

LEGISLATIVE FINANCIAL COMPLIANCE INSPECTION

GREENWOOD Volunteer Fire Department

FOR THE YEAR ENDING DECEMBER 31, 2010

REPORT OVERVIEW

- Commingled Accounts
- Unallowable Expenditures
- Lack of Supporting Documentation
- Improper Record Keeping



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POST AUDIT DIVISION



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WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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September 20, 2012

The Joint Committee on Government and Finance:

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Stacy L. Sneed".

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

SLS/nmh

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

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GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

EXECUTIVE SUMMARY

Finding 1 Commingled Funds

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

Finding 2 Non-Allowable Expenditures

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

Finding 3 Lack of Supporting Documentation

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

Finding 4 Improper Record Keeping

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

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

INTRODUCTION

POST AUDIT AUTHORITY

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

BACKGROUND

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

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

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

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

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

The Legislature placed restrictions on the use of these additional revenues by the volunteer fire departments under Chapter 8, Article 15, Section 8b of the West Virginia Code, as amended March 8, 2000, and again April 9, 2005.

Prior to the March 8, 2000 amendment, Chapter 8, Article 15, Section 8b did not allow Operating expenses as described in subsection (11) nor did the law prohibit the commingling of the funds with funds from other sources. Prior to the April 9, 2005 amendment, Chapter 8, Article 15, Section 8b did not allow Dues as described in subsection (12). On March 13, 2010, Chapter 8, Article 15, Section 8b was amended to include items (13) Workers' Compensation premiums, (14) Life insurance premiums to provide a benefit not to exceed \$20,000 for firefighter; and (15) Educational and training supplies and fire prevention promotional materials, not to exceed \$500 per year.

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

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

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

OFFICERS AND STAFF

Wayne Lynch.....President
Beverly RobinsonTreasurer
Gary Talkington.....Fire Chief

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

SCOPE

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

OBJECTIVES AND METHODOLOGIES

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

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

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

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

CONCLUSIONS

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

EXIT CONFERENCE

We discussed this report with the current treasurer of the Greenwood Volunteer Fire Department on 9/21/12. All findings and recommendations were reviewed and discussed.

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

FINDINGS

FINDING 1 COMMINGLED FUNDS:

The Greenwood Volunteer Fire Department commingled State funds with funds from other sources.

CONDITION:

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

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

<u>Description</u>	<u>Amount</u>
Commingled beginning balance	\$35,063.97
54 checks from non state sources	6,504.85
Deposit from other sources	<u>82.02</u>
Total	\$41,650.84

CRITERION:

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

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

We recommend the Greenwood VFD cease commingling State funds with non State funds and maintain State funds in a separate account.

FINDING 2 NON-ALLOWABLE EXPENDITURES:

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

CONDITION:

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

<u>CHECK NO.</u>	<u>CHECK DATE</u>	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
2569	1/16/2010	Staples	\$ 5.69	Sales Tax
2572	1/23/2010	Sam's Club #8189	185.55	Food
2574	1/19/2010	ORKIN, Inc.	4.48	Sales Tax
2584	1/25/2010	Ace Home Center	13.10	Sales Tax
2587	2/2/2010	ORKIN	4.48	Sales Tax
2588	2/2/2010	Galls	8.91	Sales Tax
2589	2/2/2010	BFS Petroleum	274.26	Sales Tax
2590	2/2/2010	Ace Home Center	43.58	Sales Tax
2592	2/3/2010	Beverly Robinson	250.00	Cleaning
2593	2/4/2010	Sams Club	57.48	Food
2594	2/4/2010	Shop N Save	249.42	Food
2600	2/10/2010	Office Depot	1.20	Sales Tax
2601	2/8/2010	IGA	168.68	Food
2607	2/17/2010	Wal-Mart Stores	3.34	Sales Tax
2608	2/15/2010	Sam's Club #8189	1.12	Sales Tax
2611	2/26/2010	Shop N Save Express	22.57	Food
2612	2/27/2010	IGA	103.48	Food
2615	3/9/2010	R.D. Wilson-Sons & Co.	211.31	Paper Tablecovers
2616	3/9/2010	Cash	345.00	Cleaning
2621	3/10/2010	J & J flowers	30.00	Flowers
2623	3/10/2010	Sam's Club	113.40	One Card Allowable Only
2627	3/13/2010	Sam's Club #8189	151.69	Food
2629	3/16/2010	Ace Home Center	8.35	Sales Tax
2630	3/18/2010	Shop N Save Express	153.60	Food
2631	3/20/2010	IGA	54.59	Food
2632	3/20/2010	Thomas Robinson	400.00	Getting Estimates, Painting
2633	3/22/2010	ORKIN	4.48	Sales Tax
EFT	3/26/2010	WildBlue	0.18	Sales Tax
2639	4/1/2010	Beverly Robinson	250.00	Cleaning
2643	4/5/2010	ORKIN	4.48	Sales Tax
2647	04/16/2010	American Flags & Poles	148.00	Flags

CHECK NO.	CHECK DATE	PAYEE	AMOUNT	DESCRIPTION
2649	04/16/2010	Ace Home Center	13.18	Sales Tax
EFT	04/27/2010	WildBlue	0.18	Sales Tax
2655	04/28/2010	Beverly Robinson	200.00	Cleaning
2656	05/06/2010	Hall's	2.52	Sales Tax
2659	05/07/2010	Corporal Andy Pringle Fund	200.00	Donation
2660	05/10/2010	Galls	19.14	Sales Tax
2662	05/10/2010	ORKIN	4.48	Sales Tax
2664	05/19/2010	Cash	2.43	Sales Tax
2665	05/19/2010	IGA	18.28	Food
EFT	05/26/2010	WildBlue	0.18	Sales Tax
2668	05/29/2010	Fred Miracle	250.00	Mowing
2670	06/01/2010	Ace Home Center	6.22	Sales Tax
2674	06/01/2010	Beverly Robinson	250.00	Cleaning
2678	06/20/2010	Frederick L. Miracle	150.00	Mowing
2682	06/23/2010	J & J Flowers	100.00	Flowers
2684	06/23/2010	ORKIN	4.75	Sales Tax
2685	06/23/2010	LSS	5.78	Sales Tax
EFT	06/28/2010	WildBlue	0.18	Sales Tax
2686	07/02/2010	Sams Club Stores	278.02	Food
2688	07/02/2010	Beverly Robinson	250.00	Cleaning
2693	07/19/2010	ORKIN	9.50	Sales Tax
2695	07/19/2010	Ace Home Center	2.52	Sales Tax
2699	07/27/2010	Janice Miracle	250.00	Mowing
EFT	07/27/2010	WildBlue	0.18	Sales Tax
2702	08/03/2010	Sams Club Stores	284.60	Food
2703	08/02/2010	Beverly Robinson	250.00	Cleaning
EFT	08/26/2010	WildBlue	0.18	Sales Tax
2710	08/25/2010	Ace Home Center	17.28	Sales Tax
2711	08/28/2010	BET	11.19	Sales Tax
2712	09/02/2010	Jenkins	1.33	Sales Tax
2713	09/03/2010	Beverly Robinson	250.00	Cleaning
2716	09/22/2010	Ace Home Center	0.31	Sales Tax
2717	09/22/2010	ORKIN	4.75	Sales Tax
EFT	09/27/2010	WildBlue	0.18	Sales Tax
2720	10/02/2010	Beverly Robinson	250.00	Cleaning
EFT	10/26/2010	WildBlue	0.18	Sales Tax
2722	11/02/2010	Sams Club Stores	310.66	Food
2723	10/30/2010	CJ's Pizza	41.99	Food
2725	11/03/2010	Beverly Robinson	250.00	Cleaning
2728	11/13/2010	Charm Harness & Boot	14.63	Sales Tax

CHECK NO.	CHECK DATE	PAYEE	AMOUNT	DESCRIPTION
2730	11/19/2010	Wal-Mart Stores	205.65	Food
EFT	11/26/2010	WildBlue	0.18	Sales Tax
2731	12/01/2010	Beverly Robinson	250.00	Cleaning
2732	12/07/2010	LSS	2.94	Sales Tax
2733	12/07/2010	Alert All	119.50	Excess Allowable Fire Prevention
2735	12/15/2010	The Produce House	71.15	Food
2736	12/28/2010	Sams Club Stores	79.89	Coffee, Supplies for Fundraising
EFT	12/28/2010	WildBlue	0.18	Sales Tax
2738	12/31/2010	Ace Home Center	9.84	Sales Tax
2740	01/03/2011	Beverly Robinson	<u>250.00</u>	Cleaning
		TOTAL	\$7,966.57	

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

CRITERION:

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

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

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

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

We recommend the departments Board of Governors and its membership authorize, make and maintain all expenditures in accordance with WV Code 8-15-8(b), as amended. We further recommend the Greenwood VFD reimburse their state account \$7,966.57.

FINDING 3 LACK OF SUPPORTING DOCUMENTATION:

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

CONDITION:

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

<u>CHECK NO.</u>	<u>CHECK DATE</u>	<u>PAYEE</u>	<u>Amount</u>	<u>Lack of support/ Documentation Needed</u>
2568	01/12/2010	Cash	\$ 253.00	Itemized invoices
2570	02/08/2010	Kayla Turk	52.00	Itemized invoices
2582	01/24/2010	Superintendent of the WV State Police	20.00	Itemized invoices
2583	01/24/2010	Superintendent of the WV State Police	20.00	Itemized invoices
2595	02/08/2010	Verizon	133.75	Itemized invoices
2602	02/10/2010	Cokeley & Assoc. PLLC	500.00	Itemized invoice
2603	02/12/2010	NAPA	5.90	Itemized invoices
2604	03/04/2010	Maryanna Talkington	229.20	Itemized invoices
2605	02/12/2010	Galls	157.44	Itemized invoices
2610	02/21/2010	Staples	162.66	Itemized invoices
2624	03/10/2010	NFPA	150.00	Itemized invoices
2626	03/11/2010	Maryanna Talkington	300.00	Itemized invoices
2628	02/19/2010	Sam's Club #8189	37.34	Itemized invoices
2635	03/23/2010	Kayla Turk	275.00	Itemized invoices
2636	03/27/2010	Shop N Save Express	141.79	Itemized invoices
2641	04/05/2010	Allegheny Power	15.88	Itemized invoices
2645	04/05/2010	Dominion Hope	173.32	Itemized invoices
2650	04/30/2010	Maryanna Talkington	455.47	Itemized invoices
2663	05/10/2010	The Flower Station	62.54	Itemized invoices
2664	05/19/2010	Cash	0.38	Itemized invoices for balance of check
2666	05/24/2010	Beverly Robinson	50.00	Itemized invoices
2667	05/28/2010	Cash	200.00	Itemized invoices
2679	06/22/2010	IGA	150.00	Itemized invoices
2687	06/30/2010	Cash	100.00	Itemized invoices
2689	07/14/2010	Maryanna Talkington	100.00	Itemized invoices
2691	07/19/2010	Allegheny Power	15.88	Itemized invoices
2697	07/19/2010	Cash	100.00	Itemized invoices
2698	07/22/2010	Sams Club Stores	61.91	Itemized invoices
2704	08/06/2010	Wal-Mart Stores	91.10	Itemized invoices
2705	08/17/2010	Sams Club Stores	449.28	Itemized invoices
2714	09/18/2010	Cash	145.00	Itemized invoices

2716	09/22/2010	Ace Home Center	20.95	Itemized invoices for balance of check
2719	09/27/2010	Sams Club Stores	112.37	Itemized invoices
2721	10/29/2010	Maryanna Talkington	200.00	Itemized invoices
2724	11/12/2010	Maryanna Talkington	750.00	Itemized invoices
2726	11/09/2010	Sams Club Stores	115.24	Itemized invoices
2727	11/16/2010	Wal-Mart Stores	129.21	Itemized invoices
2729	11/22/2010	Sams Club Stores	262.60	Itemized invoices
2734	12/07/2010	Post Master	<u>25.20</u>	Itemized invoices
TOTAL			\$6,224.41	

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

CRITERIA:

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

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

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

FINDING 4 IMPROPER RECORD KEEPING:

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

CONDITION:

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

CRITERION:

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

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

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

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

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

GREENWOOD VOLUNTEER FIRE DEPARTMENT
January 1, 2010 – December 31, 2010

SUPPLEMENTAL INFORMATION
STATEMENT OF EXPENDITURES YEAR ENDED DECEMBER 31, 2010

<u>Authorizing W.V. Code</u>	<u>AUDIT</u>	<u>VFD</u>	<u>DIFFERENCES</u>	
Chapter 8, Article 15, Section 8b(1)	\$ 0.00	\$ 0.00	\$ 0.00	
Chapter 8, Article 15, Section 8b(2)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(3)	819.00	819.00	0.00	
Chapter 8, Article 15, Section 8b(4)	10,652.30	20,020.87	(9,368.57)	b
Chapter 8, Article 15, Section 8b(5)	1,539.70	0.00	1,539.70	b
Chapter 8, Article 15, Section 8b(6)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(7)	3,491.04	2,629.70	861.34	b
Chapter 8, Article 15, Section 8b(8)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(9)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(10)	7,235.51	7,969.01	(733.50)	b
Chapter 8, Article 15, Section 8b(11)	7,989.39	9,469.99	(1,480.60)	b
Chapter 8, Article 15, Section 8b(12)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(13)	483.50	0.00	483.50	b
Chapter 8, Article 15, Section 8b(14)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(15)	500.00	0.00	500.00	b
Total Disbursements For Year Ended December 31, 2010	\$32,710.44	\$40,908.57	(\$8,198.13)	a

Difference between Bank distributions and Financial Statement
a = distributions

Lack of support	-6,224.41
Unallowable	-7,966.57
Check 2562 on financial statement not on bank statements	-100.00
Check 2567 on financial statement not on bank statements	-250.00
Check 2737 on financial statement not cleared bank statement	-150.00
Bank Charge on ledger not on Bank statement	-12.00
Checks that cleared bank not in Financial Statement distribution; see check log	\$6,504.85
	<u>\$5,992.85</u>
	Total
	-\$8,198.13

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

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

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

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



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

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