



**MORROW COUNTY
FIREFIGHTERS AND SQUADSMEN ASSOCIATION**

SPECIAL AUDIT

FOR THE PERIOD JANUARY 1, 2004 THROUGH MARCH 31, 2008



Mary Taylor, CPA
Auditor of State

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jeff Sparks, Board President
Greg Young, Treasurer
Morrow County Firefighters and Squadsmen Association
47 East Center Street
Mount Gilead, Ohio 43338

We conducted a special audit of the Morrow County Firefighters and Squadsmen Association (MCFSA) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 2004 through March 31, 2008 (the Period) solely to:

- Determine whether public funds received were deposited;
- Determine whether payments were in accordance with voter-approved levy language and the contract between the MCFSA and the Morrow County Commissioners; and
- Determine whether compensation paid to the former 911 supervisor/treasurer was in accordance with MCFSA Board-approved rate.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined receipt documentation and determined whether MCFSA recorded amounts received from the Morrow County Auditor's Office and from third-party billing companies during the Period in its ledgers and deposited these funds into the appropriate bank accounts.

Significant Results –MCFSA received a total of \$7,600,529 from a voter-approved ambulance property tax levy, a 911 property tax assessment levy, and two third-party insurance billing companies which were posted in QuickBooks and deposited into an MCFSA bank account.

We made a noncompliance citation for contracting with a governmental entity outside of Morrow County for Emergency Medical Services (EMS) without obtaining prior County approval as required by MCFSA's contract with Morrow County.

We made three recommendations to accurately record the receipt of ambulance property tax levy proceeds, reconcile third-party billing proceeds collected to those deposited, and obtain reimbursement from MCFSA employees for unallowable or personal use of MCFSA's cell phones.

2. We examined documentation supporting expenditures from the EMS, 911, and third-party billing companies' bank accounts for the Period and determined whether MCFSA expended funds in accordance with the voter-approved ballot language and/or contractual requirements.

Significant Results – During the Period, MCFSA expended \$3,225,676 of ambulance property tax levy proceeds, 911 property tax assessment levy proceeds, and third-party billing companies' revenues for nonpayroll expenditures. We determined \$82,590 was paid to Robert Moore, a private citizen, for various accounting and tax related services which were unsupported and could not be verified as performed. As such, we issued a finding for recovery against Robert Moore for \$82,590. We also identified \$2,483 of unallowable expenditures which should have been paid using MCFSA's private dues account. Accordingly, we have issued a finding for adjustment for \$2,483.

Former MCFSA 911 supervisor and treasurer Rick Weaver was also employed by the Gordon Flesch Company. During the Period, Mr. Weaver issued 36 payments totaling \$79,365 to the Gordon Flesch Company for services and financing provided. As the Gordon Flesch sales representative for MCFSA's account, Mr. Weaver earned \$5,002 of commissions from these payments. These transactions have the appearance of a conflict of interest and have been referred to the Ohio Ethics Commission for further review.

We made one noncompliance citation for not submitting the required quarterly reports and not maintaining documentation supporting MCFSA met with the Morrow County Commissioners as required by their contract.

We made eight management recommendations for the Board to monitor MCFSA's financial activity; to implement a policy addressing employee conflicts of interest; to review and approve bank transfers between accounts; to enter into formalized contracts for various rentals; for the treasurer to complete monthly bank reconciliations; to consider combining bank accounts to reduce fees incurred; to implement a detailed employee reimbursement policy; and to maintain records supporting MCFSA activities.

3. We examined Board minutes, payroll ledgers, and supporting payroll documentation for the Period to determine whether MCFSA paid its former 911 supervisor/treasurer in accordance with Board-approved rates.

Significant Results – During the Period, Rick Weaver served as both the 911 supervisor and treasurer. Originally, Mr. Weaver was compensated separately for both positions. Effective September 30, 2004, MCFSA's Board combined and reduced the compensation for both positions; however, Mr. Weaver failed to reduce his bi-weekly compensation as required by MCFSA's Board resulting in a \$1,520 overpayment for which we have issued a finding for recovery.

We made one management recommendation for the Board or their designee to examine payroll reports and related supporting documentation to confirm employees are compensated in accordance with the Board-approved rate and for actual hours worked.

4. On November 5, 2010, we held an exit conference with the following individuals representing the MCFSA:

Jeff Sparks, Chief

Greg Young, Treasurer

The attendees were informed that they had five business days to respond to this special audit report. No such response was received.



Mary Taylor, CPA
Auditor of State

October 2, 2009

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Supplement to the Special Audit Report

Background

During the Period, the Morrow County Commissioners (the County) entered into a contract with MCFSA, a non-profit corporation, to provide emergency medical services (EMS), 911 dispatch services, and support services to the county coroner.

On March 25, 2008, the MCFSA terminated former 911 supervisor/treasurer Rick Weaver for failure to perform his duties.

On April 16, 2008, the Mount Gilead Division of Police requested assistance from the Ohio Attorney General's Bureau of Criminal Identification and Investigation (BCI) to investigate a suspected embezzlement of public monies received by MCFSA. Based on the request, BCI began an investigation of the former 911 supervisor/treasurer's activities.

On September 9, 2008, Auditor of State representatives met with BCI to discuss their investigation. Their concerns included the 911 supervisor/treasurer was overcompensated, payments made were unrelated to MCFSA operations, and the 911 supervisor/treasurer was earning commissions from payments he issued to his secondary employer.

In a September 29, 2008 letter, the Mount Gilead Division of Police and BCI requested the Auditor of State's assistance in their investigation.

As required by the contract between MCFSA and the County, the Morrow County Auditor's Office distributed ambulance property tax levy proceeds, 911 property tax assessments, and related revenues to MCFSA to fund the contracted services. The contract also required MCFSA to contract with a third-party company to bill insured county residents for EMS services. The contract between the County and MCFSA required funds received from third-party billing companies to be used to subsidize EMS services provided to county residents. The only other revenue source MCFSA received during the Period was annual membership dues which were excluded from these agreements.

As part of the contract, MCFSA agreed to provide the County with an annual budget, report quarterly and annually how the funds were expended, and agreed to transfer any assets purchased with contract funds to the County, should MCFSA cease to exist or the contract was terminated.

Based on our examination of the relationship between the County and MCFSA, the contractual requirements of providing a budget and reporting the expenditure of funds to the County, the assets purchased with these funds ultimately belong to the County, and because MCFSA did not receive funding outside of the contractual requirements except for a small amount of membership dues, we determined the monies distributed by the County to MCFSA and related revenues received from the EMS billings were public monies. As such, these monies received excluding the membership dues deposited into a separate bank account were subject to audit.

On September 30, 2008, the Auditor of State initiated a special audit of MCFSA's operations.

Supplement to the Special Audit Report

Issue No. 1 – Revenues

PROCEDURES

We obtained from the Morrow County Auditor's Office a listing of ambulance property tax levy proceeds, 911 property tax assessment levy proceeds, and other related revenues distributed to MCFSA for the Period.

We obtained from the third-party billing companies a listing of revenues distributed to MCFSA for the Period.

For the amounts identified, we verified whether MCFSA recorded the identified funds in its ledgers and deposited those funds into the appropriate MCFSA bank accounts.

RESULTS

MCFSA received funding from three revenue sources. The first revenue source was an ambulance property tax levy. During the Period, the Morrow County Auditor's Office distributed \$4,576,223 of property tax levy proceeds and related revenues collected to MCFSA.

The second revenue source was a 911 property tax assessment levy. During the Period, the Morrow County Auditor's Office distributed \$912,600 of tax assessment proceeds and related revenues collected to MCFSA.

Section 12 of the contracts entered into by the County and MCFSA during the Period stated County residents would not be charged for EMS and ambulance services. However, MCFSA could charge and collect for these services from the residents' insurance company, if such benefits were available. During the Period, MCFSA contracted with two third-party billing companies to invoice insurance companies for EMS and ambulance services and received \$2,111,706 for services rendered.

To account for these revenue sources, MCFSA established separate savings and checking accounts for each revenue source. With the exception of \$156,145 of ambulance property tax levy proceeds, we determined funds received were posted to the appropriate account ledger and were deposited into the appropriate bank account.

NONCOMPLIANCE CITATION

Service Contract

Section 12 of the contract between the Morrow County Commissioners and the MCFSA states "... Excepting clearly emergency situations, no County owned property shall be used outside Morrow County unless related to the needs to the County residents or pursuant to contracts approved by the County."

At the request of Richland Township (Marion County), MCFSA contracted with them during the Period to provide Township residents ambulance services using County-owned squads. While MCFSA did receive payment for this contract and deposited the funds into the EMS checking account, we were unable to obtain documentation supporting the County had approved this arrangement.

We recommend MCFSA obtain the County's approval of the arrangement between the MCFSA and any other entity to provide EMS and/or 911 services prior to entering into such an agreement.

Supplement to the Special Audit Report

MANAGEMENT RECOMMENDATIONS

Ambulance Property Tax Levy Proceeds

MCFSA established checking and savings bank accounts and corresponding account ledgers to track ambulance property tax levy proceeds. Instead of posting and depositing \$156,145 of ambulance property tax levy proceeds into these accounts, Mr. Weaver deposited and posted these proceeds into MCFSA's payroll bank account. By posting these proceeds directly to the payroll bank account and the related account ledger, MCFSA's Board was unable to monitor revenue activity to ensure they received proceeds in accordance with the contract.

We recommend MCFSA deposit ambulance property tax levy proceeds into the appropriate bank account and post the receipt to the appropriate account ledger.

Third-Party Billing Proceeds

In accordance with Section 12 of the contract between MCFSA and the County, MCFSA contracted with two different third-party billing companies to invoice insurance companies for ambulance and EMS services. Upon receipt of the insurance companies' payment, the third-party billing company electronically deposited funds daily into a MCFSA segregated account entitled the "MBI Lockbox" bank account. However, MCFSA posted these collections in total at month-end. We also noted the current third-party billing company sends a monthly collection confirmation report to MCFSA for their review. However, no evidence was provided that MCFSA reviewed and reconciled this report to the funds deposited into the MBI Lockbox bank account.

Failure to timely post funds received and to reconcile the amounts deposited to the confirmation report prevented MCFSA from verifying monies paid by the insurance companies were accurately posted to its ledgers and deposited into its bank account.

We recommend MCFSA reconcile each month's MBI Lockbox deposits with the revenue confirmed by the third-party billing companies and investigate any discrepancies between the two amounts.

Cell Phone Policy

In February 2006, MCFSA established a policy governing use of MCFSA-owned cell phones while on EMS runs. However, the policy did not address making personal phone calls, using MCFSA discounts, and did not require the reimbursement of any identified personal charges.

Failure to provide guidance regarding allowable cellular phone services; to examine monthly cellular phone bills for personal usage and unauthorized charges; and to monitor employees' cellular phone purchases can result in MCFSA paying for services unrelated to its operations.

We recommend MCFSA amend its policy to address unallowable services, use of MCFSA's discount, and types of calls and services which are required to be reimbursed by employees. Additionally, MCFSA should examine the monthly cellular phone bills for unauthorized services, unallowable phone calls, and request employee reimbursement for those identified.

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Issue No. 2 – Expenditures

PROCEDURES

We examined the voter-approved levy language and the contracts between MCFSA and the County to identify how funds received were to be spent.

We obtained check registers for the EMS, 911, and third-party billing checking and savings bank accounts to identify expenditures made during the Period.

We examined available documentation supporting the identified expenditures and determined whether the expenditures were in accordance with the voter-approved levy ballot language and the contract between the County and MCFSA.

We examined bank statements to identify electronic funds transfers to MCFSA bank accounts other than those between the EMS, 911, and third-party billing operating and savings accounts. For those identified, we determined whether electronic funds transfers were in accordance with the voter-approved levy ballot language and/or the contract between the County and the MCFSA.

RESULTS

Section 13 of the contract required the County to distribute proceeds from the ambulance property tax levy, the 911 property tax assessment levy, and their related revenues to MCFSA. Section 14 of this contract required MCFSA to spend these funds to “pay all costs and expenses for the operation of said Emergency Squad and 911 Emergency Telephone Services.”

During the Period, MCFSA expended \$1,735,960 of ambulance property tax levy proceeds, \$649,217 of 911 property tax assessment levy proceeds, and \$840,499 of third-party billing proceeds. In examining documentation supporting those expenditures, we identified the following:

- MCFSA issued 59 payments totaling \$95,930 to Robert Moore, a private citizen, for accounting and tax related services. Of the \$95,930, we were unable to obtain documentation from Mr. Moore, MCFSA, or verification by current and former MCFSA employees supporting \$82,590 of the services invoiced were provided.
- MCFSA issued five payments totaling \$2,483 for purposes other than providing EMS, ambulance, and 911 emergency telephone services.

We examined the electronic funds transfers posted to MCFSA’s seven bank accounts and determined these transfers were exclusively between MCFSA accounts. However, no documentation was maintained to document the reason for the transfers, whether the restricted funds were used for an allowable purpose, and whether the transfers were Board-approved.

FINDING FOR RECOVERY

Payments to Robert Moore

During the Period, MCFSA paid \$95,930 to Robert Moore to assist MCFSA in resolving issues involving the filing of their 2001 IRS tax return and assisting the former 911 supervisor/treasurer with quarterly financial reports.

Of the \$95,930, 18 payments totaling \$52,280 did not have an invoice or any other documents supporting the reason for the payment. Eight payments totaling \$14,760 were supported by an email from Mr. Moore stating the IRS withheld funds owed by MCFSA from his personal bank account. After examining Mr. Moore’s personal and business bank accounts, no evidence existed supporting his assertion that the IRS electronically withdrew funds from his personal bank account. Additionally, we were unable to verify services were rendered for 10 payments totaling \$15,550 based on available documentation and explanations provided by the current and former MCFSA treasurer.

Supplement to the Special Audit Report

In response to our request, Mr. Moore was also unable to provide additional explanation or documentation identifying and supporting the work performed.

In accordance with the foregoing facts, a finding for recovery is hereby issued against Robert Moore for \$82,590 of public monies illegally expended in favor of the EMS Operating bank account for \$82,090 and the 911 Operating bank account for \$500.

FINDING FOR ADJUSTMENT

Unallowable Expenditures

On March 4, 2004 and November 7, 2006, County taxpayers approved a property tax levy to fund ambulance and emergency medical services. Section 12 of the contract between the County and the MCFSA required MCFSA to "charge and collect for said services if insurance benefits are available to any persons receiving emergency squad services whether a County resident or not, but only to the extent said insurance benefits are available for payment. Any monies collected from insurance benefits shall be used only for furthering the needs of the Contractor in providing services under this agreement."

Section 14 of the contract between the County and MCFSA for the provision of these services required MCFSA to use funds received in accordance with this contract to "pay all costs and expenses for the operation of said Emergency Squad and 911 Emergency Telephone Services".

During the Period, MCFSA used levy proceeds to purchase flowers totaling \$136 and for a retirement party totaling \$119. In addition, MCFSA issued a check to cash for \$80 for which we were unable to obtain documentation of how the cash was expended for EMS operations.

MCFSA also expended third-party billing company proceeds for printing property tax levy campaign flyers totaling \$615, distributing levy campaign flyers totaling \$798, and for expenses incurred printing levy campaign yard signs totaling \$735.

According to the current Board President and Treasurer, the above expenses should have been paid from MCFSA's private funds instead of the above-identified funds.

A finding for adjustment is hereby issued against the MCFSA bank account ending in 5718 for \$2,483 in favor of the EMS Operating Bank Account of \$307, the 911 Operating bank account for \$28, and the MBI Lockbox bank account for \$2,148.

NONCOMPLIANCE CITATION

Annual and Quarterly Reports

Section 16 of the contract between the Morrow County Commissioners and the MCFSA states:

"It is further provided that the participants herein shall make a quarterly and year-to-date annual accounting to the County on the operation of its services. Said quarterly accounting shall contain a certificate of the Treasurer as to the balance of the funds on hand as of the date of accounting and a meeting with the Commissioners to discuss operations."

MCFSA was unable to provide copies of the quarterly statements. In addition, we were unable to confirm by examining MCFSA meeting minutes and discussions with MCFSA Board President and Treasurer the quarterly reports were prepared, filed with the County Commissioners and the required quarterly meetings were held with the County Commissioners to discuss MCFSA operations.

We recommend MCFSA prepare and maintain all required accounting statements in accordance with this section, maintain documentation supporting the statements were filed with the County, and documentation supporting the required meetings were held with the County Commissioners.

Supplement to the Special Audit Report

MANAGEMENT RECOMMENDATIONS

Monitoring

MCFSA Board reviewed its check register identifying payments issued at seven of its 54 meetings. In addition, the Board only reviewed and approved the account balances, monthly revenues, and monthly expenses at 42 of the 54 meetings. Failure to review detailed monthly expenditure and revenue reports, monthly check registers, and account balances increases the chance MCFSA could deposit and expend restricted funds from the wrong bank account resulting in unauthorized use of restricted funds.

We recommend the Board review monthly detailed expenditure and revenue reports, check registers, and account balances to ensure restricted funds were deposited into the appropriate account and expended in accordance with contractual requirements.

Conflict of Interest

MCFSA does not have a written policy addressing employee conflicts of interest nor secondary employment. During the Period, former 911 supervisor/treasurer Rick Weaver was also employed as a Gordon Flesch Company (GFC) sales representative. For each sale, we noted Mr. Weaver received a commission. During our review of invoices and payroll information provided by GFC, Mr. Weaver earned \$5,002 of commissions from the transactions he processed while serving as both a GFC sales representative and MCFSA treasurer. These transactions involved the servicing of MCFSA copiers and entering into lease agreements for the printing and networking computer equipment.

The Board president stated Mr. Weaver reported to the Board that he had obtained quotes for purchasing and financing the equipment and that Gordon Flesch Leasing was the best option. However, MCFSA was unable to provide evidence documenting they had obtained competing bids or quotes for the purchase and financing of printing and networking computer equipment. In addition, there was no evidence presented that the Board considered obtaining financing from a bank, the County, or using their cash reserves for these large purchases.

Mr. Weaver's failure to disclose his potential to earn a commission from the leasing arrangement, his recommendation to finance the purchase through his secondary employer, and the Board's failure to review the quotes obtained supporting the recommended method was the best financing available may have resulted in MCFSA paying more in finance charges than necessary.

We recommend MCFSA adopt a conflict of interest policy requiring employees to report their secondary employers, determine whether a conflict of interest exists, and if so, ensure the employee refrains from participating in any decisions involving purchases from their secondary employer.

We referred this issue to the Ohio Ethics Commission for their consideration of whether this constituted a violation of Ohio ethics law.

Fund Transfers

MCFSA transferred monies between its operating and savings bank accounts throughout the Period. We noted no evidence the Board formally approved electronic transfers during its monthly meetings. Failure to review and approve transfers of restricted funds between bank accounts increases the likelihood of restricted funds being used for an unallowable purpose.

We recommend the Board review and approve all fund transfers between bank accounts to ensure restricted funds are only expended for allowable purposes.

Space and Tower Rental Contracts

MCFSA was unable to provide lease agreements documenting the term of the lease and supporting payments made to five local fire departments to house their EMS squads totaling \$42,441 and to cellular phone tower companies to broadcast 911 radio signals totaling \$12,846. Failing to memorialize in writing the lease term, amount to be paid, and which parties are responsible for the upkeep and maintenance of the space and equipment could result in an overpayment and violation of the contract terms.

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We recommend MCFSA enter into written agreements with each of these parties documenting the term of the agreement, the required payments, and who is responsible for maintenance and repair of the facilities or towers.

Monthly Bank Reconciliations

During the Period, Mr. Weaver did not complete monthly bank reconciliations. Additionally, MCFSA's Board minutes did not contain or reflect the Board's request to review the monthly bank reconciliations. Had the reconciliations been completed, the following would have been noted:

- Checks posted to MCFSA ledgers with a different payee, date or amount than payee, check date, and amount of the check clearing the bank;
- Debit card transactions were posted in the QuickBooks ledgers in total each month instead of each separate transaction on the bank statement;
- Transfers per the bank statements and ledgers did not agree in amount, were not posted to the ledger, or were not transferred between the accounts identified on the ledgers;
- Bank fees posted per the ledgers did not agree to those posted per the bank statement.

Mr. Weaver's failure to complete, and the Board's failure to review monthly bank reconciliations prevented the timely detection of improper expenditures of restricted funds and other unauthorized activity in MCFSA's bank accounts.

We recommend the MCFSA treasurer complete monthly bank reconciliations for each of MCFSA's bank accounts. These reconciliations and monthly revenue and expense reports should be provided to the Board and Finance Committee for their review. We recommend the Board review the documentation to confirm no unauthorized payments, withdrawals, or bank transfers have occurred from restricted funds.

Bank Fees

MCFSA has a checking and savings account for each of its revenue sources and a separate bank account to fund its bi-weekly payroll. During the Period, MCFSA incurred \$6,192 of bank service charges for these seven accounts. By maintaining separate checking and savings accounts for each revenue source, MCFSA is expending funds for unnecessary service charges which could have been used to fund ambulance and EMS Services.

Since MCFSA maintained separate accounts for each funding source in QuickBooks, we recommend MCFSA consider combining these bank accounts into one checking and savings account to reduce fees incurred for having separate accounts and renegotiate their banking relationship to reduce the amount of service charges incurred. If MCFSA combines these accounts, the treasurer should reconcile the total receipt and expenditure activity for the operating ledger accounts and savings ledger accounts to the activity in the bank account to ensure all bank activity is reflected in MCFSA's ledgers.

Reimbursement Policy

MCFSA does not have formal reimbursement policies for tuition, uniforms, meals, cellular phones, and training expenses. MCFSA employees were reimbursed with 44 checks totaling \$4,336. The only support provided for these reimbursements was a completed uniform request form or requisition form. However, no detailed receipts were provided to support the expense was incurred. Discussions with the current MCFSA Board president and treasurer confirmed these types of reimbursements were common and were typically verbally approved by the Board president prior to submission for reimbursement. By not obtaining and reviewing supporting detailed receipts, MCFSA was unable to verify the employees purchased the identified items and did not purchase unauthorized or unallowable goods or services.

We recommend the Board implement formal reimbursement policies identifying who is responsible for reviewing and approving employee reimbursement requests, reimbursement dollar limits, the types of expenses which can be reimbursed, and what documentation supporting the expense should be submitted. Additionally, an independent individual should periodically review the records maintained by the treasurer to ensure employee reimbursements are supported, for MCFSA-related purposes, and in accordance with MCFSA's policy.

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Records Retention

MCFSAs were unable to provide the following documents for our review:

- Documentation supporting 1,186 expenditures totaling \$695,053.
- Contracts supporting the payment term and amount paid to local fire departments to house MCFSAs ambulances and to rent cellular phone towers to broadcast their radio signals totaling \$75,287.
- Copies of MCFSAs constitution's and by-laws effective for the period January 1, 2004 through March 31, 2006.
- Support for third-party billing company receipts totaling \$421,025 received in 2004 and 2005.

The treasurer's failure to obtain, maintain, and review the above-identified documents can result in the unauthorized expenditure of restricted funds, noncompliance with lease requirements and MCFSAs bylaws, and the inability to determine whether MCFSAs received funds due to them from third-party billing companies.

We recommend MCFSAs maintain documentation supporting funds received and detailed documentation supporting the expenditure of funds. MCFSAs should consider implementing a records retention policy for MCFSAs records to support the receipt and expenditure of public funds. This policy should be shared with the County to ensure it is compliance with the contract between MCFSAs and the County.

Supplement to the Special Audit Report

Issue No. 3 – 911 Supervisor/Treasurer Compensation

PROCEDURES

We compared compensation payments former 911 supervisor/treasurer Rick Weaver to the Board-approved resolutions and supporting documentation and determined whether Mr. Weaver was paid in accordance with the Board-authorized rates.

RESULTS

Prior to September 30, 2004 the payroll register documented Mr. Weaver received an hourly wage as the 911 supervisor and a bi-weekly stipend as treasurer. However, we were unable to verify the hours worked because Mr. Weaver did not complete timesheets, was not included on the duty roster, and the Board minutes did not specify compensation for these two positions.

FINDING FOR RECOVERY

911 Supervisor/Treasurer Overpayment

The Board approved the hiring of Rick Weaver as MCFSA Treasurer in September of 2000. In November 2002, Mr. Weaver was appointed as the 911 supervisor in addition to his position as treasurer. On September 30, 2004, the Board directed Mr. Weaver to reduce his compensation for these two positions within 30 days to an annual salary of \$50,000. However, Mr. Weaver did not notify the payroll processor of this change for five subsequent pay periods after the 30 days had expired resulting in an overpayment of \$1,520.

In accordance with the foregoing facts, a finding for recovery is hereby issued against Rick Weaver and his bonding company Rinehart-Walters-Danner, jointly and severally, in the amount of \$1,520 for public monies illegally expended in favor of MCFSA.

MANAGEMENT RECOMMENDATION

Monitoring Payroll Reports

Every two weeks, payroll reports were prepared documenting the total hours, pay rate, gross pay and withholdings for each employee. We did not note any review by the Finance Committee, the Board, or a supervisor to determine whether these reports were accurate. Failing to review these payroll reports prevents these individuals from identifying employee overpayments.

We recommend the Board or their designee review payroll reports and compare these reports to the supporting timecards to ensure the employees were paid in accordance with Board-authorized rates and for actual hours worked.

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Mary Taylor, CPA
Auditor of State

MORROW COUNTY FIREFIGHTERS AND SQUADSMEN ASSOCIATION

MORROW COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 23, 2010**