



Special Audit

United Spanish War Veterans Colony Fire Department

Latimer County

January 1, 2005 through July 31, 2007



Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE



JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The United Spanish War Veterans Colony Fire Department audit was performed pursuant to the District Attorney's request in accordance with **74 O.S. 2001, § 212(H)**.



**United Spanish War Veterans
Colony Fire Department
Latimer County
Special Audit Report
January 1, 2005 through July 31, 2007**

Audit Summary:

- ✓ The Spanish War Veterans Colony Fire Department received \$5,142.86 and \$2,780.32 for State fiscal years 2007 and 2006, respectively, in State appropriations from the Oklahoma Department of Agriculture. The Fire Department did not have supporting documentation for \$123.16 in expenditures, not all invoices/statements confirmed the goods or services had been received, and receipts were not issued for all monies collected. **Pg 6**
- ✓ The Fire Department did not maintain fuel logs to document all fuel purchased was being used in their equipment. **Pgs 6-7**
- ✓ The Fire Department was reimbursed \$1,000.00 from Kiamichi Economic Development District of Oklahoma in which they purchased three (3) Minitor IV pagers costing \$1,155.00. **Pg 7**
- ✓ The Fire Department received \$30,000.00 in REAP funds passed through Latimer County for the purchase of a fire truck. The bid and payment of the truck was handled by Latimer County. At the April 30, 2007 board meeting the bid was awarded to Brindle Mountain Fire Apparatus for a 1984 pumper truck at a cost of \$30,000.00. Prior to the bid being advertised the Fire Department issued a check to Brindle Mountain Fire Apparatus for the deposit and/or purchase of the fire truck.
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- ✓ The Fire Department has not been incorporated as a volunteer fire department as required by Oklahoma statutes.
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**UNITED SPANISH WAR VETERANS COLONY
FIRE DEPARTMENT**

LATIMER COUNTY

SPECIAL AUDIT REPORT

JANUARY 1, 2005 THROUGH JULY 31, 2007



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

December 18, 2007

Honorable Jeffrey C. Smith
District Attorney – District No. 16
P.O. Box 880
Poteau, Oklahoma 74953-0880

Transmitted herewith is the Special Audit Report of the United Spanish War Veterans Colony Fire Department, Latimer County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S.2001, § 212(H)** for the period January 1, 2005 through July 31, 2007.

A report of this type tends to be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to insure a government, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,



JEFF A. McMAHAN, CFE
State Auditor and Inspector

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Mr. Loyd Herndon, Treasurer
Mr. Robert Livingston, Fire Chief
United Spanish War Veterans Colony
Fire Department
204 Circle Drive E
Wilburton, Oklahoma 74578

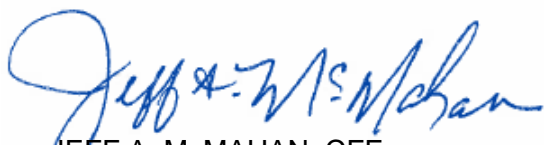
Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we performed a special audit with respect to the United Spanish War Veterans Colony Fire Department, Latimer County, for the period January 1, 2005 through July 31, 2007.

The objectives of our special audit primarily included but were not limited to, the areas noted in the District Attorney's request. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the United Spanish War Veterans Colony Fire Department for the period January 1, 2005 through July 31, 2007. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Department taken as a whole.

This report is intended solely for the information and use of the District Attorney and the Fire Department's Administration and should not be used for any other purpose. This report is also a public document pursuant to the **Oklahoma Open Records Act (51 O.S. 2001, § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,



JEFF A. McMAHAN, CFE
State Auditor and Inspector

September 6, 2007

**UNITED SPANISH WAR VETERANS COLONY FIRE DEPARTMENT
LATIMER COUNTY
SPECIAL AUDIT REPORT
JANUARY 1, 2005 THROUGH JULY 31, 2007**

INTRODUCTION

The United Spanish War Veterans Colony Fire Department, Latimer County, was established as a volunteer fire department under the provisions of **18 O.S. 2001, §§§ 592-594**, located in rural southern Latimer County, Oklahoma. The fire department was organized to provide fire protection to individuals living within the district's boundaries and may provide assistance to individuals living outside the area.

CONCERNS, FINDINGS AND RECOMMENDATIONS

CONCERN: *State appropriated funds*

FINDING No. 1: The Oklahoma Legislature appropriates money to the Oklahoma Department of Agriculture, Food, and Forestry to be equally distributed for operational grants to rural fire departments. The United Spanish War Veterans Colony Fire Department (the Fire Department) received \$5,142.86 and \$2,780.32 for the State fiscal years 2007 and 2006, respectively, for a total of \$7,923.18 during our audit period. The money was distributed to the Fire Department as follows:

Date	Amount	Purchase order no.
05/04/06	\$5,142.86	0409006840
01/05/06	2,085.27	0409005116
11/08/05	695.05	0409005116
Total	\$7,923.18	

We reviewed the Fire Department's expenditures to ensure the State-appropriated funds received were properly expended. We compared the checks issued to supporting documentation and invoices/statements, to determine the purpose of the expenditure subsequent to the date the money was deposited into the Fire Department's bank account, November 30, 2005. We noted expenses totaling \$9,718.45 from November 30, 2005 to July 31, 2007 for the Fire Department's operation. Of the \$9,718.45 in operating expenditures, \$123.16 was not supported by an invoice/statement. Also, we noted that most invoices/statements were not signed by the Fire Department documenting the goods or services had been received. Further, we noted that the Fire Department does not issue pre-numbered receipts for monies collected.

RECOMMENDATION: We recommend the proper authorities review the above finding to determine what action, if any, may be required. Further, we recommend the Fire Department issue sequentially numbered receipts for all monies received, sign all invoices to ensure the goods or services have been received, and maintain itemized invoices for all expenditures.

FINDING No. 2: We compared the total fire runs listed on the Fire Department's monthly reports to fuel purchased for the period. The following month's runs were compared to the amount of fuel purchased.

Months	Runs per reports	Gallons of fuel purchased:	
		gasoline	diesel
April – June 2005	8	110.4	0
October – December 2005	8	91.3	0
September – December 2006	6	117.5	10.0
January – March 2007	22	134.4	19.4

During a conversation with Loyd Herndon, he stated that one vehicle would be taken into town to be filled with fuel and fuel cans were also filled. The fuel cans were taken back to the fire station and used to put fuel in the other Fire Department vehicles. Also, he stated that the Colony paid the electric and telephone bills at the fire station and in return, the Fire Department mowed the area and fuel purchased was put into the lawn mowers from the fuel cans. There are no fuel logs maintained for the fire trucks or lawn mowers.

The monthly reports did not reflect how many vehicles went on the runs; therefore, we were unable to determine if the amount of fuel purchased was representative of the miles traveled on the fire runs.

RECOMMENDATION: We recommend a fuel log be maintained for each vehicle, including lawn mowers, to document the amount of fuel used in that particular vehicle or equipment. The fuel log for the fire trucks should include the date, odometer reading, gallons, and the person putting fuel in the vehicle.

FINDING No. 3: The Fire Department entered into a contract with Kiamichi Economic Development District of Oklahoma (KEDDO) on July 19, 2004 for the amount of \$1,000.00. These funds originated from the Oklahoma Department of Commerce passed through KEDDO for the purpose to enhance the development of Oklahoma's rural areas and/or communities. On December 28, 2004, the Fire Department purchased three (3) Minitor IV pagers at a cost of \$1,155.00 and issued check no. 599 on January 4, 2005 for the payment of the pagers. On January 18, 2005, KEDDO issued check no. 31199 in the amount of \$1,000.00 to the Fire Department for the reimbursement of the expense. The money was deposited into the Fire Department bank account on January 21, 2005.

Based on the information obtained, it appears the Fire Department met the terms of the contract with KEDDO and was reimbursed for the cost of the pagers.

RECOMMENDATION: No recommendation required.

FINDING No. 4: The Fire Department, through Latimer County, applied for financial assistance from Rural Economic Action Plan (REAP) funds to purchase a used fire truck. A letter dated December 18, 2006 from KEDDO to the Latimer County Commissioners, reflects the application for REAP funds had been approved by their Board of Trustees. REAP funds in the amount of \$30,000.00 was received by Latimer County. The advertisement of bids and purchase of the fire truck was handled by the Board of County Commissioners. At the Board of County Commissioner's meeting held April 30, 2007, the Board awarded the bid to Brindlee Mountain Fire Apparatus for a 1984 pumper truck at a price of \$30,000.00 and on June 15, 2007, a warrant was issued to the company for payment of the truck.

We noted a check dated April 7, 2007 issued by the Fire Department to Brindlee Mountain Fire Apparatus in the amount of \$2,000.00 for the deposit and/or purchase of the fire truck. This payment/deposit was made to the company prior to the advertisement to bid being published in the Latimer County Today on April 12, 2007.

RECOMMENDATION: We recommend the proper authorities review the above finding to determine what action, if any, may be required.

FINDING NO. 5: We found no documentation to support that required documents had been filed with the Oklahoma Secretary of State to establish a charitable corporation, volunteer fire department, under the provisions of **18 O.S. 2001, §§ 592 – 594.**

RECOMMENDATION: We recommend the proper authorities review the above finding to determine what action, if any, may be required.

* * *

Throughout this report there are numerous references to state statutes and legal authorities which appear to be potentially relevant to issues raised by the District Attorney and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Fire Department or any of the individuals named in this report or acting on behalf of the Fire Department have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the Fire Department's policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.



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