

COMPLIANCE AUDIT

East Butler Volunteer Firemen's Relief Association

Butler County, Pennsylvania

For the Period

January 1, 2023, to December 31, 2025

September 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Lawrence Baptiste, President
East Butler Volunteer Firemen's Relief
Association
Butler County

We have conducted a compliance audit of the East Butler Volunteer Firemen's Relief Association (relief association) for the period January 1, 2023, to December 31, 2025. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. To determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2023, to December 31, 2025:

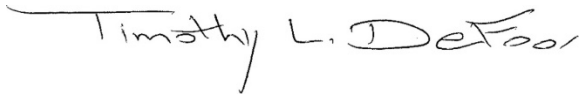
- The relief association took appropriate corrective action to address the finding contained in our prior audit report.
- The relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization's Federal Tax Identification Number

Finding No. 2 – Inadequate Signatory Authority For The Disbursement Of Funds

Finding No. 3 – Failure To Update Relief Association Bylaws

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
June 11, 2026

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, commonly referred to as Act 205,⁴ are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

The VFRA Act governs the overall operation of volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief association operates in accordance with applicable state laws, contracts, bylaws, and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Clearfield Township	Butler	\$4,716	\$4,793	\$5,084
East Butler Borough	Butler	\$4,462	\$4,511	\$4,961
Oakland Township	Butler	\$2,000	\$2,000	\$2,000

As of December 31, 2025, based on the relief association's records, its total cash was \$26,961.

Based on the relief association's records, its total expenditures for the period January 1, 2023, to December 31, 2025, were \$30,922, as noted below. The accuracy of these expenditures was evaluated as part of the Department's audit to conclude on the relief association's compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁵ **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:

Insurance premiums	<u>\$ 24,998</u>
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Fire Services:

Equipment purchased	\$ 1,285
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Equipment maintenance	<u>4,636</u>
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Total Fire Services	<u>\$ 5,921</u>
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Administrative Services:

Other administrative expenses	<u>\$ 3</u>
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Total Expenditures	<u>\$ 30,922</u>
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The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

East Butler Volunteer Fire Company

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

EAST BUTLER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Improper Transfer Of Funds

By receiving reimbursement of \$2,000 from the affiliated fire company for the improper transfer of funds made in the prior audit period.

EAST BUTLER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization's Federal Tax Identification Number

Condition: During the audit period, the relief association maintained a checking account that was improperly registered with a financial institution under the affiliated fire service organization's federal tax identification number rather than the relief association's own federal tax identification number.

Criteria: Prudent business practice dictates that the relief association maintain ownership and control of all cash balances as a means of safeguarding its assets from unauthorized use or disposition.

Cause: The relief association officials were unaware the incorrect federal tax identification number was used when the account was opened.

Effect: As a result of the cash being improperly registered under an affiliated fire service organization's federal tax identification number, the relief association assets were not properly safeguarded from unauthorized use or disposition.

Recommendation: We recommend that the relief association officials secure ownership rights to all cash balances by ensuring that all cash accounts are registered under the relief association's federal tax identification number. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference. As a result of our audit, on June 22, 2026, the relief association's checking account was properly registered with the financial institution under its federal tax identification number.

Auditor's Conclusion: We reviewed documentation verifying that the relief association's checking account was properly registered with the financial institution under its federal tax identification number. Compliance for proper registration of all cash accounts will be subject to verification during the next audit period.

EAST BUTLER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit period, five of the 11 disbursement transactions were checks that were drawn on the relief association's checking account. All five checks contained the signature of only one officer, the relief association president.

Criteria: Section 7415(c)(3) of the VFRA Act states, in part:

The bylaws shall require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument.

In addition, an October 11, 1995 amendment to the relief association's bylaws states, in part:

... at least 2 officers sign all checks. One of who (sic) will be the Treasurer.

Furthermore, prudent business practice dictates that a relief association have internal control procedures that require that checks be signed only after the propriety of the expenditure has been determined and the payee, date, and amount to be paid has been confirmed with supporting documentation, such as invoices or contracts.

Cause: The relief association officials indicated that they were unaware that two signatures were required on all relief association checks.

Effect: As a result of the relief association officers issuing checks with only one authorized signature, the relief association was not in compliance with the VFRA Act or its bylaws and increased the risk of misappropriation and undetected errors.

Recommendation: We recommend that the relief association officials establish adequate internal control procedures to ensure the signatures of at least two relief association officers, one of whom should be the disbursing officer (treasurer), are included on all relief association negotiable instruments as required by the VFRA Act and the relief association's bylaws. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

EAST BUTLER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Failure To Update Relief Association Bylaws

Condition: In the prior audit period, a verbal observation was communicated to the relief association noting that the existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act. No corrective action was taken in regard to this matter in the current audit period.

Criteria: Prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: The relief association officials were unaware of the incorrect wording in the bylaws.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

Recommendation: We recommend that the relief association officials review and update the bylaws governing its organization to ensure the relief association conducts its affairs in compliance with the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

EAST BUTLER VOLUNTEER FIREMEN’S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

East Butler Volunteer Firemen’s Relief Association Governing Body:

Mr. Lawrence Baptiste
President

Ms. Julie Fitzpatrick
Secretary

Ms. Cynthia Allday
Treasurer

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Jane Bauldoff
Secretary
Clearfield Township

Ms. Laura Vincent
Secretary
East Butler Borough

Ms. Diana Foehringer
Secretary
Oakland Township

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.