

COMPLIANCE AUDIT

Shawnee Valley Firemen's Relief Association

Bedford County, Pennsylvania

For the Period

January 1, 2022, to December 31, 2023

January 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Tim Wertz, President
Shawnee Valley Firemen's
Relief Association
Bedford County

We have conducted a compliance audit of the Shawnee Valley Firemen's Relief Association (relief association) for the period January 1, 2022, to December 31, 2023. 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.

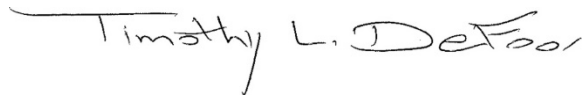
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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, 2022, to December 31, 2023:

- 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 finding listed below and discussed later in this report.

Finding – Inadequate Minutes Of Meetings And Relief Association Bylaws

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has 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.

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
November 22, 2024

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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>2022</u>	<u>2023</u>
East Saint Clair Township	Bedford	\$3,119	\$3,020
Harrison Township	Bedford	\$6,174	\$6,021
Juniata Township	Bedford	\$3,338	\$3,358
Manns Choice Borough	Bedford	\$1,459	\$1,465
Napier Township	Bedford	\$8,016	\$7,970
New Paris Borough	Bedford	\$ 414	\$ 406
Schellsburg Borough	Bedford	\$1,798	\$1,806

Based on the relief association’s records, its total cash and investments as of December 31, 2023, were \$130,482, as illustrated below:

Cash	\$ 79,447
Fair Value of Investments	<u>51,035</u>
Total Cash and Investments	<u><u>\$ 130,482</u></u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2023, were \$105,284, 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>\$ 9,187</u>
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Fire Services:

Equipment purchased	\$ 40,487
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Equipment maintenance	2,061
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Training expenses	<u>2,042</u>
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Total Fire Services	<u>\$ 44,590</u>
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Administrative Services:

Other administrative expenses	<u>\$ 38</u>
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Total Investments Purchased	<u>\$ 50,000</u>
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Other Expenditures:

Miscellaneous *	\$ 1,466
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Unauthorized expenditure **	<u>3</u>
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Total Other Expenditures	<u>\$ 1,469</u>
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Total Expenditures	<u><u>\$ 105,284</u></u>
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* The relief association paid \$1,306 for an insurance premium for the affiliated fire company that was made in error due to the insurance agency switching software system and was subsequently reimbursed by the insurance agency. In addition, \$160 was for an expenditure that was made for an incorrect product which was subsequently reimbursed to the relief association by the vendor.

** During calendar year 2022, the relief association made a disbursement in the amount of \$3 for the unauthorized payment of sales tax on a purchase that was authorized under the VFRA Act. We disclosed this issue to relief association officials on October 4, 2024, but we did not include a finding in this report due to the relatively low dollar amount.

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

BACKGROUND – (Continued)

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:

Shawnee Valley Volunteer Fire Company

SHAWNEE VALLEY 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:

- Untimely Deposits Of State Aid

By timely depositing all income received.

SHAWNEE VALLEY FIREMEN'S RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Inadequate Minutes Of Meetings And Relief Association Bylaws

Condition: The relief association failed to maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws. Specifically, meetings were only held in ten months during calendar year 2022 and eleven months during calendar year 2023. The meeting minutes did not contain information regarding the financial-related business conducted before the membership for approval, an attendance record, a sign-in sheet of members present or whether a quorum was present. Furthermore, the meeting minutes were not signed and dated by the recording officer. Additionally, the existing bylaws of the relief association contain language to conduct business based on Act 84 of June 11, 1968 rather than the updated VFRA Act.

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.

The relief association's bylaws at Article I, Section 1, states:

The stated meetings of the Association shall [sic] be held on the first Tuesday of every month at the close of the regular meeting of the Shawnee Valley Volunteer Fire Company.

In addition, the relief association's bylaws at Article III, Section 3, states:

The Secretary shall write, and sign all orders on the Treasurer, keep a correct account of all money coming into his hands, pay the same promptly to the Treasurer, taking his receipt for same, keep a correct record of the proceedings of the meetings of the Association, and the Board of Control.

SHAWNEE VALLEY FIREMEN'S RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

In addition, the relief association's bylaws at Article IV, Section 2, states:

... A majority of the Board shall constitute a quorum for the transaction of all business.

In addition, prudent business practice dictates that the relief association officials should ensure that meeting minutes are signed and dated and that the relief association updates and maintains its bylaws to reflect the current requirements of the VFRA Act.

Cause: The relief association officials indicated that they were unaware that maintaining detailed minutes of meetings was required by the VFRA Act and the relief association's bylaws. In addition, the relief association officials did not provide a reason why the Secretary of the Relief Association did not sign the meeting minutes, why all required meetings were not held, why the meeting minutes did not document attendance or that a quorum existed, or why the bylaws were not updated to meet the requirements of the VFRA Act.

Effect: Without holding regular meetings and maintaining detailed minutes evidence that relief association business was presented before the membership for approval does not exist. As a result of the relief association not updating the bylaws to meet the appropriate requirements, the relief association may have conducted its affairs without proper authorization.

Recommendation: We recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association, membership attendance and whether quorum requirements were met. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the Secretary of the Relief Association/recording officer to ensure the validity of the meeting minutes. In addition, we recommend that the relief association officials remove the language referring to Act 84 by updating the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's 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 through our next audit.

SHAWNEE VALLEY FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Shawnee Valley Firemen's Relief Association Governing Body:

Mr. Tim Wertz
President

Ms. Tammy Wertz
Secretary

Ms. Holly Harr
Treasurer

Ms. Jessica Wertz
Assistant Treasurer

SHAWNEE VALLEY FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Bonnie Cornell
Secretary
East Saint Clair Township

Ms. Marcia Lohr
Secretary
Harrison Township

Ms. Mary Grace Imgrund
Secretary
Juniata Township

Ms. Marcia Lohr
Secretary
Manns Choice Borough

Ms. Lesley Kennedy
Secretary
Napier Township

Ms. Christa Morton
Secretary
New Paris Borough

Ms. Judy Felix
Secretary
Schellsburg 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.