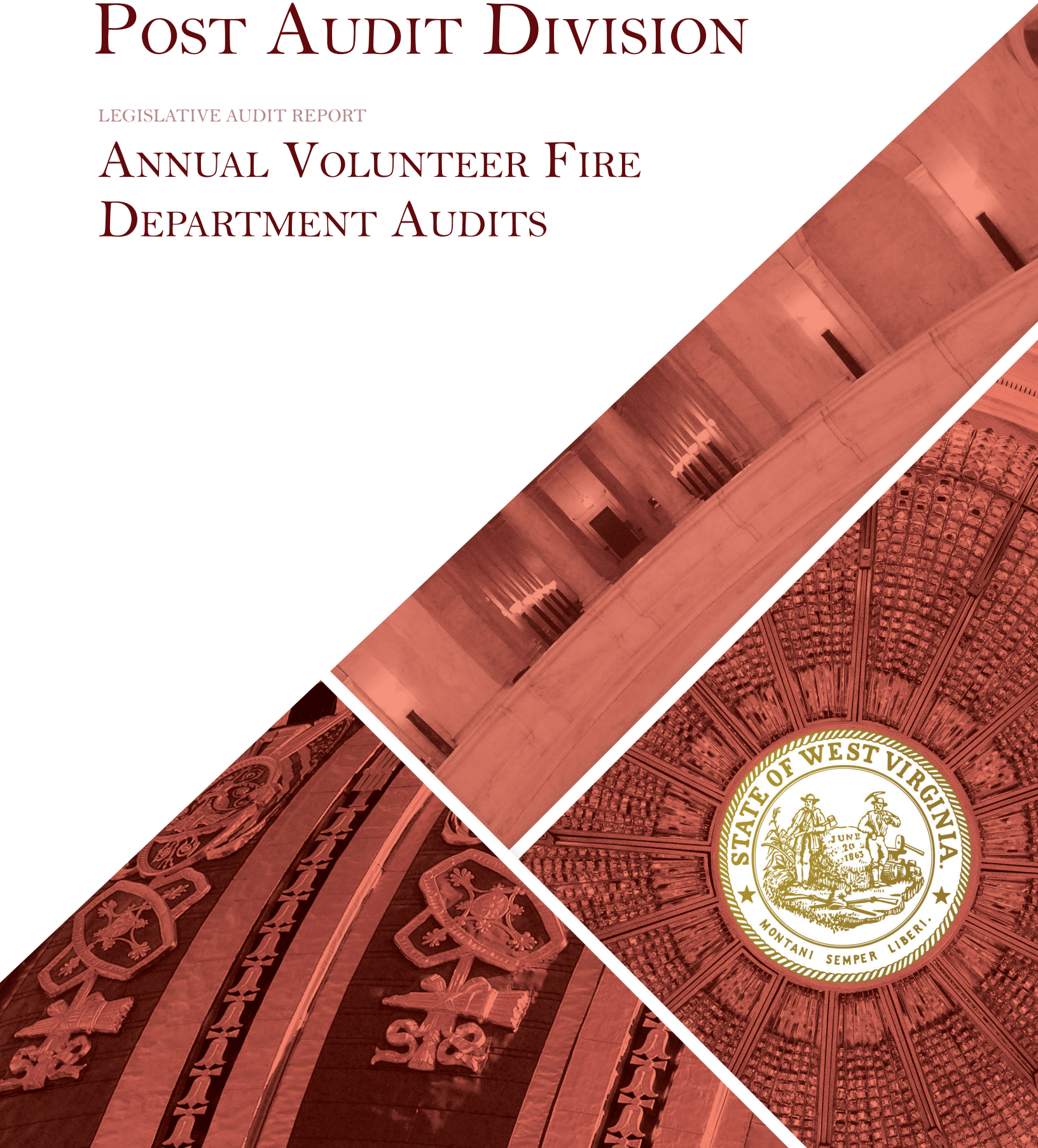


JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

ANNUAL VOLUNTEER FIRE DEPARTMENT AUDITS



JOINT COMMITTEE ON
GOVERNMENT & FINANCE

Note: On Monday, February 6, 2017, the Legislative Manager/ Legislative Auditor's wife, Elizabeth Summit, began employment as the Governor's Deputy Chief Counsel. Most or all the actions discussed and work performed in this report occurred after this date. However, the Governor's Deputy Chief Counsel was not involved in the subject matter of this report, nor did the audit team have any communications with her regarding the report. As Deputy Chief Counsel, the Legislative Auditor's wife is not in a policy making position within the Executive Branch. Therefore, the Post Audit Division does not believe there are any threats to independence with regard to this report as defined in A3.06.a and A3. 06.b of the Generally Accepted Government Auditing Standards. Furthermore, the Legislative Auditor has instructed the Director of the Post Audit Division to document and discuss any issues he believes are a threat to the division's independence with the President of the Senate and the Speaker of the House due to Ms. Summit's position.

OFFICE OF THE
LEGISLATIVE AUDITOR
Legislative Manager & Legislative Auditor, Aaron Allred

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JANUARY 7, 2018
LEGISLATIVE AUDIT REPORT

ANNUAL VOLUNTEER FIRE DEPARTMENT AUDITS

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Introduction

Every year, the State distributes millions of dollars to hundreds of West Virginia volunteer and part-volunteer fire departments (VFD) for the purpose of providing firefighting equipment, training, and maintenance. In 2017, over \$20 million was distributed to 428 different departments. Established by WV Code §33-3-33, and collected by the Insurance Commission, one source of the money is a 0.55 percent surcharge imposed on fire and casualty insurance policies issued in West Virginia. Also, WV Code §33-3-14d established an additional premium tax equal to one percent of taxable premiums on fire insurance and casualty insurance policies to be collected by the Insurance Commission. All money collected from the surcharge established in WV Code §33-3-33 and twenty-five percent of the amount collected from the additional premium established in WV Code §33-3-14d makes up the Fire Protection Fund; and, is subsequently distributed equally among qualifying departments through quarterly payments. The money is to be used on specific items outlined in WV Code §8-15-8b, such as protective equipment, rescue equipment, utilities for the fire stations, fire fighter training costs, insurance on buildings and automobiles, fuel, and worker’s compensation premiums. The following figure outlines the amounts distributed, and the number of departments that benefited from these distributions over the last seven years.

Year of Distribution	Total # of Departments	Received Full Distribution	Did Not Receive Full Distribution**	Received No Funding	Total Amount Distributed
2011	432	397	32	3	\$ 18,361,086.49
2012	430	385	43	2	\$ 18,142,095.01
2013	439	373	65	1	\$ 18,184,727.75
2014	430	420	8	2	\$ 19,696,194.49
2015	430	410	19	1	\$ 19,896,613.74
2016	431	402	29	0	\$ 20,198,716.58
2017	428	400	27	1	\$ 20,600,530.71

*Numbers obtained from Treasurer’s Office website
 **A VFD may lose its quarterly distribution if specific conditions are not met, such as, not filing a Statement of Expenditures with the Legislative Auditor’s Office, not cooperating with an audit, being out of compliance with the State Fire Marshal, or being out of compliance with a DHHR grant.

Each year by February 14th, all departments are required to file a *Statement of Expenditures* (often referred to as the financial statement) with the Legislative Auditor’s Office showing how the money was spent. Therefore, in January of each year, the Post Audit Division mails a letter to each of the departments to remind them of the deadline and instructions on how to file the statement. The Post Audit website allows departments to log in and complete the form on-line or print a form to be mailed in. The instructions on how to fill out the form are also on the website. If a department does not file this form by July 1st of each year, it is no longer eligible to receive funds until the statement is filed.

WV Code §12-4-14 grants the Legislative Auditor the authority to conduct audits of the state funding received by VFDs. An audit determines if the department has maintained its state money in a separate account and has spent the money on allowable items. The audit is limited to a review of the bank account in which the department deposits its State funds, commonly referred to as the department’s “State account.” There are three typical findings that can result from the VFD audits:

- Unallowable Expenditures (when the money is spent on items not allowed by Code);

- Lack of Supporting Documentation (when the VFD has not provided a proper invoice, receipt, or other documentation to support its assertion that an expenditure is allowable and for the benefit of the department); and
- Commingled Funds (when the VFD has mixed State funds with funds from other sources such as by transferring funds from its state account to its non-state or “general” account, thereby making it difficult to trace the money).

If a department does not cooperate with an audit or does not file a *Statement of Expenditures* for the preceding year by July 1st, the Legislative Auditor has the authority to withhold a department’s State funds. The State Fire Marshal also has the authority to withhold a department’s state funding if the department fails to meet certain standards.

Methodology

In the past, the Post Audit Division selected which departments would be audited on a random basis with no consideration given for when the department was last audited, the results of the previous audit, or any other pertinent risk factors. This was a haphazard approach for audit selection that resulted in some VFDs being chosen for an audit multiple times over the years, while others may have not been audited for 20 years.

Therefore, in 2015 Post Audit implemented a risk based assessment of the VFDs to better focus efforts on those departments that appear to present the greatest likelihood of noncompliance with WV State Code. Post Audit management and the VFD auditor examined the data from previous audits and determined potential indicators for risk of noncompliance were generally those departments that had not had an audit, had not had a recent audit, had an audit with large discrepancies, or the VFD was delinquent in financial filings. Additionally, we considered other factors such as communication of possible issues from the State Fire Marshal, members of the Legislature, and the general public.

Now, instead of randomly choosing a sample of 30 departments once per year, the VFD auditor chooses 10 to 15 at a time multiple times per year allowing audits to be more timely. Unfortunately, there are circumstances that can delay an audit being finalized in a timely manner. Our office tries to work with the department to help them through the audit process. On occasion, there are departments that just refuse to cooperate. In those cases, the Legislative Auditor has the authority to withhold funding. Eventually, this usually prompts the VFD to cooperate. However, by the time the department cooperates and the audit is finished, a significant period of time may have passed. Often, these departments are automatically scheduled to be audited again in the near future.

Objective

The objective of the audit of volunteer fire departments is to evaluate compliance with West Virginia Code §8-15-8b which states, in part:

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

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.

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 section¹. (Emphasis Added)

Our reports are designed to provide information to the Post Audits Subcommittee and to suggest constructive recommendations for improving the operations of volunteer fire departments.

Scope

Pursuant to the authority provided by West Virginia Code §12-4-14, the Legislative Auditor conducted an audit of the revenue and expenditure transactions for the following 22 volunteer fire departments.

- Bakerton
- Beech Bottom
- Belmont
- Bramwell
- Buffalo Creek
- Cedar Grove
- City of Logan
- Cowen
- Elizabeth-Wirt
- Gauley River
- Guyan River
- Logan #2
- Madison
- Middlebourne-Tyler
- Nettie
- New Cumberland
- Newton
- Nutter Fort
- Quinwood
- Spruce River
- Town of Man
- Union

The scope of the audits included a review of all deposits and expenditures related to the departments' state account. In total, we audited \$2,290,562.22.

Conclusion

Of the 22 volunteer fire departments that were audited, 9 had findings. The figures, on the next two pages, illustrate the amounts audited for each department and the total amount that was found to be out of compliance, if applicable. A more detailed summary of each VFD can be found beginning on page 7 of this report. All reports can be viewed in their entirety on the Post Audit website at http://www.legis.state.wv.us/Joint/postaudit/vfd_audits.cfm.

¹ Subdivisions 1 through 15 can be found in the Appendix of this report.

VOLUNTEER FIRE DEPARTMENTS IN COMPLIANCE WITH WV CODE

The following 13 volunteer fire departments were audited for compliance with WV Code §8-15-8b and had no material findings to report. The figure below includes the county in which the department is located, the period audited, and the amount audited.

Department	County	Audit Period	Amount Audited
Bakerton	Jefferson	1/1/13 – 12/31/14	\$135,033.28
Beech Bottom	Brooke	1/1/16 – 12/31/16	\$51,797.88
Belmont	Pleasants	1/1/16 – 12/31/16	\$145,132.76
Buffalo Creek	Logan	1/1/16 – 12/31/16	\$61,852.91
Cedar Grove	Kanawha	1/1/16 – 12/31/16	\$293,964.06
City of Logan	Logan	7/1/15 – 6/30/16	\$56,720.48
Cowen	Webster	1/1/16 – 12/31/16	\$51,240.56
Elizabeth-Wirt	Wirt	1/1/16 – 12/31/16	\$48,687.15
Gauley River	Fayette	12/1/15 – 12/31/16	\$149,902.47
Nettie	Nicholas	6/1/15 – 7/31/16	\$64,203.97
New Cumberland	Hancock	1/1/13 – 6/30/14	\$80,683.11
Newton	Roane	9/1/15 – 9/30/16	\$61,983.31
Spruce River	Boone	7/1/15 – 7/31/16	\$63,203.46

VOLUNTEER FIRE DEPARTMENTS NOT IN COMPLIANCE WITH WV CODE

The following 9 volunteer fire departments were audited for compliance with WV Code §8-15-8b and had notable findings to report. The figure below includes the county in which the department is located, the period audited, and the amount audited, and the total amount not in compliance with WV Code.

Department	County	Audit Period	Amount Audited	Finding Amount
Bramwell	Mercer	12/1/12 – 6/30/14	\$127,699.42	\$2,546.94
Guyan River	Lincoln	1/1/13 – 12/31/14	\$189,452.48	\$4,301.94
Logan County	Logan	1/1/12 – 12/31/13	\$112,681.40	\$31,138.77
Madison	Boone	7/1/12 – 6/30/14	\$173,903.66	\$3,668.39
Middlebourne-Tyler	Tyler	1/1/12 – 12/31/12	\$56,321.79	\$2,028.86
Nutter Fort	Harrison	7/1/10 – 6/30/11	\$54,094.08	\$5,508.14
Quinwood	Greenbrier	1/1/16 – 12/31/16	\$88,933.27	\$5,151.74
Town of Man	Logan	7/1/12 – 6/30/14	\$124,083.79	\$603.11
Union	Monroe	11/10/15 – 2/10/17	\$98,986.93	\$22,511.77

Volunteer Fire Departments in Compliance

BAKERTON VOLUNTEER FIRE DEPARTMENT

Bakerton Volunteer Fire Department, in Jefferson County, began 2013 with a balance of \$5,200.49 in its state account. The Department received additional monies from the State in the amount of \$91,826.25 during 2013 and 2014. There were additional deposits into the account, including interest, of \$38,006.54. Therefore, the audited funds totaled \$135,033.28. **Except for \$12.98 that lacked supporting documentation, we concluded the Department complied with WV Code.** The Legislative Auditor has recommended the Department reimburse its state account by the above amount.

The Department's financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2013)	\$5,200.49	
2013 Deposits from State Treasurer	45,010.58	
2014 Deposits from State Treasurer	46,815.67	
Additional Deposits & Interest Earned	<u>38,006.54</u>	
Total Funds Audited:		\$135,033.28
Expenditures:		
Purchases Adequately Accounted For	\$129,884.66	
Purchases Lacking Adequate Documentation	<u>12.98</u>	
Total Expenditures:		<u>\$129,897.64</u>
Balance Remaining in Account (12/31/2014):		<u>\$5,135.64</u>

The results presented in this report have been reviewed and discussed with the Bakerton Volunteer Fire Department.

BEECH BOTTOM VOLUNTEER FIRE DEPARTMENT

The Beech Bottom Volunteer Fire Department, in Brooke County, began calendar year 2016 with a balance of \$210.73 in its state account. The Department received additional monies from the State in the amount of \$48,687.15 during 2016. There were additional deposits into the account of \$2,900.00. Therefore, the audited funds totaled \$51,797.88. **We concluded the Department was in compliance.**

The Department’s financial activity in its state account during the audit period, including amounts audited and in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$210.73	
2016 Deposits from State Treasurer	48,687.15	
Additional Deposits	<u>2,900.00</u>	
Total Funds Audited:		\$51,797.88
Expenditures:		
Purchases Adequately Accounted For	\$51,551.24	
Total Expenditures:		<u>\$51,551.24</u>
Balance Remaining in Account (12/31/2016):		
		<u>\$246.64</u>

The results presented in this report have been reviewed and discussed with the Beech Bottom Volunteer Fire Department.

BELMONT VOLUNTEER FIRE DEPARTMENT

The Belmont Volunteer Fire Department, in Pleasants County, began calendar year 2016 with a balance of \$96,445.61 in its state account. The Department received additional monies from the State in the amount of \$48,687.15 during 2016; therefore, the audit included \$145,132.76 in state funding. **We concluded the Department was in compliance.**

The Department’s financial activity in its state account during the audit period, including amounts audited and in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$96,445.61	
2016 Deposits from State Treasurer	<u>48,687.15</u>	
Total Funds Audited:		\$145,132.76
Expenditures:		
Purchases Adequately Accounted For	\$56,860.55	
Total Expenditures:		<u>\$56,860.55</u>
Balance Remaining in Account (12/31/2016):		<u>\$88,272.21</u>

The results presented in this report have been reviewed and discussed with the Belmont Volunteer Fire Department.

BUFFALO CREEK VOLUNTEER FIRE DEPARTMENT

The Buffalo Creek Volunteer Fire Department, in Logan County, began January 2016 with a balance of \$13,164.50 in its state account. During 2016, the Department received additional monies from the State, in the amount of \$48,687.15. With the addition of earned interest in the amount of \$1.26, the audit included \$61,852.91 in state funding. **We concluded the Department complied with WV Code.**

The Department’s financial activity in its state account during the audit period, including amounts audited and in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$13,164.50	
2016 Deposits from State Treasurer	48,687.15	
Earned Interest	<u>1.26</u>	
Total Funds Audited:		\$61,852.91
Expenditures:		
Purchases Adequately Accounted For	\$44,403.85	
Total Expenditures:		<u>\$44,403.85</u>
Balance Remaining in Account (12/31/2016):		
		<u>\$17,449.06</u>

The results presented in this report have been reviewed and discussed with the Buffalo Creek Volunteer Fire Department.

CEDAR GROVE VOLUNTEER FIRE DEPARTMENT

The Cedar Grove Volunteer Fire Department, in Kanawha County, began 2016 with a balance of \$245,276.91 in its state account. The Department received additional monies from the State in the amount of \$48,687.15 during 2016; therefore, the audit included \$293,964.06 in state funding. **We concluded the Department was in compliance.**

The Department’s financial activity in its state account during the audit period, including amounts audited and in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$245,276.91	
2016 Deposits from State Treasurer	<u>48,687.15</u>	
Total Funds Audited:		\$293,964.06
Expenditures:		
Purchases Adequately Accounted For	\$157,738.61	
Total Expenditures:		<u>\$157,738.61</u>
Balance Remaining in Account (12/31/2016):		<u>\$136,225.45</u>

The results presented in this report have been reviewed and discussed with the Cedar Grove Volunteer Fire Department.

CITY OF LOGAN FIRE DEPARTMENT

The City of Logan Fire Department, a part-paid² department in Logan County, began fiscal year 2016 with a balance of \$24,423.46 in its state account. The Department received additional monies from the State in the amount of \$32,297.02 during fiscal year 2016; therefore, the audit included \$56,720.48 in state funding. **We concluded the Department was in compliance with the exception of \$9.95 spent on items not allowed under WV Code.** The Legislative Auditor has recommended the Department reimburse its state account by the above amount.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (7/1/2015)	\$24,423.46	
FY 2016 Deposits from State Treasurer	<u>32,297.02</u>	
Total Funds Audited:		\$56,720.48
Expenditures:		
Purchases Adequately Accounted For	\$40,536.25	
Purchases Not Allowed per Code	<u>9.95</u>	
Total Expenditures:		<u>\$40,546.20</u>
Balance Remaining in Account (6/30/2016):		
		<u>\$16,174.28</u>

The results presented in this report have been reviewed and discussed with the City of Logan Fire Department.

² Part-paid fire departments receive a prorated share of the Fire Protection Fund quarterly payments.

COWEN VOLUNTEER FIRE DEPARTMENT

The Cowen Volunteer Fire Department, in Webster County, began 2016 with a balance of \$2,552.91 in its state account. The Department received additional monies from the State in the amount of \$48,687.15 during 2016. With the addition of earned interest in the amount of \$0.50, the audit included \$51,240.56 in state funding. **We concluded the Department complied with WV Code.**

The Department’s financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$2,552.91	
2016 Deposits from State Treasurer	48,687.15	
Earned Interest	<u>0.50</u>	
Total Funds Audited:		\$51,240.56
Expenditures:		
Purchases Adequately Accounted For	<u>\$48,255.84</u>	
Total Expenditures:		<u>\$48,255.84</u>
Balance Remaining in Account (12/31/2016):		
		<u>\$2,984.72</u>

The results presented in this report have been reviewed and discussed with the Cowen Volunteer Fire Department.

ELIZABETH-WIRT VOLUNTEER FIRE DEPARTMENT

The Elizabeth-Wirt Volunteer Fire Department, in Wirt County, began 2016 with a balance of \$0 in its state account. During 2016, the Department received monies from the State in the amount of \$48,687.15. **We concluded the Department was in compliance with WV Code, with the exception of inadvertently failing to transfer \$2,562.11 that was deposited into its general account instead of its state account. The Legislative Auditor recommended that the Department transfer the remaining \$2,562.11 in state monies received during calendar year 2016 into its dedicated state account and ensure all quarterly deposits from the WV State Treasurer’s Office are deposited correctly.**

The Department’s financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$0.00	
2016 Deposits from State Treasurer	<u>48,687.15</u>	
Total Funds Audited:		\$48,687.15
Expenditures:		
Purchases Adequately Accounted For	<u>\$38,419.04</u>	
Total Expenditures:		<u>\$38,419.04</u>
Balance Remaining in Account (12/31/2016):		<u>\$10,268.11</u>

The results presented in this report have been reviewed and discussed with the Elizabeth-Wirt Volunteer Fire Department. As of December 12, 2017, the Department has complied with the Legislative Auditor’s recommendation by transferring \$2,562.11 into its state account.

GAULEY RIVER VOLUNTEER FIRE DEPARTMENT

The Gauley River Volunteer Fire Department, in Fayette County, began December 2015 with a balance of \$89,702.57 in its state account. The Department received additional monies from the State in the amount of \$48,687.15 during 2016. Including additional deposits totaling \$11,512.75, the audit included \$149,902.47 in state funding. **We concluded the Department was in compliance.**

The Department's financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (12/1/2015)	\$89,702.57	
2016 Deposits from State Treasurer	48,687.15	
Additional Deposits	<u>11,512.75</u>	
Total Funds Audited:		\$149,902.47
Expenditures:		
Purchases Adequately Accounted For	<u>\$92,825.13</u>	
Total Expenditures:		<u>\$92,825.13</u>
Balance Remaining in Account (12/31/2016):		
		<u>\$57,077.34</u>

The results presented in this report have been reviewed and discussed with the Gauley River Volunteer Fire Department.

NETTIE VOLUNTEER FIRE DEPARTMENT

The Nettie Volunteer Fire Department, in Nicholas County, began June 2015 with a balance of \$4,134.74 in its state account. The Department received additional monies from the State in the amount of \$60,068.28, during the audit period. With the addition of earned interest in the amount of \$0.95, the audit included \$64,203.97 in state funding. **We concluded the Department complied with WV Code.**

The Department’s financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (6/1/2015)	\$4,134.74	
FY 2016 Deposits from State Treasurer	48,434.52	
FY 2017 1 st Quarter Deposit from State Treasurer	11,633.76	
Earned Interest	<u>0.95</u>	
Total Funds Audited:		\$64,203.97
Expenditures:		
Purchases Adequately Accounted For	<u>\$54,618.58</u>	
Total Expenditures:		<u>\$54,618.58</u>
Balance Remaining in Account (7/31/2016):		
		<u>\$9,585.39</u>

The results presented in this report have been reviewed and discussed with the Nettie Volunteer Fire Department.

NEW CUMBERLAND VOLUNTEER FIRE DEPARTMENT

The New Cumberland Volunteer Fire Department, in Hancock County, began 2013 with a balance of \$568.37 in its state account. The Department received additional monies from the State in the amount of \$80,114.74 during 2013 and 2014; therefore, the audit included \$80,683.11 in state funding. **Except for initially having its state funds deposited in the same account as all other funding sources, we concluded the Department complied with WV Code.** The Department separated its state money into a separate account as of January 2013.

The Department's financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2013)	\$568.37	
2013 Deposits from State Treasurer	56,257.17	
2014 Deposits from State Treasurer	<u>23,857.57</u>	
Total Funds Audited:		\$80,683.11
Expenditures:		
Purchases Adequately Accounted For	<u>\$60,323.27</u>	
Total Expenditures:		<u>\$60,323.27</u>
Balance Remaining in Account (6/30/2014):		<u>\$20,359.84</u>

The results presented in this report have been reviewed and discussed with the New Cumberland Volunteer Fire Department.

NEWTON VOLUNTEER FIRE DEPARTMENT

The Newton Volunteer Fire Department, in Roane County, began September 2015 with a balance of \$580.82 in its state account. The Department received additional monies from the State in the amount of \$48,221.00 between September 1, 2015 and September 30, 2016. Including additional deposits totaling \$13,181.49, the audit included \$61,983.31 in state funding. **We concluded the Department complied with WV Code.**

The Department’s financial activity in its state account during the audit period, including amounts audited and accounted for, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (9/1/2015)	\$580.82	
FY 2016 Deposits from State Treasurer	48,221.00	
Additional Deposits	<u>13,181.49</u>	
Total Funds Audited:		\$61,983.31
Expenditures:		
Purchases Adequately Accounted For	<u>\$61,565.25</u>	
Total Expenditures:		<u>\$61,565.25</u>
Balance Remaining in Account (9/30/2016):		<u>\$418.06</u>

The results presented in this report have been reviewed and discussed with the Newton Volunteer Fire Department.

SPRUCE RIVER VOLUNTEER FIRE DEPARTMENT

The Spruce River Volunteer Fire Department, in Boone County, began July 2015 with a balance of \$14,768.94 in its state account. The Department received additional monies from the State in the amount of \$48,434.52 during fiscal year 2016; therefore, the audit included \$63,203.46 in state funding. **We concluded the Department complied with West Virginia Code, with the exception of \$237.98 spent on items not allowed under WV Code.** The Legislative Auditor has recommended the Department reimburse its state account by the above amount.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (7/1/2015)	\$14,768.94	
FY 2016 Deposits from State Treasurer	<u>48,434.52</u>	
Total Funds Audited:		\$63,203.46
Expenditures:		
Purchases Adequately Accounted For	\$49,441.57	
Purchases Not Allowed	<u>237.98</u>	
Total Expenditures:		<u>\$49,679.55</u>
Balance Remaining in Account (7/31/2016):		<u>\$13,523.91</u>

The results presented in this report have been reviewed and discussed with the Spruce River Volunteer Fire Department.

Volunteer Fire Departments Not in Compliance with WV Code

BRAMWELL VOLUNTEER FIRE DEPARTMENT

The Bramwell Volunteer Fire Department, in Mercer County, began December 2012 with a balance of \$55,810.27 in its state account. The Department received additional monies from the State during the audit period in the amount of \$68,868.15. **The audit concluded that the Department was not in compliance by \$2,546.94.** The Bramwell Volunteer Fire Department did not provide proper supporting documentation for expenditures totaling \$2,546.94.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (12/1/2012)	\$55,810.27	
Additional FY 2013 Deposits from State Treasurer	23,619.15	
FY 2014 Deposits from State Treasurer	45,249.00	
Additional Deposits	<u>3,021.00</u>	
Total Funds Audited:		\$127,699.42
Expenditures:		
Purchases Adequately Accounted For	\$108,559.23	
Purchases Lacking Adequate Documentation	<u>2,546.94</u>	
Total Expenditures:		<u>\$111,106.17</u>
Balance Remaining in Account (6/30/2014):		
		<u>\$16,593.25</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$2,546.94 for the unverified items or provide adequate documentation to verify the purchases were appropriate per WV Code §8-15-8b.

The finding and recommendations presented in this report have been reviewed and discussed with the Bramwell Volunteer Fire Department. The Department was made aware of our recommendation to reimburse its state account a total of \$2,546.94.

GUYAN RIVER VOLUNTEER FIRE DEPARTMENT

The Guyan River Volunteer Fire Department, in Lincoln County, began 2013 with a balance of \$91,342.23 in its state account. From 2013 through 2014 the Department received additional monies from the State in the amount of \$91,826.25, for a total audited amount of \$189,452.48. **The audit concluded that the Department was not in compliance by \$4,301.94.** The Department did not provide proper supporting documentation for expenditures totaling \$1,838.71. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$2,463.23. Items purchased included food and beverages, promotional items, cable service, and items for a Christmas recruitment and retention party.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2013)	\$91,342.23	
2013 Deposits from State Treasurer	45,010.58	
2014 Deposits from State Treasurer	46,815.67	
Additional Deposits	<u>6,284.00</u>	
Total Funds Audited:		\$189,452.48
Expenditures:		
Purchases Adequately Accounted For	\$104,902.25	
Purchases Lacking Adequate Documentation	1,838.71	
Purchases Not Allowed	<u>2,463.23</u>	
Total Expenditures:		<u>\$109,204.19</u>
Balance Remaining in Account (12/31/2014):		
		<u>\$80,248.29</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$1,838.71 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 \$2,463.23 for the purchase of items not allowed under WV Code §8-15-8b.

The findings and recommendations presented in this report have been reviewed and discussed with the Guyan River Volunteer Fire Department. The Department is aware of our recommendation that it reimburse its state account a total of \$4,301.94.

LOGAN COUNTY VOLUNTEER FIRE DEPARTMENT

The Logan County Volunteer Fire Department began 2012 with a balance of \$20,627.95 in its state account. From 2012 through 2013 the Department received additional monies from the State in the amount of \$89,549.35, for a total audited amount of \$112,681.40. **The audit concluded that the Department was not in compliance by \$31,138.77.** The Department did not provide proper supporting documentation for expenditures totaling \$9,679.65. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$21,459.12. Items purchased included dress uniforms, promotional items, and electronic equipment.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2012)	\$20,627.95	
2012 Deposits from State Treasurer	44,538.77	
2013 Deposits from State Treasurer	45,010.58	
Additional Interest Earned	1,865.10	
Additional Deposits	<u>639.00</u>	
Total Funds Audited:		\$112,681.40
Expenditures:		
Purchases Adequately Accounted For	\$54,628.26	
Purchases Lacking Adequate Documentation	9,679.65	
Purchases Not Allowed	<u>21,459.12</u>	
Total Expenditures:		<u>\$85,767.03</u>
Balance Remaining in Account (12/31/2013):		<u>\$26,914.37</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$9,679.65 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 \$21,459.12 for the purchase of items not allowed under WV Code §8-15-8b.

Attempts have been made to contact the Department to review and discuss the findings and recommendations presented in this report. Due to being unable to contact anyone from the Department, a letter has been sent by Certified Mail to the Department summarizing the results.

MADISON VOLUNTEER FIRE DEPARTMENT

The Madison Volunteer Fire Department, in Boone County, began fiscal year 2013 with a balance of \$55,831.69 in its state account. From fiscal year 2013 through fiscal year 2014, the Department received additional monies from the State in the amount of \$91,470.17, for a total audited amount of \$173,903.66. **The audit concluded that the Department was not in compliance by \$3,668.39.** The Department did not provide proper supporting documentation for expenditures totaling \$3,632.87. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$35.52. Items purchased included television services.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (7/1/2012)	\$55,831.69	
FY 2013 Deposits from State Treasurer	46,221.17	
FY 2014 Deposits from State Treasurer	45,249.00	
Additional Deposits	<u>26,601.80</u>	
Total Funds Audited:		\$173,903.66
Expenditures:		
Purchases Adequately Accounted For	\$159,565.77	
Purchases Lacking Adequate Documentation	3,632.87	
Purchases Not Allowed	<u>35.52</u>	
Total Expenditures:		<u>\$163,234.16</u>
Balance Remaining in Account (6/30/2014):		
		<u>\$10,669.50</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department cease the use of state funds for items not allowable per WV Code.

All findings and recommendations presented in this report have been reviewed and discussed with the Madison Volunteer Fire Department. The Department has already reimbursed its state account in the amount of \$3,668.39, as recommended by the Legislative Auditor.

MIDDLEBOURNE-TYLER VOLUNTEER FIRE DEPARTMENT

The Middlebourne-Tyler Volunteer Fire Department, in Tyler County, began 2012 with a balance of \$7,884.02 in its state account. During 2012, the Department received additional monies from the State in the amount of \$44,538.77. **The audit concluded that the Department was not in compliance by \$2,028.86.** The Middlebourne-Tyler Volunteer Fire Department did not provide proper supporting documentation for expenditures totaling \$1,844.58. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$184.28. Items purchased included food and beverages.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2012)	\$7,884.02	
2012 Deposits from State Treasurer	44,538.77	
Additional Deposits	<u>3,899.00</u>	
Total Funds Audited:		\$56,321.79
Expenditures:		
Purchases Adequately Accounted For	\$32,858.98	
Purchases Lacking Adequate Documentation	1,844.58	
Purchases Not Allowed	<u>184.28</u>	
Total Expenditures:		<u>\$34,887.84</u>
Balance Remaining in Account (12/31/2012):		
		<u>\$21,433.95</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$1,844.58 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 \$184.28 for the purchase of items not allowed under WV Code §8-15-8b.

All findings and recommendations presented in this report have been reviewed and discussed with the Middlebourne-Tyler Volunteer Fire Department. The Department is aware of our recommendation that it reimburse its state account a total of \$2,028.86.

NUTTER FORT VOLUNTEER FIRE DEPARTMENT

The Nutter Fort Volunteer Fire Department, in Harrison County, began fiscal year 2011 with a balance of \$9,076.95 in its state account. The Department received additional monies from the State in the amount of \$44,287.13, for a total audited amount of \$54,094.08. **The audit concluded that the Department was not in compliance by \$5,508.14.** The Department did not provide proper supporting documentation for expenditures totaling \$3,443.64. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$2,064.50.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (7/1/2010)	\$9,076.95	
FY 2011 Deposits from State Treasurer	44,287.13	
Additional Deposits	<u>730.00</u>	
Total Funds Audited:		\$54,094.08
Expenditures:		
Purchases Adequately Accounted For	\$45,910.45	
Purchases Lacking Adequate Documentation	3,443.64	
Purchases Not Allowed	<u>2,064.50</u>	
Total Expenditures:		<u>\$51,418.59</u>
Balance Remaining in Account (6/30/2011):		
		<u>\$2,675.49</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$3,443.64 for the unverified items or provide adequate documentation to verify the purchases were appropriate per 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 \$2,064.50 for the purchase of items not allowed under WV Code §8-15-8b.

All findings and recommendations presented in this report have been reviewed and discussed with the Nutter Fort Volunteer Fire Department. The Department was made aware of our recommendation to reimburse its state account a total of \$5,508.14.

QUINWOOD VOLUNTEER FIRE DEPARTMENT

The Quinwood Volunteer Fire Department, in Greenbrier County, began 2016 with a balance of \$33,480.12 in its state account. During 2016, the Department received additional monies from the State in the amount of \$48,687.15, for a total audited amount of \$88,933.27. **The audit concluded that the Department was not in compliance by \$5,151.74.** The Department expended state funds on items not allowed under West Virginia Code §8-15-8b. Expenditures included cable service for the Department and various utilities for the local community center.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (1/1/2016)	\$33,480.12	
2016 Deposits from State Treasurer	48,687.15	
Other Deposits	<u>6,766.00</u>	
Total Funds Audited:		\$88,933.27
Expenditures:		
Purchases Adequately Accounted For	\$49,884.14	
Purchases Not Allowed	<u>5,151.74</u>	
Total Expenditures:		<u>\$55,035.88</u>
Balance Remaining in Account (12/31/2016):		<u>\$33,897.39</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department cease the use of state funds for items not allowable per WV Code.
2. The Legislative Auditor recommends the Department reimburse its state account in the amount of \$5,151.74 for the expenditures not allowed under WV Code §8-15-8b.

The finding and recommendations presented in this report have been reviewed and discussed with the Quinwood Volunteer Fire Department. The Department is aware of our recommendation to reimburse its state account a total of \$5,151.74.

TOWN OF MAN VOLUNTEER FIRE DEPARTMENT

The Town of Man Volunteer Fire Department, in Logan County, began fiscal year 2013 with a balance of \$23,680.12 in its state account. During fiscal years 2013 and 2014, the Department received additional monies from the State in the amount of \$46,221.17 and \$45,249.00, respectively. **The audit concluded that the Department was not in compliance by \$603.11.** The Department did not provide proper supporting documentation for expenditures totaling \$450.61. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$152.50. Items purchased included food and two fireworks permits.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (7/1/2012)	\$23,680.12	
FY 2013 Deposits from State Treasurer	46,221.17	
FY 2014 Deposits from State Treasurer	45,249.00	
Additional Deposits	<u>8,933.50</u>	
Total Funds Audited:		\$124,083.79
Expenditures:		
Purchases Adequately Accounted For	\$70,062.49	
Purchases Lacking Adequate Documentation	450.61	
Purchases Not Allowed	<u>152.50</u>	
Total Expenditures:		<u>\$70,665.60</u>
Balance Remaining in Account (6/30/2014):		
		<u>\$53,418.19</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department reimburse its state account \$450.61 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 \$152.50 for the purchase of items not allowed under WV Code §8-15-8b.

All findings and recommendations presented in this report have been reviewed and discussed with the Town of Man Volunteer Fire Department. The Department is aware of our recommendation that it reimburse its state account a total of \$603.11.

UNION VOLUNTEER FIRE DEPARTMENT

The Union Volunteer Fire Department, in Monroe County, began November 2015 with a balance of \$16,439.90 in its state account. During 2016, the Department received additional monies from the State in the amount of \$48,687.15. **The audit concluded that the Department was not in compliance by \$22,511.77.** The Department did not provide proper supporting documentation for expenditures totaling \$17,705.65; therefore, there was no way to determine if the state monies were spent on allowable items. Additionally, the Department expended state funds on items not allowed under West Virginia Code §8-15-8b in the amount of \$4,806.12, which included clothing, food, Christmas party supplies, and awards.

The Department’s financial activity in its state account during the audit period, including amounts audited, accounted for, and not in compliance with West Virginia Code, are summarized in the figure below.

State Funds Audited		
State Account:		
Beginning Account Balance (11/10/2015)	\$16,439.90	
2016 Deposits from State Treasurer	48,687.15	
Additional Deposits	<u>33,859.88</u>	
Total Funds Audited:		\$98,986.93
Expenditures:		
Purchases Adequately Accounted For	\$68,227.91	
Purchases Lacking Adequate Documentation	17,705.65	
Purchases Not Allowed	<u>4,806.12</u>	
Total Expenditures:		<u>\$90,739.68</u>
Balance Remaining in Account (2/10/2017):		
		<u>\$8,247.25</u>

The Legislative Auditor made the following recommendations:

1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.
2. The Legislative Auditor recommends the Department maintain all state funds in a separate account and cease making transfers of state money into other non-state accounts.
3. The Legislative Auditor recommends the Department reimburse its state account \$17,705.65 for the unverified items or provide adequate documentation to verify the purchases were appropriate according to WV Code §8-15-8b.
4. The Legislative Auditor recommends the Department cease the use of state funds for items not allowable per WV Code.
5. The Legislative Auditor recommends the Department reimburse its state account in the amount of \$4,806.12 for the purchase of items not allowed under WV Code §8-15-8b.

The findings and recommendations presented in this report have been reviewed and discussed with the Union Volunteer Fire Department. The Department is aware of our recommendation that it reimburse its state account a total of \$22,511.77. As of the printing of this report, the Department has reimbursed its account by \$20,100. **Therefore, the Department needs to reimburse the remaining balance of \$2,411.77.**

Appendix

West Virginia Code §8-15-8b describes the authorized expenditures that may be made with the money distributed from the fire protection fund to the volunteer fire departments. Expenditures that may be made are in Code as follows:

(1) Personal protective equipment, including protective head gear, bunker coats, pants, boots, combination of bunker pants and boots, coats and gloves;

(2) Equipment for compliance with the national fire protection standard or automotive fire apparatus, NFPA-1901;

(3) Compliance with insurance service office recommendations relating to fire departments;

(4) Rescue equipment, communications equipment and ambulance equipment: Provided, That no moneys received from the municipal pensions and protection fund or the fire protection fund may be used for equipment for personal vehicles owned or operated by volunteer fire company or department members;

(5) Capital improvements reasonably required for effective and efficient fire protection service and maintenance of the capital improvements;

(6) Retirement of debts;

(7) Payment of utility bills;

(8) Payment of the cost of immunizations, including any laboratory work incident to the immunizations, for firefighters against hepatitis-b and other blood borne pathogens: Provided, That the vaccine shall be purchased through the state immunization program or from the lowest cost vendor available: Provided, however, That volunteer and part volunteer fire companies and departments shall seek to obtain no cost administration of the vaccinations through local boards of health: Provided further, That in the event any volunteer or part volunteer fire company or department is unable to obtain no cost administration of the vaccinations through a local board of health, the company or department shall seek to obtain the lowest cost available for the administration of the vaccinations from a licensed health care provider;

(9) Any filing fee required to be paid to the Legislative Auditor's Office under section fourteen, article four, chapter twelve of this code relating to sworn statements of annual expenditures submitted by volunteer or part volunteer fire companies or departments that receive state funds or grants;

(10) Property/casualty insurance premiums for protection and indemnification against loss or damage or liability;

(11) Operating expenses reasonably required in the normal course of providing effective and efficient fire protection service, which include, but are not limited to, gasoline, bank fees, postage and accounting costs;

(12) Dues paid to national, state and county associations;

(13) Workers' Compensation premiums;

*(14) Life insurance premiums to provide a benefit not to exceed \$20,000 for firefighters;
and*

*(15) Educational and training supplies and fire prevention promotional materials, not to
exceed \$500 per year.*



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