

COMPLIANCE AUDIT

The Collingdale Firemen's Relief Association of the Borough of Collingdale, Pennsylvania Delaware County For the Period January 1, 2020, 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. Fred Howell, Jr., President
The Collingdale Firemen's Relief Association
of the Borough of Collingdale, Pennsylvania
Delaware County

We have conducted a compliance audit of the Collingdale Firemen's Relief Association of the Borough of Collingdale, Pennsylvania (relief association) for the period January 1, 2020, 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.

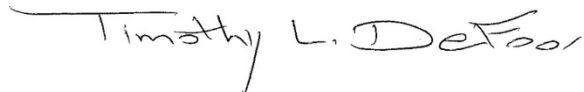
We were not able to obtain an independent confirmation of a portion of the cash balance and a portion of the investment balance directly from the financial institution. Therefore, while the relief association provided bank and investment statements that indicated that, as of December 31, 2023, the relief association had a cash balance of \$147,692 and an investment balance with a fair value of \$147,557, we were not able to verify portions of those cash and investment balances.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2020, 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 – Duplicate Payments

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.



Timothy L. DeFoor
Auditor General
July 30, 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 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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Aldan Borough	Delaware	\$10,496	\$ 9,344	\$11,574	\$12,109
Collingdale Borough	Delaware	\$37,369	\$33,393	\$41,162	\$42,547

Based on the relief association’s records, its total cash and investments as of December 31, 2023, were \$300,263, as illustrated below:

Cash	\$ 147,692
Fair Value of Investments	147,557
Book Value of Other Investments	<u>5,014</u>
Total Cash and Investments	<u>\$ 300,263</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2020, to December 31, 2023, were \$260,273, 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.⁴ **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	\$ 19,455
Death benefits	96,000
Total Benefit Services	<u>\$ 115,455</u>

Fire Services:

Equipment purchased	\$ 104,471
Equipment maintenance	20,962
Training expenses	7,164
Total Fire Services	<u>\$ 132,597</u>

Administrative Services:

Bond premiums	\$ 1,664
Other administrative expenses *	6,190
Total Administrative Services	<u>\$ 7,854</u>

Other Expenditures:

Unauthorized expenditures **	\$ 256
Duplicate payments – See Finding	4,111
Total Other Expenditures	<u>\$ 4,367</u>

Total Expenditures	<u><u>\$ 260,273</u></u>
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* A majority of the other administrative expenses represent \$3,660 for tax preparation and \$2,135 for an emergency paging system during the current audit period.

** During calendar years 2020 and 2022, the relief association made insignificant disbursements in the amounts of \$186 and \$70, respectively, that were not authorized under the VFRA Act. We disclosed these issues to relief association officials on March 6, 2024, but we did not include a finding in this report due to the relatively low dollar amount.

⁴ 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:

Collingdale Fire Company

THE COLLINGDALE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
COLLINGDALE, PENNSYLVANIA
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:

- Failure To Conduct Annual Physical Equipment Inventories

By performing and documenting an annual physical inventory of all relief association owned equipment.

THE COLLINGDALE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
COLLINGDALE, PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – Duplicate Payments

Condition: The relief association erroneously made three duplicate payments in total of \$4,111 during the audit period, as detailed below:

- On January 27, 2020, the relief association expended \$716 for equipment purchased. On March 3, 2020, the relief association erroneously made a duplicate payment for the same equipment purchased.
- On January 27, 2020, the relief association expended \$2,695 for equipment maintenance. On March 3, 2020, the relief association erroneously made a duplicate payment for the same equipment maintenance.
- On January 10, 2023, the relief association expended \$700 for training. On April 10, 2023, the relief association erroneously made a duplicate payment for the same training.

As such, the second payments are considered unauthorized disbursements because no goods or services were received for the payments.

Criteria: Adequate accounting and internal control procedures should be implemented to prevent duplicate payment of invoices and to ensure duplicate payments are recouped.

Cause: The relief association officials indicated the duplicate payments occurred because they did not check invoice numbers of previous bills turned in.

Effect: As a result of the erroneous payments, the relief association was unable to use these funds for other general operating expenses or for investment purposes.

Recommendation: We recommend that the relief association be reimbursed \$4,111 for the erroneous duplicate payments. The relief association officials should consider contacting the vendor to recover the duplicate payments. In addition, the relief association officials should establish accounting and internal control procedures to monitor future relief association expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

THE COLLINGDALE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
COLLINGDALE, PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – (Continued)

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and as a result of our audit, the affiliated fire company reimbursed the relief association \$4,111 for the duplicate payments of July 1, 2024.

Auditor's Conclusion: We reviewed partial documentation that the reimbursement of \$4,111 was received; however, relief association officials must still provide a copy of the bank statement showing the duplicate payments being deposited into a relief association account. Compliance for duplicate payments made will be subject to verification through our next audit.

DRAFT

THE COLLINGDALE FIREMEN’S RELIEF ASSOCIATION OF THE BOROUGH OF
COLLINGDALE, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Collingdale Firemen’s Relief Association of the Borough of Collingdale, Pennsylvania
Governing Body:

Mr. Fred Howell, Jr.
President

Mr. John Moors
Vice President

Ms. Erin McGlinchey
Secretary

Ms. Bernadette Murphy
Treasurer

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

Ms. Debra Crockett
Secretary
Aldan Borough

Ms. Dawn Lare
Secretary
Collingdale 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.