

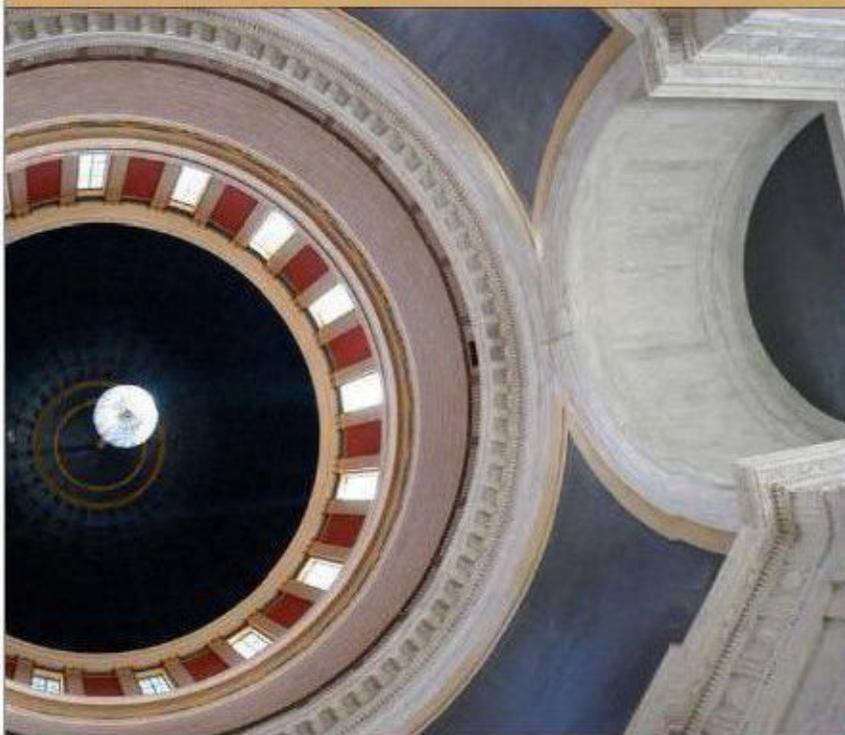
# LEGISLATIVE FINANCIAL COMPLIANCE INSPECTION

## Newton Volunteer Fire Department

FOR THE PERIOD ENDING JUNE 30, 2010

### Audit Summary

- Lack of Supporting Documentation
- Not Allowable Items
- Check Documentation



WEST VIRGINIA LEGISLATIVE AUDITOR  
POST AUDIT DIVISION



Aaron Allred - *Legislative Auditor*  
Stacy Sneed, CPA - *Director*

Room 329 W, Building 1  
1900 Kanawha Boulevard East  
Charleston, West Virginia 25305  
phone: (304) 347 - 4880

## LEGISLATIVE POST AUDITS SUBCOMMITTEE

---

### Senate

President Jeff Kessler, Chairman  
Roman Prezioso  
Mike Hall

### House

Speaker Richard Thompson, Chairman  
Harry Keith White  
Tim Armstead

### WEST VIRGINIA LEGISLATIVE AUDITOR LEGISLATIVE POST AUDIT DIVISION

**Aaron Allred**  
Legislative Auditor

**Stacy L. Sneed, CPA, CICA**  
Director

**Ronald W. Ash**  
Auditor-in-Charge

**Nathan Hamilton**  
Auditor II

Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd., East  
Charleston, WV 25305-0610  
(304) 347-4880

Post audit reports are available on-line at  
[http://www.legis.state.wv.us/Joint/postaudit/vfd\\_audits.cfm](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](http://www.legis.state.wv.us/Joint/postaudit/postaudit.cfm)

**WEST VIRGINIA LEGISLATURE**  
***Joint Committee on Government and Finance***

Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd., E.  
Charleston, West Virginia 25305-0610



Area Code (304)  
Phone: 347-4880  
Fax: 347-4889

September 14, 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 Newton Volunteer Fire Department's state funds for the fiscal year ended June 30, 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/RWA

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

---

**TABLE OF CONTENTS**

---

---

<b>Executive Summary.....</b>	<b>2</b>
<b>Introduction .....</b>	<b>3</b>
Post Audit Authority .....	3
Background.....	3
<b>Officers and Staff .....</b>	<b>5</b>
<b>Scope .....</b>	<b>6</b>
<b>Objectives, Methodologies, and Conclusions .....</b>	<b>6</b>
<b>Exit Conference.....</b>	<b>7</b>
<b>Finding 1 Lack of Supporting Documentation .....</b>	<b>8</b>
<b>Finding 2 Not Allowable Items.....</b>	<b>11</b>
<b>Finding 3 Check Documentation .....</b>	<b>13</b>
<b>Supplemental Information – Statement of Expenditures .....</b>	<b>16</b>
<b>Certificate of Director, Legislative Post Audit Division .....</b>	<b>17</b>

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

**EXECUTIVE SUMMARY**

---

<b>Newton VFD Roane County</b>	<b><u>June 30, 2010</u></b>
<b>Finding 1 - Lack of Supporting Documentation</b>	\$13,441.84
<b>Finding 2 - Not Allowable Items</b>	\$ 2,207.49
<b>Total</b>	<b><u>\$15,649.33</u></b>

**Finding 3 – When the department pays a bill using an electronic funds transfer, it voids a check. We noted the VFD could not provide us with the original check for 22 checks the Department stated they voided. They also couldn’t provide us with the check number for seven EFT or wire transfers. Additionally, two checks were written eight to ten months out of sequence.**

**RECOMMENDATIONS:**

**Finding 1:**

We recommend the Newton VFD maintain proper documentation for all expenditures, not write checks to individuals and reimburse their state account \$13,441.84.

**Finding 2:**

We recommend all revenues allocated to the fire department only be used for expenditures reasonably required for effective and efficient fire protection service, used for the public good, made in accordance with their Corporate Charter and by laws, and authorized by Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended. We also recommend they comply with Publication TSD-320 and not pay consumer sales tax. We further recommend the Newton VFD reimburse their state account \$2,207.49.

**Finding 3:**

We recommend the department maintain all original check documentation for voided checks and checks assigned to electronic funds transfers. We further recommend the department maintain proper control over checks used and assigned to transactions, not use checks out of sequence and perform monthly account reconciliations.

**RESPONSES:**

The department agreed with all findings and recommendations. The department reimbursed their state account totaling \$10,369.32.

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 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.

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

---

**OFFICERS AND STAFF**

---

---

Larry Drake.....President  
Jeremy McGuire.....Vice President  
Jeff Walters .....Treasurer  
Genna Walters .....Secretary  
Sean McCarty.....Fire Chief



**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

---

**SCOPE**

---

---

We conducted an evaluation of the revenue and expenditure transactions, and other records of the Newton Volunteer Fire Department's state accounts for the year ending June 30, 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 all expenditures were allowable, except for \$2,207.49 in expenditures that were unallowable and \$13,441.84 that lacked supporting documentation. We recommend the department reimburse their state account \$15,649.33 for lack of support and unallowable items. Additionally, \$7,848.61 in electronic funds transfers lacked the original check, and \$7,672.21 in electronic funds transfers were not assigned a check number. We also noted several checks written to individuals and several voided checks that lacked a copy of the check. The Department also wrote two checks eight to ten months out of sequence.

---

---

## **EXIT CONFERENCE**

---

---

We discussed this report with the Chief of the Newton Volunteer Fire Department on 6/22/2012. All findings and recommendations were reviewed and discussed. The department agreed with all findings and recommendations.

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

**FINDINGS**

---

**FINDING 1: LACK OF SUPPORTING DOCUMENTATION:**

The Newton Volunteer Fire Department lacked proper supporting documentation for expenditures totaling \$13,441.84. We also noted seven checks were written to individuals or for cash.

**CONDITION:**

We noted the fire department could not provide proper documentation for the following expenditures.

<b>CHECK NO.</b>	<b>CHECK DATE</b>	<b>PAYEE</b>	<b>Amount</b>	<b>Lack of Support</b>
1364	6/13/2009	Business Card	\$432.50	original invoices
1365	6/13/2009	Dominion	\$63.60	invoice
1366			\$0.00	check and support
1369*	6/22/2009	Celestiel McCarty	\$800.00	fire fighter, date, time, certification, 1099
EFT	7/21/2009	none	\$25.00	invoice
1373			\$0.00	check and support
1375			\$0.00	check and support
1381*	9/2/2009	Eric Collins	\$25.32	reciept or invoice
1383			\$0.00	check and support
EFT 1386	9/11/2009	Allegheny Power	\$612.15	invoice
EFT	9/11/2009	service charge	\$1.50	invoice
1387	9/10/2009	Clay/Roane PSD	\$342.63	invoice
EFT	11/2/2009	Allegheny Power	\$255.21	invoice
EFT	11/2/2009	service charge	\$1.50	invoice
1390			\$0.00	check and support
1112	11/12/2009	Bank of America	\$2,157.16	original invoices
1391			\$0.00	check and support
1392			\$0.00	check and support
7825	11/12/2009	Bank of America	\$500.00	original invoices
1393			\$0.00	check and support
9712	11/12/2009	Bank of America	\$500.00	original invoices
1396			\$0.00	check and support

<b>CHECK NO.</b>	<b>CHECK DATE</b>	<b>PAYEE</b>	<b>Amount</b>	<b>Lack of Support</b>
EFT 1398	11/25/2009	Allegheny Power	\$326.72	invoice
EFT	11/25/2009	service charge	\$1.50	invoice
EFT 1400	12/4/2009	Dish Network	\$150.63	invoice
1401	1/19/2010	Walmart	\$159.69	invoice
EFT	11/20/2009	Wright Express Fleet	\$2,227.59	detailed invoice
1403	1/14/2010	USPS	\$44.00	invoice
1405	1/14/2010	Ashby's	\$114.64	invoice
1406*	1/16/2010	Bill Collins	\$25.32	invoice
1415	1/19/2010	WV SOS	\$25.00	invoice
1416	1/19/2010	USPS	\$10.20	invoice
1417	1/19/2010	Staples	\$112.11	invoice
1418	1/19/2010	Advance Auto	\$130.22	invoice
1419			\$0.00	check and support
1421*	1/27/2010	Cash	\$25.00	invoice
1422*	1/25/2010	Randy Drake	\$57.88	invoice
1423*	1/25/2010	Larry Drake	\$133.92	equipment number and equipment list
1424*	1/25/2010	Sean McCarthy	\$146.25	invoice
1426	4/21/2010	Newton Store	\$373.05	invoice
1429	4/21/2010	Miller Communications	\$971.58	invoices
1434	4/21/2010	Hutchison Sanitary Supply	\$83.70	invoices
EFT 1436	4/23/2010	Allegheny Power	\$124.66	invoice
EFT	4/23/2010	service charge	\$1.50	invoice
EFT	4/23/2010	Wright Express Fleet	\$1,819.62	invoice
1438	4/21/2010	Hardmans	\$360.49	invoice
1439	4/21/2010	Business Card	\$245.00	original invoices
1440			\$0.00	check and support
1441	5/4/2010	R & M Trucking	<u>\$55.00</u>	invoice
		<b>Totals</b>	<b>\$13,441.84</b>	

Checks 1369, 1381, 1406, 1421, 1422, 1423 and 1424 were written to individuals or for cash.

**CRITERION:**

Chapter 8, Article 15, Section 8(b) of the West Virginia Code, 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.”

**CAUSE:**

According to the chief the department has had several Treasurers and proper documentation was not maintained.

**EFFECT:**

There is a higher risk of fraud when checks are made payable to individuals and expenditures lack proper supporting documentation. Due to the lack of proper supporting documentation, we were unable to determine if these expenditures were allowable.

**RECOMMENDATION:**

We recommend they maintain proper documentation for all expenditures, not write checks to individuals and reimburse their state account \$13,441.84.

**FINDING 2: NOT ALLOWABLE ITEMS:**

The Newton Volunteer Fire Department made \$2,207.49 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.

**CONDITION:**

We noted the fire department made the following expenditures identified from State funds that were not allowable by Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended.

<b><u>CHECK NO.</u></b>	<b><u>CHECK DATE</u></b>	<b><u>INVOICE DATE</u></b>	<b><u>PAYEE</u></b>	<b><u>Amount</u></b>	<b><u>Comments</u></b>
1367	6/19/2009	6/8/2009	Dish Network	\$ 140.64	TV Services
1372	7/27/2009	7/23/2009	Walmart	\$ 223.37	pop, water, tax, etc.
1382	8/26/2009	8/26/2009	Krogers	\$ 102.16	pop and sales tax
EFT 1385	9/11/2009	9/8/2009	Dish Network	\$ 208.46	TV Services
1394	11/14/2009	11/15/2009	Days Hotel	\$ 235.31	room rental
1395	11/13/2009	11/13/2009	WV EMS Conference	\$ 360.00	EMS Conference registrations
EFT 1396	1/15/2010	1/14/2010	WorkPlacePro	\$ 304.05	T-sh22irts
1397	11/16/2009	11/17/2009	Anderson Floor Cleaning	\$ 18.00	Sales tax
1409	1/18/2010	12/12/2009	Chappie's	\$ 258.25	Food
1410	1/18/2010	1/8/2010	Dish Network	\$ 27.83	TV Services
1420	1/22/2010	1/27/2010	Sam's Club	\$ 2.10	Sales tax
1421	1/27/2010	1/27/2010	Sam's Club	\$ 86.38	food
1427	4/22/2010	4/22/2010	Walmart	\$ 160.36	food and tax
EFT 1433	4/26/2010	4/8/2010	Dish Network	\$ 68.89	TV Services
1442	4/26/2010	4/26/2010	Pinch Exxon	\$ 11.69	Sales tax
			<b>Totals</b>	<b>\$2,207.49</b>	

**CRITERION:**

Chapter 8, Article 15, Section 8(b) of the West Virginia Code, 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 chief the department was not aware that these expenditures were unallowable.

**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 all revenues allocated to the fire department only be used for expenditures reasonably required for effective and efficient fire protection service, used for the public good, made in accordance with their Corporate Charter and by laws, and authorized by Chapter 8, Article 15, Section 8(b) of the West Virginia Code, as amended. We also recommend they comply with Publication TSD-320 and not pay consumer sales tax. We further recommend they reimburse their state account \$2,207.49.

**FINDING 3: CHECK DOCUMENTATION:**

The Newton Volunteer Fire Department lacked proper documentation and records to support voided checks and electronic funds transfers, from the bank statement and check ledger. We also noted the department failed to maintain proper control of check numbers.

**CONDITION:**

We noted the department could not provide the original check for voided transactions or checks assigned to electronic funds transfers. The department did not assign check numbers to other electronic funds transfers. When the department pays a bill using an electronic funds transfer, it voids a check. This check is then converted to an electronic payment. We also noted the department used checks between eight and ten months out of sequence. Without original check documentation of electronic funds transfers and voided transactions, we cannot determine if these checks were properly voided or properly used to document the electronic funds transfers.

We noted the department could not provide the original check to document voided check number 1366, 1373, 1375, 1383, 1419, and 1440.

We noted the department could not provide the original check to document the following electronic funds transfers:

<b><u>Check Number</u></b>	<b><u>Transaction Date</u></b>	<b><u>Vender</u></b>	<b><u>Amount</u></b>
EFT 1378	7/31/2009	Allegheny Power	\$ 224.63
EFT 1378	7/31/2009	Allegheny Power	\$ 1.50
EFT 1379	7/31/2009	Allegheny Power	\$ 224.63
EFT 1379	7/31/2009	Allegheny Power	\$ 1.50
EFT 1385	9/11/2009	Dish Network	\$ 208.46
EFT 1386	9/11/2009	Allegheny Power	\$ 612.15
EFT 1386	9/11/2009	Allegheny Power	\$ 1.50
EFT 1390	11/2/2009	Allegheny Power	\$ 255.21
EFT 1390	11/2/2009	Allegheny Power	\$ 1.50
EFT 1391	11/12/2009	Bank of America	\$2,157.16
EFT 1392	11/12/2009	Bank of America	\$ 500.00
EFT 1393	11/12/2009	Bank of America	\$ 500.00
EFT 1396	1/15/2010	Work Place Pro	\$ 304.05
EFT 1398	11/25/2009	Allegheny Power	\$ 326.72
EFT 1399	11/25/2009	Allegheny Power	\$ 99.36
EFT 1400	12/4/2009	Dish Network	\$ 150.63
EFT 1425	4/23/2010	Wright Express Fleet	\$1,819.62
EFT 1432	4/23/2010	Allegheny Power	\$ 263.44
EFT 1432	4/23/2010	Allegheny Power	\$ 1.50



<u>Check Number</u>	<u>Transaction Date</u>	<u>Vender</u>	<u>Amount</u>
EFT 1433	4/26/2010	Dish Network	\$ 68.89
EFT 1436	4/23/2010	Allegheny Power	\$ 124.66
EFT 1436	4/23/2010	Allegheny Power	\$ 1.50
		Total	\$7,848.61

We also noted the following electronic fund transfers were not assigned a check number:

<u>Check Number</u>	<u>Transaction Date</u>	<u>Vender</u>	<u>Amount</u>
EFT	7/21/2009	Bank Charge	\$ 25.00
EFT	9/3/2009	Waste Management	\$ 341.37
EFT	9/11/2009	service charge	\$ 1.50
EFT	11/20/2009	Wright Express Fleet	\$2,227.59
EFT	5/3/2010	NIUSA	\$ 371.00
Wire	12/15/2009	Wesbanco	\$4,680.75
Wire	12/15/2009	wire service charge	\$ 25.00
		<b>Total</b>	<b>\$7,672.21</b>

We noted check 1312 dated 2/8/2010 and check 1313 dated 6/2/2010 were used eight months and ten months respectively after subsequent checks were issued. According to the chief, these checks were placed in an envelope to be used for purchases that were not made and the checks were misplaced. They were found later and were re-issued out of sequence.

**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.

**CAUSE:**

According to the chief the department maintains voided checks and checks assigned to electronic fund transfers in a file folder, and the folder cannot be located.

**EFFECT:**

Due to the lack of proper documentation of voided checks and checks assigned to electronic funds transfers there is a high risk that duplicate check numbers could be assigned in error or fraudulently. There is a higher risk that an error or fraud may occur and go undetected when checks are used out of sequence and transactions are not properly documented. Account balances and reconciliations may not be properly determined or performed due to the lack of proper control of checks.

**RECOMMENDATION:**

We recommend the department maintain all original check documentation for voided checks and checks assigned to electronic fund transfers. We recommend the department maintain proper control over checks used and assigned to transactions, not use checks out of sequence and perform monthly account reconciliations.

**NEWTON VOLUNTEER FIRE DEPARTMENT**  
**July 1, 2009 – June 30, 2010**

---

**SUPPLEMENTAL INFORMATION**  
**STATEMENT OF EXPENDITURES YEAR ENDED JUNE 30, 2010**

---

<u>Authorizing W.Va Code</u>	<u>AUDIT</u>	<u>VFD</u>	<u>DIFFERENCES</u>	
Chapter 8, Article 15, Section 8b(1)	\$ 0.00	\$ 2,663.90	(\$ 2,663.90)	b
Chapter 8, Article 15, Section 8b(2)	6,977.12	6,633.12	344.00	b
Chapter 8, Article 15, Section 8b(3)	495.00	0.00	495.00	b
Chapter 8, Article 15, Section 8b(4)	1,192.12	1,757.00	(564.88)	b
Chapter 8, Article 15, Section 8b(5)	3,603.33	2,508.81	1,094.52	b
Chapter 8, Article 15, Section 8b(6)	14,112.48	14,137.48	(25.00)	b
Chapter 8, Article 15, Section 8b(7)	2,638.16	4,900.98	(2,262.82)	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)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(11)	2,993.65	14,740.48	(11,746.83)	b
Chapter 8, Article 15, Section 8b(12)	0.00	45.00	(45.00)	b
Chapter 8, Article 15, Section 8b(13)	371.00	0.00	371.00	b
Chapter 8, Article 15, Section 8b(14)	0.00	0.00	0.00	
Chapter 8, Article 15, Section 8b(15)	0.00	0.00	0.00	
<b>Total Disbursements For Year Ended June 30, 2010</b>	<b>\$32,382.86</b>	<b>\$47,386.77</b>	<b>(\$15,003.91)</b>	a

a = Total difference between audited and reported distributions:

Lack of support	(\$13,441.84)
Unallowable	(\$1,903.44)
EFT payment dated 9/1/09 not in line items	<u>\$ 341.37</u>
Total	(\$15,003.91)

b = Net difference due to lack of support, unallowable items, and incorrect coding of line item categories

**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 9<sup>th</sup> 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 Newton Volunteer Fire Department; Prosecuting Attorney, Roane County; County Clerk, Roane County.