



West Virginia Legislature
Joint Committee on Government and Finance
Legislative Post Audit Division
Aaron Allred, Legislative Auditor
Denny Rhodes, Director

Building 1, Room W-329 • 1900 Kanawha Boulevard, East • Charleston, WV 25305-0610 • Phone: (304) 347-4880 • Fax: (304) 347-4889

Summit Park Volunteer Fire Department
January 1, 2011 – December 31, 2011

Post audit reports are available on-line at
http://www.legis.state.wv.us/Joint/postaudit/vfd_audits.cfm

For more information about the Legislative Post Audit Division, please visit our website at
www.legis.state.wv.us/Joint/postaudit/postaudit.cfm

Post Audits Subcommittee

Senate Members

The Honorable William P. Cole, III, Chair

The Honorable Mike Hall

The Honorable Jeffrey V. Kessler

House Members

The Honorable Tim Armstead, Chair

The Honorable Eric Nelson

The Honorable Timothy Miley

Legislative Post Audit Division

Volunteer Fire Department Audit Staff

Melissa Bishop, CPA, Assistant Director

Nathan Hamilton, VFD Auditor

Table of Contents

Introduction..... - 4 -

Objective - 4 -

Scope - 4 -

Conclusion - 4 -

Recommendations - 4 -

Finding - 5 -

Lack of Supporting documentation for \$15,074.26 - 5 -

Appendix A - 7 -

Audit Summary: Activity for Summit Park Volunteer Fire Department..... - 7 -

Introduction

Summit Park Volunteer Fire Department began 2011 with a balance of \$773.63 in its state account. During 2011, the Department received additional monies from the State in the amount of \$44,757.22. The use of these funds by the volunteer fire departments is restricted by West Virginia Code §8-15-8b. The Department received additional state funding in the amounts of \$34,299.60 in 2012, \$45,010.58 in 2013, and \$23,857.57 in 2014 before being decertified via a consent order on April 4, 2014 by the State Fire Marshal's Office. The order was lifted on February 26, 2015 and the Department is back in operation with all new officers and board members.

Objective

The objective of the audit of Summit Park Volunteer Fire Department's financial transactions and records concerning the use of state monies was to evaluate compliance with West Virginia Code §8-15-8b. Our report is designed to assist the Post Audits Subcommittee in exercising its legislative oversight function and to provide constructive recommendations for improving the operations of volunteer fire departments.

Scope

The Legislative Auditor conducted an audit of the revenue and expenditure transactions of Summit Park Volunteer Fire Department's state account for the year ending December 31, 2011. The scope included determining instances of noncompliance with West Virginia Code §8-15-8b. The audit was conducted pursuant to the authority provided by West Virginia Code §12-4-14.

Conclusion

The Summit Park Volunteer Fire Department did not provide proper supporting documentation for expenditures totaling \$15,074.26; therefore, there was no way to determine if the state monies were spent on allowable items.¹ Due to the significant issues found during the audit, the Legislative Auditor's Office will conduct a follow-up audit of all transactions involving state funds for 2015. An audit of the January 2012 through April 2014 transactions has already been initiated due to a request from the State Fire Marshal's Office over concerns about the condition of the Department's financial records. Thus far, the new officers of the Department have been unable to provide the requested documentation due to the records being unavailable.

Recommendations

- 1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.*
- 2. The Legislative Auditor also recommends a follow-up audit of all transactions involving state funds for 2015 be conducted by the Post Audit Division for the Summit Park Volunteer Fire Department.*

All findings and recommendations presented in this report have been reviewed and discussed with the Summit Park Volunteer Fire Department.

¹ See Appendix A for a Summary of Funds Reviewed

Finding

LACK OF SUPPORTING DOCUMENTATION FOR \$15,074.26

Condition:

The Summit Park Volunteer Fire Department lacked proper supporting documentation to account for 37 expenditures, totaling \$15,074.26 in state funding. Receipts and invoices often did not match the payment date and/or amount. No documentation at all was provided in most cases; therefore, the Department did not maintain sufficient documentation in the financial records to verify the purpose or appropriateness of the expenditures. Specific issues are as follows:

- The Department made:
 - Three payments for personal student loans totaling \$800.00.
 - Three payments for personal cell phones totaling \$659.66.
 - Three payments to individuals affiliated with the Department totaling \$1,400.00.
- The Department wrote a check for \$2,000.00 to the Summit Park Volunteer Fire Association that was endorsed and cashed by the Department. According to the Secretary of State's website, the Department and Association have the same address and were run by the same individuals.
- Twenty-seven payments, totaling \$10,214.60, lacked documentation to support they were legitimate and allowable expenditures for the benefit of the Department. Additional issues related to these payments include:
 - Two payments were made to Time Warner Cable on the same date. Cable/internet services are usually invoiced and paid once per month. Only one payment had documentation sufficient enough to support the transaction.
 - Two payments were made to Summit Park PSD within five days of each other. Neither had supporting documentation and utility bills are typically invoiced and paid once per month.

Additionally, the Department had 15 "Insufficient Funds" bank charges totaling \$444.00. This is an inefficient use of state funding. The Department reported 18 voided checks; however, the Department also reported 9 additional checks as voided that were actually cashed by the bank.

Criteria:

W.Va. Code §8-15-8b, as amended, states in part:

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

Revenues allocated to volunteer and part volunteer fire companies and departments **may be expended only for the items listed in subdivisions (1) through (15) of this section.” (Emphasis Added)**

Cause: The Department did not maintain proper supporting documentation for all expenditures of state monies and accounting records were not appropriately maintained.

Effect: There is a greater risk for fraud and abuse when expenditures are not properly documented. Due to the lack of proper supporting documentation, there is no way to determine if these expenditures were allowable. Additionally, charges by the bank due to insufficient funds is a waste of state money and an irresponsible business practice.

Recommendations:

- 1. The Legislative Auditor recommends the Department maintain proper documentation for all expenditures of state funds.**
- 2. The Legislative Auditor also recommends a follow-up audit of all transactions involving state funds for 2015 be conducted by the Post Audit Division for the Summit Park Volunteer Fire Department.**

Appendix A

AUDIT SUMMARY: ACTIVITY FOR SUMMIT PARK VOLUNTEER FIRE DEPARTMENT

State Funds Audited and Accounted For		
State Account:		
Beginning Account Balance (1/1/2011)	\$773.63	
2011 Deposits from State Treasurer	\$44,757.22	
Total Funds Audited		\$45,530.85
Expenditures Accounted For:		
Adequately Supported with Documentation	\$29,699.23	
Overdraft Fees	\$444.00	
Balance Remaining in Account (1/31/2012)	\$313.36	
Total Expenditures Accounted For		<u>\$30,456.59</u>
Total Funds Not Accounted For:		<u>\$15,074.26</u>