

COMPLIANCE AUDIT

Wattsburg Hose Company Relief Association Erie County, Pennsylvania For the Period January 1, 2022, to December 31, 2024

August 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Christopher Evans, President
Wattsburg Hose Company
Relief Association
Erie County

We have conducted a compliance audit of the Wattsburg Hose Company Relief Association (relief association) for the period January 1, 2022, to December 31, 2024. 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 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 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 the investment balance directly from the financial institution. Therefore, while the relief association provided investment statements that indicated that, as of December 31, 2024, the relief association had an investment balance with a fair value of \$792, we were not able to verify this investment balance.

Based on our audit procedures, we conclude that, for the period January 1, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address two of the five findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the three remaining findings contained in our prior audit report, as listed 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 and the effects, if any, of the matter described above in the two preceding paragraphs, the 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 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 – Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

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

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure
To Retain Minutes Of Relief Association Meetings

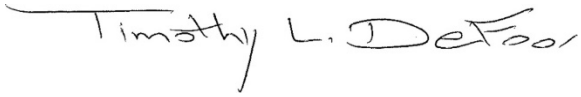
Finding No. 4 – Failure To Update The Relief Association Bylaws

Finding No. 5 – Inadequate Signatory Authority For The Disbursement Of
Funds

Finding No. 6 – Inadequate Internal Controls

Three of the six audit findings contained in this report cite conditions that existed in the operation of the 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.

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

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line extending from the start of the name.

Timothy L. DeFoor
Auditor General
July 21, 2025

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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>	<u>2024</u>
Amity Township	Erie	\$ 5,847	\$ 5,817	\$ 5,910
Venango Township	Erie	\$13,862	\$13,676	\$13,848
Wattsburg Borough	Erie	\$ 1,602	\$ 1,571	\$ 1,596

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$76,239, as illustrated below:

Cash	\$ 75,447
Fair Value of Investments	<u>792</u>
Total Cash and Investments	<u>\$ 76,239</u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$78,670, 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>\$ 14,299</u>
Fire Services:	
Equipment purchased	\$ 15,858
Equipment maintenance	15,185
Training expenses	<u>5,806</u>
Total Fire Services	<u>\$ 36,849</u>
Administrative Services:	
Bond premiums	\$ 303
Officer compensation	900
Other Administrative expenses	<u>31</u>
Total Administrative Services	<u>\$ 1,234</u>
Total Short term loan to affiliated fire company	<u>\$ 10,000</u>
Other Expenditures:	
Undocumented expenditures – See Finding No. 1	\$ 16,093
Unauthorized expenditures – See Finding No. 2	<u>195</u>
Total Other Expenditures	<u>\$ 16,288</u>
Total Expenditures	<u><u>\$ 78,670</u></u>

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:

Wattsburg Hose Company

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

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with two of the five prior audit findings and recommendations, as follows:

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

- Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle

By providing evidence that the apparatus was not sold and remains in service.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditures

The relief association did not receive reimbursement of \$1,630 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period and the relief association again failed to provide adequate documentation to support all expenditures in the current audit period as further disclosed in Finding No. 1 of this report.

- Unauthorized Expenditures

Although the relief association received partial reimbursement of \$4,935 from the affiliated fire company for the unauthorized expenditures that were made in the prior audit periods, the relief association again expended funds in the current audit period that were not authorized under the VFRA Act as further disclosed in Finding No. 2 of this report.

- Failure to Retain Minutes Of Relief Association Meetings

We are concerned by the relief association's failure to correct those previously reported audit findings. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

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

Condition: During the prior audit period, the relief association was unable to provide adequate supporting documentation for \$1,630 of expenditures. Relief association officials did not take corrective action to address the undocumented expenditures prior to the end of the current audit period.

In addition, during the current audit period, the relief association was unable to provide adequate supporting documentation for the following expenditures:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
01/24/2022	216	Equipment vendor	\$ 2,208
02/08/2022	220	Administrative expense	109
03/04/2022	Card	Store vendor	59
03/28/2022	Card	Store vendor	604
04/11/2022	Card	Store vendor	43
04/11/2022	Card	Store vendor	84
04/12/2022	Card	Store vendor	71
04/07/2022	225	Relief association member	755
04/05/2022	223	Equipment vendor	636
05/02/2022	Card	Maintenance vendor	100
05/12/2022	Card	Maintenance vendor	18
05/13/2022	Card	Maintenance vendor	159
06/15/2022	Card	Administrative expense	82
06/30/2022	Card	Store vendor	56
09/19/2022	181	Maintenance vendor	75
10/30/2022	185	Maintenance vendor	150
11/02/2022	186	Relief association member	71
11/16/2022	Card	Equipment vendor	2,194
01/10/2023	189	Training vendor	3,500
01/26/2023	Card	Maintenance vendor	64
02/14/2023	Card	Maintenance vendor	35
02/21/2023	Card	Store vendor	143
02/21/2023	Card	Store vendor	5
02/21/2023	Card	Store vendor	34
03/07/2023	Card	Maintenance vendor	110
01/13/2023	184	Equipment vendor	300

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
03/23/2023	Card	Administrative expense	17
04/14/2023	Card	Equipment vendor	51
05/11/2023	Card	Equipment vendor	1,686
06/27/2023	Card	Online vendor	30
08/14/2023	193	Training vendor	100
10/19/2023	Card	Maintenance vendor	25
12/06/2023	196	Relief association member	240
12/20/2023	199	Maintenance vendor	321
01/10/2024	Card	Maintenance vendor	336
05/11/2024	231	Training vendor	250
06/03/2024	Card	Store vendor	65
06/03/2024	Card	Store vendor	145
06/13/2024	Card	Store vendor	42
09/11/2024	Card	Training vendor	225
09/11/2024	Card	Training vendor	225
10/07/2024	Card	Training vendor	325
10/07/2024	Card	Training vendor	325
10/08/2024	Card	Training vendor	10
10/08/2024	Card	Training vendor	10
Total			<u>\$ 16,093</u>

Also, subsequent to the current audit period, the relief association was unable to provide adequate supporting documentation for a \$26 expenditure paid on January 10, 2025 for maintenance.

A similar condition was noted in three prior audit reports.

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.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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

Cause: The relief association officials did not provide a reason why this occurred despite the relief association being notified of this condition during three prior audits.

Effect: Due to a lack of supporting documentation, such as an invoice and/or itemized receipt, determination as to whether the expenditures were made in accordance with Section 7416(f) of the VFRA Act could not be made. In addition, 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 relief association complies with the finding recommendation.

Recommendation: We again recommend that the relief association provide this Department with adequate supporting documentation such as an invoice and/or itemized receipt, to evidence the propriety of the prior audit period undocumented expenditures of \$1,630 as well as the current and subsequent audit period undocumented expenditures of \$16,093 and \$26 or that the relief association be reimbursed a total of \$17,749 by the affiliated fire company for the undocumented, and potentially unauthorized, expenditures. We also recommend that the relief association 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: Relief association management agreed with the finding as presented at the audit exit conference. As a result of our audit, the relief association was reimbursed \$1,630 on April 7, 2025 for the prior audit period undocumented expenditures.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$1,630 was received from the affiliated fire company. However, the relief association must provide supporting documentation, such as an invoice and/or itemized receipts to ensure the propriety of the current and subsequent audit period undocumented expenditures of \$16,093 and \$26, or the relief association must be reimbursed \$16,119 by the affiliated fire company. 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 during the next audit of the relief association.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

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

Condition: During the prior audit periods, the relief association incurred expenditures of \$402 that were not authorized under the VFRA Act. Relief association officials did not take corrective action to address the unauthorized expenditures prior to the end of the current audit period.

In addition, during the current audit period, the relief association incurred expenditures of \$195 for the payment of sales tax. These expenditures are not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
02/19/2022	221	Payment of sales tax	\$ 8
10/19/2023	Card	Payment of sales tax	2
07/12/2024	Card	Payment of sales tax	128
08/12/2024	Card	Payment of sales tax	4
09/23/2024	Card	Payment of sales tax	53
Total			<u>\$ 195</u>

Furthermore, subsequent to the current audit period, on February 10, 2025, the relief association expended \$2 for the payment of sales tax which is not authorized by the VFRA Act.

A similar condition was noted in our two prior audit reports.

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with the payment of sales tax do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these expenditures are not authorized under the VFRA Act.

Cause: The relief association officials did not provide a reason why this occurred despite the relief association being notified of this condition during two prior audits.

Effect: As a result of the prior and current audit period unauthorized expenditures, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the unauthorized expenditure may result in a withholding of future state aid allocations until the monies related to the unauthorized expenditure(s) identified in the finding have been reimbursed to the relief association.

Recommendation: We again recommend that the relief association be reimbursed \$402 for prior audit period unauthorized expenditures, as well as \$195 and \$2 for the current and subsequent audit period unauthorized expenditures or that the relief association be reimbursed a total of \$599 by the affiliated fire company for the unauthorized expenditures. We also recommend that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. 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, as a result of our audit, the relief association was reimbursed \$599.

Auditor's Conclusion: We reviewed documentation verifying the reimbursement of \$599 received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Retain Minutes Of Relief Association Meetings

Condition: The relief association failed to preserve minutes for meetings held in April 2023 through August 2023, January 2024 through May 2024, and July 2024 through December 2024. The minutes of all relief association meeting are to be retained as a permanent record of its business affairs and proof of the relief association's official actions.

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.

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

Regular meetings of the Association shall be held on the first Wednesday of each month immediately following the regular business meeting of the Wattsburg Hose Company unless that day falls on a holiday or during the week of the Erie County Fair, then the meeting will be held on the following Wednesday. Five (5) members shall constitute a quorum.

The relief association's bylaws at Article III, Section 4 states:

The Secretary shall keep a true record of the proceedings of every meeting in the minutes. The Secretary shall also maintain an updated copy of the Association By-Laws and make it available for review by the membership. The Secretary is responsible for providing representatives of the Department of the Auditor General with the Association's minutes of the meetings and By-Laws in connection with their audit duties.

Cause: The relief association officials indicated that the prior secretary did not provide all relief association meeting minutes to the new secretary.

Effect: Without retaining the detailed minutes of the relief association meetings, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: We again recommend that the relief association officials preserve the minutes of meetings as required by the VFRA Act and the relief association's bylaws. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management'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: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

Finding No. 4 – Failure To Update The Relief Association Bylaws

Condition: The existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968.

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

Cause: The relief association officials indicated that they were unaware that the bylaws needed to be updated to remove references to Act 84.

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

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

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

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

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

Finding No. 5 – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit period, we identified two of 41 checks drawn on the relief association's checking account that did not contain the proper signatory authority. The two checks contained the signatures of two relief association officers (the relief association president and the relief association vice president); however, neither of the two signatures were that of the disbursing officer (treasurer) as required by the VFRA Act and the relief association's bylaws.

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

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

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

The signatures of at least two (2) Officers, one of whom shall be the Treasurer, will be required for the issuance of Relief Association checks, withdrawals from the Associations savings account, the redemption of any Relief Association investment or on any other negotiable instrument issued by the Association.

Cause: The relief association officials indicated that the incorrect signatory was due to an oversight and not knowing that the treasurer had to sign all checks.

Effect: As a result of the relief association officers issuing checks without the signature of the treasurer, the relief association was not in compliance with the VFRA Act or its bylaws and increased the risk of misappropriation and undetected errors.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

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

Management'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 during the next audit.

Finding No. 6 – Inadequate Internal Controls

Condition: The relief association has failed to establish adequate policies and procedures related to financial transactions. The following conditions noted during the current audit period are indicative of internal control weaknesses:

- Invoices were not obtained and approved prior to payment. (See Finding No. 1).
- Invoices were not reviewed and approved prior to payment to prevent the unauthorized payment of sales tax on purchases (See Finding No. 2).
- Monthly minutes of meetings were not retained (See Finding No. 3).
- Checks disbursed from the relief association's checking account did not contain the signature of the disbursing officer (See Finding No. 5).
- Documentation was not maintained to support receipts deposited into the relief association account.
- Monthly bank reconciliations were not performed.

In addition, a journal was maintained to record receipts and disbursements; however, it was incomplete as it did not include voided checks, or all checks issued through December 31, 2024. Furthermore, ledgers were not utilized to reflect the transactions of the relief association accounts.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (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**. [Emphasis added.]

Article IV, Section 2 of the relief association's bylaws states:

All receipts shall be recorded in the Association's ledger and supporting documentation such as deposit slips, bank statements, etc. shall be maintained to verify the receipts.

In addition, Article VI, Section 2 of the relief association's bylaws states:

All expenditures must be made through a Relief Association account and recorded in detail in the Association ledger. Supporting documentation such as invoices, cancelled checks, etc. shall be maintained to verify all disbursements.

Furthermore, prudent business practice dictates that:

- Original invoices shall be obtained and approved prior to payment.
- Vendors should be furnished with the relief association's Pennsylvania Sales Tax Exemption certificate.
- Detailed monthly meeting minutes must be retained as a permanent record of the relief association's business affairs and proof of its official actions
- The signature of the disbursing officer shall be required to disburse funds of the relief association.
- Supporting documentation should be maintained for all receipts.
- Monthly bank reconciliations should be performed.
- Journals and ledgers should record all receipts and disbursements of the relief association.

Cause: The relief association officials did not provide a reason for the internal control deficiencies.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

Effect: The failure to establish adequate internal controls prevented the relief association from safeguarding its assets and prevented 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.

Recommendation: We recommend that the relief association officials adopt internal control procedures related to the review and approval, processing and recording of all financial transactions. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION.

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 during the next audit.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding 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.

WATTSBURG HOSE COMPANY RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Wattsburg Hose Company Relief Association Governing Body:

Mr. Christopher Evans
President

Ms. Anne Hall
Treasurer

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

Ms. Anne Majewski
Secretary
Amity Township

Mr. Michael C. Vogel
Secretary
Venango Township

Ms. Anne Hall
Secretary
Wattsburg Borough

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