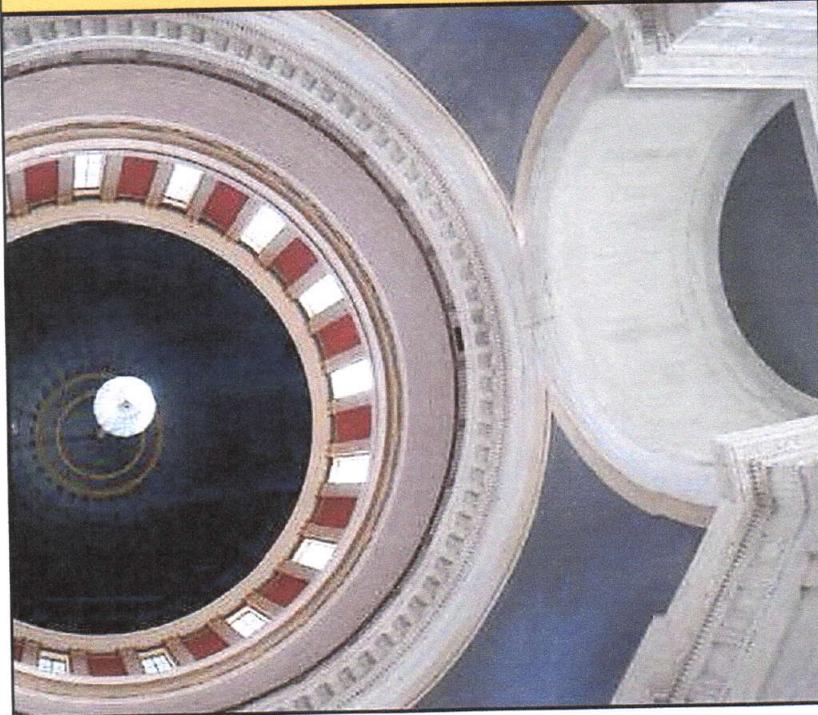


LEGISLATIVE FINANCIAL COMPLIANCE INSPECTION

NUTTALL
VOLUNTEER FIRE DEPARTMENT
FOR THE FISCAL YEAR ENDED 2011

ALDERSON, BAYARD, BOGGS RUN, FORT GAY,
RIVESVILLE, VAN AND WALTON
VOLUNTEER FIRE DEPARTMENTS
FOR THE CALENDAR YEAR ENDED 2011



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WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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September 17, 2013

The Joint Committee on Government and Finance:

In compliance with the provisions of the W. Va. Code §12-4-14 as amended, we were engaged to conduct a compliance inspection and review of the financial transactions and records of the Nuttall Volunteer Fire Department's state funds for the fiscal year ended 2011 and the Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Department's state funds for the calendar year ended 2011. Our review and compliance inspections are based on the criteria set forth by the Legislative Post Audit Division.

Respectfully submitted,

A handwritten signature in blue ink that reads "Stacy L. Sneed".

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

SLS/rwa

Nuttall Volunteer Fire Department for the fiscal year ended 2011

**Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments
for the calendar year ended 2011**

TABLE OF CONTENTS

Executive Summary	1
Introduction	2
Post Audit Authority	2
Background	2
Scope	4
Objectives, Methodologies, and Conclusions.....	4
Exit Conference.....	5
Certificate of Director, Legislative Post Audit Division	6

Nuttall Volunteer Fire Department for the fiscal year ended 2011

**Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments
for the calendar year ended 2011**

EXECUTIVE SUMMARY

SCOPE LIMITATION:

We were assigned to perform an examination of the Nuttall Volunteer Fire Department for the fiscal year ended 2011 and of the Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments for the calendar year ended 2011. This examination is mandated by W. Va. Code §12-4-14, as amended. We mailed the Volunteer Fire Department, via certified mail, an engagement letter detailing the purpose, scope, each party's responsibilities, and documents required to complete our examination. We did not receive the required documents to complete our examination and we were not able to apply other auditing procedures to satisfy ourselves as to the accuracy of its statement of annual expenditures and financial records. The scope of our work was not sufficient to enable us to complete an examination of the departments.

On August 28, 2013, in accordance with the provisions of W. Va. Code §12-4-14 the legislative auditor determined the Alderson, Bayard, Boggs Run, Fort Gay, Nuttall, Rivesville, Van, and Walton volunteer fire departments were not cooperating and notified the State Treasurer to withhold payment of any amount that would otherwise be distributed to the fire departments under the provisions of sections fourteen-d and thirty-three, article three, and section sixteen-a, article twelve, all of chapter thirty-three of the WV Code.

Nuttall Volunteer Fire Department for the fiscal year ended 2011

**Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments
for the calendar year ended 2011**

INTRODUCTION

POST AUDIT AUTHORITY

The procedures were conducted pursuant to W. Va. Code §12-4-14, 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 W. Va. Code §33-3-14d, 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 W. Va. Code §33-12c-9, 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 W. Va. Code §33-3-14d, as amended.

The West Virginia Legislature again provided additional revenue for the volunteer and part volunteer fire departments by authorizing, under W. Va. Code §33-3-33, 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.

W. Va. Code §33-3-14d 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 W. Va. Code §8-15-8a, as amended:

The Legislature placed restrictions on the use of these additional revenues by the volunteer fire departments under W. Va. Code §8-15-8b, as amended March 8, 2000, and again April 9, 2005.

Prior to the March 8, 2000 amendment, W. Va. Code §8-15-8b 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, W. Va. Code §8-15-8b did not allow Dues as described in subsection (12). On March 13, 2010, W. Va. Code §8-15-8b 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.

W. Va. Code §12-4-14, 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.

W. Va. Code §12-4-14 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.

Nuttall Volunteer Fire Department for the fiscal year ended 2011

**Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments
for the calendar year ended 2011**

SCOPE

The Nuttall Volunteer Fire Department, for the audit period of July 1 2010 through June 30, 2011 and the Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments for the audit periods of January 1, 2011 through December 31, 2011 did not provide the required documentation needed to complete our review and we were not able to apply other auditing procedures to satisfy ourselves as to the accuracy of its statement of annual expenditures and financial records. The scope of our work was not sufficient to enable us to complete any procedures of the department.

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. Our sample also included specific departments selected for audit at the request of the Fire Marshal or by Legislative Post Audit.

We were assigned to perform a compliance inspection of the financial transactions and records of the Nuttall Volunteer Fire Department for the audit period of July 1, 2010 through June 30, 2011 and of the Alderson, Bayard, Boggs Run, Fort Gay, Rivesville, Van, and Walton Volunteer Fire Departments for the audit period of January 1, 2011 through December 31, 2011.

On March 26, 2013 we mailed the Bayard, Boggs Run, and Fort Gay Volunteer Fire Departments, via certified mail, an engagement letter detailing the purpose, scope, each party's responsibilities, and documents required to complete our examination. We gave the departments a minimum of 30 days to provide the required documentation. On July 18, 2013 we mailed the Bayard, Boggs Run, and Fort Gay Volunteer Fire Departments, via certified mail, a copy of the original engagement letter and a notice to withhold funds if we did not receive their audit documents. We did not receive the required documents to complete our examination and we were not able to apply other auditing procedures to satisfy ourselves as to the accuracy of its statement of annual expenditures and financial records.

On July 22, 2013 we mailed the Alderson, Nuttall, Rivesville, Van and Walton Volunteer Fire Departments, via certified mail, an engagement letter detailing the purpose, scope, each party's responsibilities, and documents required to complete our examination. We gave the departments a

minimum of 30 days to provide the required documentation. On August 27, 2013 we mailed the Alderson, Nuttall, Rivesville, Van and Walton Volunteer Fire Departments, via certified mail, a copy of the original engagement letter and a notice to withhold funds if we did not receive their audit documents. We did not receive the required documents to complete our examination and we were not able to apply other auditing procedures to satisfy ourselves as to the accuracy of its statement of annual expenditures and financial records.

On August 28, 2013 in accordance with the provisions of W. Va. Code §12-4-14 the legislative auditor determined the Alderson, Bayard, Boggs Run, Fort Gay, Nuttall, Rivesville, Van and Walton volunteer fire departments were not cooperating and notified the State Treasurer to withhold payment of any amount that would otherwise be distributed to the fire departments under the provisions of sections fourteen-d and thirty-three, article three, and section sixteen-a, article twelve, all of chapter thirty-three of the WV Code.

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.

CONCLUSIONS

We did not receive the required documents necessary to complete our examination and we were not able to apply other auditing procedures to satisfy ourselves as to the accuracy of its statement of annual expenditures and financial records. The scope of our work was not sufficient to enable us to complete an examination of the departments.

In accordance with the provisions of W. Va. Code §12-4-14 the legislative auditor determined the volunteer fire departments were not cooperating and notified the State Treasurer to withhold payment of any amount that would otherwise be distributed to the fire departments under the provisions of sections fourteen-d and thirty-three, article three, and section sixteen-a, article twelve, all of chapter thirty-three of the WV Code.

EXIT CONFERENCE

On 9/10/2013 we notified the Alderson, Bayard, Boggs Run, Fort Gay, Nuttall, Rivesville, Van, and Walton Volunteer fire Departments of all findings and conclusions.

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 W. Va. Code §4-2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 19th day of September 2013.



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 were sent to the Secretary of the Department of Administration to be filed as a public record. Report release notifications were also sent to the Alderson, Bayard, Boggs Run, Fort Gay, Nuttall, Rivesville, Van, and Walton Fire Departments; respective Greenbrier, Monroe, Marshall, Wayne, Fayette, Marion, Boone and Roane County Prosecuting Attorneys; respective Greenbrier, Monroe, Marshall, Wayne, Fayette, Marion, Boone and Roane County Clerks; Governor; Attorney General; State Auditor, and State Fire Marshal.