

COMPLIANCE AUDIT

Liberty Fire Company Volunteer Firefighter's Relief Association

York County, Pennsylvania

For the Period

January 1, 2017, to December 31, 2023

September 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Weston Teare, Vice President
Liberty Fire Company Volunteer
Firefighter's Relief Association
York County

We attempted to conduct a compliance audit of the Liberty Fire Company Volunteer Firefighter's Relief Association (relief association) for the period January 1, 2017, to December 31, 2023, 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 findings 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 attempts to address the audit objectives identified above were severely limited as a result of a lack of cooperation from the last known/reported relief association officials.

The audit 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. It is our responsibility to attempt to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. Because of the matter described in the next paragraph, however, we were not able to obtain sufficient, appropriate audit evidence to provide a basis for the conclusions.

We were unable to locate officers charged with governance (management) of the relief association. The last known/reported relief association's officers were unable or unwilling to provide the following documents that we requested to perform our audit:

- Receipt and disbursement journals and ledgers.
- Checkbooks.
- Equipment rosters.
- Meeting minutes.
- Invoices for expenditures.
- Surety (Fidelity) bond policies.

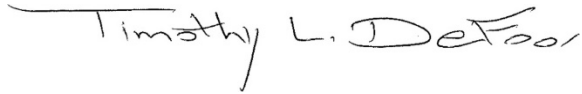
Due to the severity of the lack of cooperation and failure to provide required documentation, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for conclusions related to the audit objectives. Accordingly, we do not express any conclusions on the audit objectives.

The relief association's last known/reported officers responsible for the administration of the relief association did not cooperate with us during our attempt to conduct the audit. As described in Finding No. 1 in this report, the last known officers did not respond to numerous inquiries made by our auditors to begin conducting the audit or to requests for information. The findings listed below and discussed later in the report provide additional information regarding our attempts to conduct the audit and the limited information we were able to obtain. The relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

- Finding No. 1 – Lack Of Cooperation From The Last Known Relief Association Officials Severely Limited The Scope Of The Audit
- Finding No. 2 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures
- Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Monitor Investment Activity
- Finding No. 4 – Inadequate Signatory Authority For The Disbursement Of Funds
- Finding No. 5 – Failure To Maintain Surety (Fidelity) Bond Coverage

We are providing a copy of the audit report to the Pennsylvania Attorney General's Office for their information to review and determine whatever further action, if any, may be appropriate.

The contents of this report were not discussed with the management of the relief association as they did not respond to our numerous requests to conduct this audit.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
August 12, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Findings	4
Findings and Recommendations:	
Finding No. 1 – Lack Of Cooperation From The Last Known Relief Association Officials Severely Limited The Scope Of The Audit	5
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures	9
Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Monitor Investment Activity.....	10
Finding No. 4 – Inadequate Signatory Authority For The Disbursement Of Funds.....	11
Finding No. 5 – Failure To Maintain Surety (Fidelity) Bond Coverage.....	13
Potential Withhold of State Aid.....	14
Report Distribution List	15

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), 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 Law³ (commonly referred to as Act 205) 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 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021-2023</u>
North York Borough	York	\$8,695	\$7,916	\$8,496	\$8,591	*

* During the current audit period, the relief association did not receive an allocation of state aid from North York Borough in 2021, 2022, and 2023. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.⁴

According to a news article in the York Dispatch dated January 12, 2021, the Liberty Fire Company announced it would discontinue fire service to the borough on February 11, 2021.⁵

In addition, according to a news article in the York Dispatch dated January 21, 2021, the York City Department of Fire and Rescue Services took over coverage of North York Borough on February 11, 2021.⁶

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:

Liberty Fire Company

⁴ 53 P.S. § 895.706(b)

⁵ Tina Locurto, York Dispatch, January 12, 2021, After ex-chief charged with embezzling, North York’s Liberty Fire Co. disbands

⁶ Tina Locurto, York Dispatch, January 21, 2021, North York selects York City Fire after Liberty disbands

BACKGROUND – (Continued)

Based on the relief association’s bank statements, its total cash and investments as of December 31, 2023, were \$19,172, as illustrated below:

Cash	\$ 16,597
Fair Value of Escheated Investments	<u>2,575</u>
Total Cash and Investments	<u>\$ 19,172</u>

Based on the relief association’s bank statements and cancelled checks, which were obtained from its banking institution by issuing a writ of summons, its total expenditures for the period January 1, 2017, to December 31, 2023, were \$37,161, as noted below. The Liberty Fire Company Volunteer Firefighter’s Relief Association however did not provide any documents to support these expenditures, as disclosed in the Findings documented in this report. Due to the significant limitation on the scope of the audit and our inability to conduct audit procedures, we could not evaluate the accuracy of the reported expenditures or 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. The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.

Expenditures:

Administrative Services:	
Other administrative expenses	<u>\$ 155</u>
Other Expenditures:	
Undocumented expenditures – See Finding No. 2	<u>\$ 37,006</u>
Total Expenditures	<u>\$ 37,161</u>

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

Based on limited available documentation reviewed during our audit, the relief association has not complied with the first two prior audit findings listed below, and as a result of the relief association's failure to cooperate, we could not determine whether the relief association complied with the remaining prior audit finding.

- Undocumented Expenditures

Although the relief association received reimbursement of \$624 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period, the relief association again failed to provide adequate documentation to support all expenditures in the current audit period as further disclosed in Finding No. 2 of this report.

- Failure To Monitor Investment Activity

- Failure To Maintain A Complete And Accurate Equipment Roster

See Finding No. 1 for additional information.

The relief association management should strive to cooperate and implement the recommendations and corrective actions noted in this and prior audit reports.

FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Lack Of Cooperation From The Last Known Relief Association Officials Severely Limited The Scope Of The Audit

Condition: In June of 2021, our office received a request to complete a closeout audit of the relief association. As per the relief association officials, the relief association was interested in dissolving its fire service operations and was currently in the process of dissolving. Since the relief association had not completed the steps required to dissolve, our auditors informed the relief association officials that once it has completed the required steps including transferring the relief association's remaining assets to another relief association, our office would perform the closeout audit of the relief association. In the time following, our auditors made numerous contacts or attempts to contact various individuals identified as relief officials in efforts to proceed with completing a close out audit of the relief association, but our auditors were unsuccessful with obtaining cooperation from the relief association officials to determine whether the relief officials had taken the steps needed to complete the dissolution. Moreover, our auditors were unable to obtain any records from the relief association officials needed to complete our mandated audit of the relief association.

Due to the lack of cooperation from the last known/reported relief association officials, we issued a Writ of Summons to First National Bank, the financial institution for the relief association. First National Bank provided bank statements and cancelled checks for the audit period, but this limited information did not allow us to achieve our audit objectives. The bank statements and cancelled checks that were received provided expenditure information regarding the vendors to which payments were made during the audit period. Refer to Finding No. 2 of this report for further information. Additionally, the last known/reported relief association officers did not provide the following requested documents, which were necessary to conduct our audit and to conclude on the audit objectives:

- Receipt and disbursement journals
- Ledgers
- Checkbook
- Equipment rosters
- Membership roster
- Relief association officers' listing
- Meeting minutes
- Sales tax exemption number
- Bank statement⁷

⁷ We were able to obtain bank statements from the bank identified as holding the relief association's checking account for months from January 1, 2017, to December 31, 2023, by issuing a writ of summons to the bank.

FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

- Cancelled checks⁸
- Documentation (e.g., invoices) to support expenditures
- Surety (Fidelity) bond policies

In addition, during the course of the audit, relief association officials were unresponsive to our inquiries concerning whether or not the officials considered the relief association to meet the requirements of the VFRA Act to be an authorized volunteer firefighters' relief association. Based on material reviewed, the last relief association meeting for which we received documentation was held in 2016.

Because we could not obtain current equipment rosters, journals, ledgers, or minutes of meetings during this audit, we could not determine whether any physical items purchased by the relief association were in the possession of the relief association. We were also unable to determine whether expenditures for equipment or services were communicated to the relief association members.

Due to the lack of cooperation and audit information, we were unable to properly conclude on the status of a finding in the prior audit titled Failure To Maintain A Complete And Accurate Equipment Roster.

Criteria: Section 7415(a) of the VFRA Act states:

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.⁹

Prudent business practice dictates that relief association officials maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association.

⁸ We were able to obtain cancelled checks from the bank identified as holding the relief association's checking account for months of from January 1, 2017, to December 31, 2023, by issuing a writ of summons to the bank.

⁹ 35 Pa.C.S. § 7415(a).

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Section 7418(a)(1) of the VFRA Act states, in part:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984, (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter.¹⁰

Further, Section 6 of the Management Guidelines For Volunteer Firefighters' Relief Associations, delineates, in part, that:

Relief association officers should maintain records which sufficiently detail the financial transactions of the relief association. These records should describe the source and purpose of the financial transactions, and supporting documentation should be maintained to verify these transactions. All records should be presented in an orderly, businesslike manner and made available for review upon request for audit. It is the responsibility of the relief association (treasurer or audit contact person) to send requested audit documents to the auditor in a timely manner (1 – 15 business days). All relief association documentation should be maintained until audited. Once audited, most financial records should be maintained for seven years from its origination. It is advisable that before discarding financial records, relief association officers should ensure that a longer retention period is not required for other purposes.¹¹

In addition, an adequate system of accounting and record-keeping is a prerequisite for sound administration of relief association assets. Further, a primary purpose of the VFRA Act is to encourage individuals to take part in the fire service as volunteer firefighters by establishing criteria and standards for orderly administration and conduct of affairs of firefighters' relief associations. Prudent business practice requires that relief associations monitor their status for compliance as a qualifying volunteer firefighters' relief association under the VFRA Act and any requirements pertaining to dissolution.

Cause: The last known/reported relief association officials did not cooperate with our requests to complete our mandated audit of the relief association and therefore did not provide a reason why this occurred.

¹⁰ 35 Pa.C.S. § 7418(a)(1).

¹¹ Management Guidelines for Volunteer Firefighters' Relief Association, August 2023 Edition, page 24 and 25, *see* <https://www.paauditor.gov/media/default/VFRA/VFRAManagementGuidelines.pdf>

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Effect: The lack of cooperation from the relief association prevented us from determining whether 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. Such lack of cooperation and failure to provide requested items necessary for the completion of our mandated audit demonstrates a clear lack of oversight, inadequate accounting and record-keeping, and a lack of internal controls over relief association functional operations by the last known relief association officials. A failure to establish effective internal controls prevents the relief association from adequately safeguarding its assets and prevents the verification as to whether relief association business was presented before the membership for discussion and approval. Furthermore, the lack of effective internal controls places the relief association funds at greater risk for misappropriation. Due to the lack of cooperation from the last known relief association officials and the decertification of the affiliated fire company and relief association by the municipality, any future relief association state aid allocations may be withheld until the recommendations are deemed to be in compliance.

Recommendation: If the relief association is not dissolved, we recommend that relief association officials cooperate with any future audit requests from this Department and ensure that effective internal controls are in place over relief association operations. In addition, we recommend that the last known relief association officials consult with legal counsel and evaluate the relief association's state of compliance with the VFRA Act requirements described in the background section of this report and take the steps necessary to meet the requirements or consider dissolving the relief association. The Office of the State Fire Commissioner may be able to assist the relief association with this determination. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS. Further, in accordance with a dissolution of the relief association, any and all remaining assets (monetary and nonmonetary e.g., cash, investments, equipment) should be transferred to an active, certified relief association operating in good standing under the VFRA Act.

Management's Response: The last known/reported relief association officials did not provide a response.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association, if any.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Condition: Although the relief association received reimbursement from the affiliated fire company for the undocumented expenditures that were made in the prior audit period, the relief association again failed to provide adequate documentation to support all expenditures in the current audit period. Despite our requests, the relief association did not provide any documentation to support any of the expenditures noted on the relief association's bank account during the current audit period, totaling \$37,006 as shown below.

<u>Year</u>	<u>Amount</u>
2017	\$ 7,646
2018	9,709
2019	9,290
2020	<u>10,361</u>
Total	<u>\$ 37,006</u>

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: The last known/reported relief association officials did not cooperate with our requests to complete our mandated audit of the relief association and therefore did not provide a reason why this occurred.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Effect: Lack of supporting documentation, such as invoices, itemized receipts, and detailed minutes of meetings, made it impossible to determine if the expenditures were made in accordance with Section 7416(f) of the VFRA Act. In addition, the failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the expenditures or that the relief association be reimbursed \$37,006 for the undocumented expenditures. We also recommend that the relief association officials maintain supporting documentation for all future expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: The last known/reported relief association officials did not provide a response.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Monitor Investment Activity

Condition: Relief association officials failed to monitor the association's investment activity. On February 3, 2016, a certificate of deposit was considered dormant and was escheated to the Pennsylvania Department of Treasury. As of the last renewal notice of October 22, 2014, the stated value was \$2,566. The value reported by the Pennsylvania Department of Treasury was \$2,575. The relief association has not claimed the unclaimed property from the Pennsylvania Department of Treasury.

A similar condition was noted in our prior report.

Criteria: The relief association's governing body has ultimate authority and the fiduciary responsibility for the financial management of relief association's funds which includes an obligation to monitor the activity of relief association's investments on a periodic basis which is a prerequisite for sound administration of relief association accounts.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Cause: Relief association officials failed to establish adequate internal control procedures over investment activity. The last known/recorded relief association officials did not cooperate with our requests to complete our mandated audit of the relief association and therefore did not provide a reason why this occurred.

Effect: The relief association's failure to adequately monitor investment activity resulted in a loss of funds to pay general operating expenses or for other investment purposes and any future interest income from this investment. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We again recommend the relief association contact the Pennsylvania Department of Treasury, Bureau of Unclaimed Property to obtain the certificate of deposit funds. In addition, if the relief association is not dissolved, management of the relief association should monitor all future investments to ensure they are maximizing their investment return and safeguarded from loss. For further guidance, please refer to the Auditor General's Publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: The last known/reported relief association officials did not provide a response.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

Finding No. 4 – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit engagement, we identified two checks out of forty-six checks drawn on the relief association's checking account that only contained the signature of one officer, the previous Relief Association Treasurer, even though two signatures are required by the VFRA Act and the relief association's bylaws. Issuing checks with the signature of only one relief association officer negates the relief association's internal control over the disbursement process.

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.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

In addition, the relief association's bylaws at Article VIII, Section 1 states, in part:

The signatures of at least two officers, one of whom shall be the treasurer. Furthermore, prudent business practice dictates that the relief association has sufficient internal control procedures in place to ensure the signatures of at least two relief association officials are included on all negotiable instruments. Adequate internal control procedures 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. Additionally, responsible relief association officers should compare this information with supporting documentation, such as invoices, contracts, etc., prior to approving the checks.

Cause: The last known/reported relief association officials did not cooperate with our requests to complete our mandated audit of the relief association and therefore did not provide a reason why this occurred.

Effect: As a result of the relief association officer issuing checks with only one authorized signature, assets were placed at greater risk as expenditures were being made without a second relief association officer having the opportunity to verify the propriety of the expenditures. The application of the second authorized signature, after evaluating the propriety of the expenditure, reduces the risk of misappropriation and the risk of errors occurring and going undetected.

Recommendation: If the relief association has not been dissolved, we recommend that the relief association officials establish adequate internal control procedures to ensure that the signatures of at least two relief association officers, one of whom shall be the disbursing officer as defined by Section 7415(c)(3) of 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's Response: The last known/reported relief association officials did not provide a response.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The relief association failed to maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The last known relief association Surety (Fidelity) bond coverage expired on August 5, 2021. As of December 31, 2023, the relief association's cash assets totaled \$19,172.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

Cause: The last known/reported relief association officials did not cooperate with our requests to complete our mandated audit of the relief association and therefore did not provide a reason why this occurred.

Effect: As a result of the authorized disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: If the relief association has not been dissolved, we recommend that the relief association officials obtain and maintain Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: The last known/reported relief association officials did not provide a response.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

Conditions of repeat findings such as those reported by Finding Nos. 2 and 3 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are corrected. Furthermore, a condition such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316E Finance Building, Harrisburg, PA 17120.

LIBERTY FIRE COMPANY VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Honorable Michelle A. Henry
Pennsylvania Attorney General

Liberty Fire Company Volunteer Firefighter's Relief Association Governing Body:

Mr. Weston G. Teare
Last Known Vice President

Mr. Travis Ness
Last Known Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to this relief association:

Ms. Sonya Grim
Secretary
North York Borough

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.