

COMPLIANCE AUDIT

Volunteer Fireman's Relief Association of Rush Township Dauphin County, Pennsylvania For the Period January 1, 2017, to July 1, 2020

November 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Anthony Shutt, President
Volunteer Fireman's Relief Association
of Rush Township
Dauphin County

We have conducted a compliance audit of the former Volunteer Fireman's Relief Association of Rush Township (former relief association) for the period January 1, 2017, to July 1, 2020. 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"), 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the former 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, 2017, to July 1, 2020:

- The former relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matter described in Finding No. 1 below and discussed later in this report, the former relief association did not, in all significant respects, comply 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 collectively as a whole. Therefore, the successor relief association, Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, could potentially be subject to the withholding of state aid distributions, related to its ongoing membership with the West End Fire Company #3 Sheridan, which inappropriately received assets from the Rush Township VFRA.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meetings

Finding No. 5 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 6 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster

Finding No. 7 – Inappropriate Transfer Of Funds

Finding No. 8 – Improper Dissolution

Finding No. 9 – Inadequate Financial Record-Keeping System

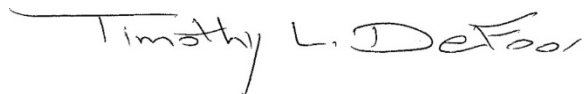
Six of the nine audit findings contained in this report cite conditions that existed in the operation of the former relief association during the prior audit period and were not corrected during the current audit period. We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

As of July 1, 2020, the former relief association completed the process of dissolution, and all remaining monetary assets were inappropriately distributed to the formerly affiliated fire company, West End Fire Company #3 Sheridan (refer to Finding No. 7 for further information), that is currently affiliated with the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna (receiving relief association).

Our auditors found the former relief association did not purchase equipment during the current audit period. Although, based on prior available audit information – namely equipment rosters and other records noting equipment purchases – various other equipment inventory items owned by the former relief association from previous equipment purchases had not been accounted for or identified as transferred. Refer to Finding Nos. 1 and 5 of this report for further information.

Since the former relief association dissolved its organization and consequently transferred its remaining monetary assets to West End Fire Company #3 Sheridan, compliance with the audit report's findings and recommendations will be subject to review with the next audit of the relief association that is affiliated with West End Fire Company #3 Sheridan.

The contents of this report were not discussed with the management of the former relief association as the officer of the former relief association did not respond to correspondence. However, the contents of this report were discussed with management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna and, where appropriate, their responses have been included in the report.



Timothy L. DeFoor
Auditor General
September 25, 2024

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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 (Department) 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 former relief association was 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 association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the 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)

During the current audit period, the former relief association did not receive allocations of state aid from Rush Township. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

Based on the former relief association’s records, its total cash as of July 1, 2020, was zero.

Based on the former relief association’s records, for the period January 1, 2017, to July 1, 2020, the former relief association had one expenditure in the amount of \$312, as noted below. The accuracy of 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. **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Other Expenditures:

Transfer of monetary assets *	<u>\$ 312</u>
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Total Expenditures	<u><u>\$ 312</u></u>
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* As of July 1, 2020, the former relief association dissolved its organization.

As of July 1, 2020, the former relief association completed the process of dissolution, and all remaining monetary assets were inappropriately distributed to the formerly affiliated fire company, West End Fire Company #3 Sheridan, which is currently affiliated with the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna. Due to the dissolution of the former relief association, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna copies of this report.

The volunteer firefighters’ relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

West End Fire Company #3 Sheridan

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former relief association has not complied with the following prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Undocumented Expenditures
- Failure To Adhere To Relief Association Bylaws
- Failure To Maintain Surety (Fidelity) Bond Coverage
- Failure To Maintain Minutes Of Meetings
- Failure To Maintain A Complete And Accurate Equipment Roster
- Failure To Maintain A Complete And Accurate Membership Roster

We are concerned by the former relief association's failure to correct those previously reported audit findings. Since the former relief association dissolved its organization and consequently transferred its monetary assets inappropriately to the formerly affiliated fire company, West End Fire Company #3 Sheridan, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should work with the affiliated fire company to comply with the recommendations and take the necessary corrective actions noted in this audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Condition: During the prior audit period, the former relief association was unable to provide adequate supporting documentation or proof of reimbursement for \$5,639 of undocumented expenditures. The former relief association officials did not take corrective action to address the undocumented expenditures prior to dissolving on July 1, 2020.

The \$5,639 of undocumented expenditures includes \$4,679 that the former relief association's records, including cancelled checks, indicated were payable to known equipment vendors and \$600 that was payable to an individual for personal safety gear during the prior audit period.

As described earlier in this report, this equipment totaling \$5,279 has not been accounted for by the former relief association, and we could not verify the existence, valuation, or location of this equipment. Refer to Finding No. 5 for additional information related to accounting for equipment.

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.⁴

Without adequate supporting documentation, such as an invoice, the Department is unable to determine whether relief association funds were expended for purposes authorized by the VFRA Act. Furthermore, prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding; however, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna offered that, "It occurred from no record keeping."

⁴ 35 Pa.C.S. §7418 (a).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (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.⁵ 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.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. We recommend that the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna attempt to determine the location of any equipment previously owned by the former relief association and either provide this department with adequate supporting documentation or that the current relief association work to secure reimbursement from their affiliated fire company in the amount of \$5,639 for the undocumented expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization and inappropriately transferred its assets to its formerly affiliated fire company which is currently affiliated with the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

⁵ 35 Pa.C.S. §7416 (f).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws

Condition: The former relief association did not adhere to numerous provisions in the association's bylaws. Specifically, the former relief association did not abide by bylaw stipulations as noted below:

- Regular quarterly meetings were not held, and therefore, minutes could not be maintained.
- The former relief association had indicated in the prior audit that there was only one member, the President of the relief association, remaining.
- The former relief association did not maintain any financial records.
- The former relief association's one expenditure was unauthorized and did not follow guidelines noted in the bylaws, including having only one signature on the withdrawal slip.
- The former relief association failed to maintain Surety (Fidelity) bond coverage on the disbursing officer (treasurer).
- The former relief association's President did not appoint officers for vacant positions.
- The former relief association did not disburse its monetary assets as described in the bylaws when the organization was dissolved.

A similar condition was noted in our prior audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Criteria: The former relief association's bylaws stipulate the following, in part:

- Article II, Section I – Regular meetings of the Association shall be held in January, April, July, and October.
- Article III, Section I – The officers of this Association shall consist of a president, vice president, secretary, treasurer, and three (3) trustees.
- Article V, Section I – Funds of this Association shall not be expended for any purpose other than those authorized by the provisions of Act 84 and the Association by-laws. All expenditures must be approved by a majority vote at an Association meeting and duly recorded in the minutes.
- Article VIII, Section I – The signatures of at least two officers, one of which shall be the treasurer, shall be required for the issuance of relief association checks, withdrawal from the Association savings account, the redemption of any relief association investment or on any other negotiable document by the association.
- Article VIII, Section II – The Association shall maintain an officer's bond on the treasurer.
- Article VIII, Section V – In the event of a death, resignation, removal, or incapacity of an elected official of this Association, the vacancy shall be filled by the appointment of a member in good standing by the president. All persons appointed to fill such a vacancy shall serve in the position for the unexpired term only.
- Article IX, Section II – Should the Volunteer Fireman's Relief Association of Rush Township Dauphin County be dissolved, its assets shall be donated to the fire company having jurisdictions in Rush Township Dauphin County, for said named fire company to form its own fireman's relief...

Furthermore, prudent business practice dictates that the relief association should adhere to all provisions stipulated in the relief association's bylaws to ensure that the relief association conducts its affairs with proper authorization.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: As a result of the former relief association not following the mandatory provisions stipulated in the bylaws, the former relief association may have conducted its affairs without proper authorization.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The former relief association failed to maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The former relief association's Surety (Fidelity) bond coverage was cancelled on November 11, 2016, for non-payment of the premium. As of January 1, 2017, through July 1, 2020, the relief association's cash assets ranged from \$100 on January 1, 2017, to \$312 just prior to closing the relief association's checking account.

A similar condition was noted in our prior audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

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.⁶

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

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: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization and inappropriately transferred its assets to its formerly affiliated fire company which is affiliated with the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

⁶ 35 Pa.C.S. §7415(c)(4).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meetings

Condition: The former relief association did not maintain or provide minutes of meetings as required by the VFRA Act and the relief association's bylaws for the current audit period.

A similar condition was noted in our prior audit report.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . 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.⁷

The relief association's bylaws at Article III, Section III, states, in part:

The secretary shall keep a true record of all meetings in the minutes. The minutes shall note authorization by the membership of all financial business and all other pertinent business discussed at the meeting.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, evidence that relief association business, including dissolution, was presented before the membership for approval does not exist.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association.. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

⁷ 35 Pa.C.S. §7415(a).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 5 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster

Condition: The former relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Specifically, the relief association's records indicate it purchased \$7,885 of equipment during the prior audit period, including \$5,279 in undocumented equipment expenses (see Finding No. 1.) There was no equipment roster created or maintained for these purchases. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

A similar condition was noted in our prior audit report.

Criteria: Prudent business practice dictates that the relief association should establish adequate internal control procedures to ensure the maintenance of a cumulative equipment roster of all items purchased by the relief association and perform and document an annual physical inventory of all operable equipment in order to provide an effective accounting control over the relief association's equipment. A cumulative equipment roster of all relief association equipment should include all of the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers
- Serial numbers, if applicable
- Current locations of items
- Final dispositions of sold or damaged equipment
- Evidence of the performance and results of an annual physical inventory

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Effect: The continued failure to properly record equipment purchases in a detailed equipment roster prevents officials from effectively monitoring the relief association's equipment purchases. In addition, the failure to maintain a detailed equipment roster and perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association equipment.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 6 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster

Condition: The former relief association officials did not maintain a complete and accurate roster of relief association members.

A similar condition was noted in our prior audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

Criteria: Relief association officials should maintain a complete and accurate roster of the relief association's membership, as identified by criteria set forth in the relief association's bylaws. A comprehensive roster of all relief association members should include the following:

- Names of each member
- Members' mailing addresses
- Dates of births
- Dates of memberships
- Membership classifications

In addition, when warranted, a notation should be made on the roster identifying the date of a member's resignation or death.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: The failure to maintain a comprehensive membership roster could result in the payment of benefits to nonmembers or deprive eligible relief association members from receiving authorized benefit payments.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For additional guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – Inappropriate Transfer Of Funds

Condition: On July 1, 2020, the former relief association inappropriately transferred \$312 from its checking account to the former affiliated fire company, West End Fire Company #3 Sheridan.

Criteria: Relief association funds should not be commingled with any other organization's funds in order to maintain effective control of its assets. In addition, adequate accounting and internal controls should include procedures to prevent erroneous and/or inappropriate transfers.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: Evidence as to whether the funds were or were not expended in accordance with the VFRA Act (e.g. to reimburse the former relief association for authorized expenditures) was not available during the audit.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 8 – Improper Dissolution

Condition: The former relief association did not properly document the dissolution of the organization. Specifically, the former relief association did not provide meeting minutes evidencing membership approval of the dissolution or evidence of the transfer of assets owned by the former relief association. On July 1, 2020, the cash assets of the former relief association were inappropriately transferred to the former affiliated fire service organization, West End Fire Company #3 Sheridan, who is currently affiliated with the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna (refer to Finding No. 7).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 8 – (Continued)

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . 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.⁸

Furthermore, prudent business practice dictates that the former relief association should have properly documented membership approval of the dissolution in the minutes of meetings held by the former relief association. In addition, the equipment transferred from the former relief association should be documented to evidence the propriety of the relief association's equipment transferred to the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, along with a signed receipt from the recipient.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: Without detailed documentation, evidence that the relief association's dissolution was presented before the membership for approval does not exist. In addition, without evidence of the equipment transfer the former relief association is unable to certify that all the equipment previously purchased with relief association funds was properly transferred.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association.. We recommend that any equipment that was received from the former relief association by the successor relief association be included on the equipment roster. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

⁸ 35 Pa.C.S. §7415(a).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 9 – Inadequate Financial Record-Keeping System

Condition: The former relief association's financial record-keeping system did not establish adequate accounting procedures to allow the membership to effectively monitor the relief association's financial operations. The following are the noted deficiencies:

- A journal was not maintained to record the receipts and disbursements of the relief association.
- Ledgers were not utilized to record the transactions of the relief association accounts.
- Documentation to support various expenditures was not available for examination at the time of the audit.
- Bank statements were not maintained.

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

In addition, an adequate system of accounting and record-keeping is a prerequisite for sound administration of relief association assets.

Cause: There are no current officers (or members) of the former relief association to provide a cause for this finding.

Effect: The failure of relief association officials to maintain adequate records prohibits the membership from effectively monitoring the relief association's financial operations.

Recommendation: Due to the dissolution of the former relief association and its assets being inappropriately transferred to the West End Fire Company #3 Sheridan, we are providing officials of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna, who are currently affiliated with the West End Fire Company #3 Sheridan, copies of this report so that they are aware of the conditions that were detected in the operations of the former relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

⁹ 35 Pa.C.S. §7415(a).

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 9 – (Continued)

Management's Response: There are no current officers (or members) of the former relief association to respond to our recommendation.

Auditor's Conclusion: Since the former relief association dissolved its organization, management of the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna should strive to implement the recommendation and corrective action noted in this audit report.

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Volunteer Fireman's Relief Association of Rush Township Governing Body:

Mr. Anthony Shutt
President

Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna:

Mr. Larry Shutt, Jr.
President

Mr. Troy A. Wolfgang
Secretary

Mr. Brandon Buffington
Treasurer

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

Ms. Katie N. Brennen
Secretary
Rush Township

VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF RUSH TOWNSHIP
REPORT DISTRIBUTION LIST

The following municipalities allocated foreign fire insurance tax monies to the Volunteer Firemens Relief Association of Porter Township (Schuylkill Co.) Penna and received a copy of this report:

Mr. William Schaeffer
Secretary
Porter Township

Ms. Rhiannon Adams
Secretary
Tremont 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.