

**SUMMARY REPORT:**  
**GLENSIDE VOLUNTEER FIREFIGHTERS' RELIEF  
ASSOCIATION**

**January 2004**

## **INTRODUCTION AND BACKGROUND**

The Department of the Auditor General (the Department) conducts audits of volunteer fire relief associations pursuant to its authority under the Fiscal Code and the Volunteer Firefighters' Relief Act (the Act).<sup>1</sup> Volunteer Firefighters' Relief Associations in Pennsylvania receive state funds pursuant to the Act. The purpose is to provide eligible volunteer firefighters with protection from consequences of misfortune suffered as a result of their participation in the fire service.

The Department of the Auditor General conducts regular audits and investigations of the associations pursuant to Act 84 and the Pennsylvania Fiscal Code. The Glenside Volunteer Firefighters' Relief Association (the VFRA) is a volunteer fire relief association located in Cheltenham Township, PA. Members of the Glenside VFRA are also members of Glenside Fire Company No. 1 (Glenside Fire Company).

In August 2002, the Bureau of Liquor/Firefighters' Relief Association Audits (the Bureau) requested assistance from OSI in connection with an audit of the VFRA. In cooperation with the Bureau's auditors, an investigation concerning certain questionable VFRA expenditures was conducted by OSI. The investigation included a review of the VFRA's bank records, third-party contacts and interviews of VFRA officials.

## **SUMMARY OF FINDING**

Based on the audit of the VFRA, \$7,655.75 of the VFRA's funds was disbursed for questionable expenses. Of that total, the VFRA treasurer received \$6,000 for equipment that the VFRA cannot verify as received or in its possession. Of the remaining \$1,655.75, \$1,355 was paid to the chief engineer of the Glenside Fire Company who is also a VFRA member. False invoices were submitted by the chief engineer as documentation for the transactions. We could not verify that the VFRA received the equipment. The sum of \$300.75 was paid for a vendor's services rendered to the VFRA.

## **RECOMMENDATIONS**

1. The VFRA should obtain repayment of the funds (\$1,355) which the chief engineer obtained for purchases of supplies that cannot be verified or were documented with false and misleading invoices.
2. The Glenside Fire Company, or Cheltenham Township, should conduct a further investigation, including performing an inventory, to determine if the Glenside Fire Company received the radios for which it paid \$6,000 to the Glenside VFRA.

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<sup>1</sup> 72 P.S. § 403 and 53 P.S. §8501 *et seq.*

**FINDING**

The audit determined that the VFRA disbursed a total of \$7,655.75 for questionable expenses. All but one of the checks were paid to the VFRA treasurer, a former Glenside police officer, and to the Glenside Fire Company chief engineer, who is a member of the VFRA. The following table lists the checks and the payees.

**Table No. 1 - Glenside VFRA Undocumented Expenditures**

ITEM NUMBER	INVOICE HEADING	INVOICE AMOUNT	CHECK PAYEE	DATE OF CHECK	CHECK NO.
1	CBS Communications	\$160.00	The Chief Engineer	03/06/01	204
2	CBS Communications	\$600.00	The Chief Engineer	05/14/01	216
3	The Chief Engineer	\$595.00	The Chief Engineer	06/04/01	221
4	CBS Communications	\$300.75	CBS Communications	09/10/01	236
5	Not Available	\$3,000.00	The VFRA Treasurer	09/11/99	109
6	Not Available	\$3,000.00	The VFRA Treasurer	02/07/00	129
	<b>Total</b>	<b><u>\$7,655.75</u></b>			

The audit determined that two checks totaling \$6,000 paid to the VFRA treasurer (Item Numbers 5 and 6 on the Table) were for four radios. When questioned by the auditor, the treasurer said that he sold the radios to the VFRA, but he could not provide receipts or invoices. According to the auditor, the radios were not included in the VFRA equipment inventory due to the fact that the VFRA has not maintained an updated equipment inventory since 1994.

While being interviewed by OSI, the treasurer attempted to show OSI investigators the radios, which, according to the treasurer, were installed in several Glenside Fire Company vehicles. However, since the VFRA has no receipts to validate the purchases and has not maintained any equipment inventory for the past several years, it is impossible to verify that the radios shown to OSI were the items that the treasurer allegedly purchased or the cost of the radios.

The Glenside Fire Company reimbursed the VFRA for the \$6,000 disbursement on October 19, 2002. The check was deposited into the VFRA fund.

The audit also disclosed that, during the audit period, the VFRA made questionable payments to the chief engineer. He submitted invoices to the VFRA to obtain checks totaling \$1,655.75. The dates, amounts and detailed information on the invoices are shown in Table No. 2.

**Table No. 2 - Invoices submitted by the Chief Engineer**

DATE	AMOUNT	DETAILS
3/5/01	\$160.00	Pagers and warranty
5/7/01	\$600.00	45 Watt Spectra Radio
6/1/01	\$595.00	45 Watt Spectra Radio
9/10/01	\$300.75	Radio repair and parts
<b>Total</b>	<b><u>\$1,655.75</u></b>	

The invoices stated that the payments were for equipment and parts from a firm known as CBS Communications (CBS), Wyndmoor, PA. The invoices were false. OSI interviewed the owner of CBS and showed him invoices submitted by the chief engineer. The owner of CBS stated that the invoices were not from his firm and were fake. The only item he could directly identify was the check dated September 10, 2001, made payable to CBS for \$300.75. He stated that he received that payment from the VFRA for radio repair work he performed on VFRA equipment. However, he said that he never issued any invoice to the VFRA for the work. He said that he provided equipment and services to the VFRA totaling \$1,700.49 during the audit period (July 1, 2000, through July 8, 2002). These services are listed in Table No. 3. According to the owner of CBS, he was paid for the equipment and services by the VFRA with checks made payable to him/CBS. Therefore, with the exception of the \$300.75 payment, none of the VFRA funds referred to in Table No. 2 were used to pay for the equipment and services described in Table No. 3

**Table No. 3 – Equipment and Services Provided to the VFRA by the Owner of CBS**

DATE	AMOUNT	DETAILS	PAYMENT DETAILS
11/18/00	\$420.00	Six batteries for radios	Paid with VFRA Check #168 dated 11/15/00
11/18/00	\$600.00	Used 50 Watt VHF Spectra radio, (Used)	Paid with Glenside Fire Company Check #969 dated 11/6/00
10/10/01	\$300.75	No invoice issued but verbally stated did repair work	Paid with VFRA Check #236 dated 9/10/01
7/8/02	<u>\$379.74</u>	Parts and labor to repair radios	Paid with VFRA Check #288 dated 7/1/02
<b>Total</b>	<b><u>\$1,700.49</u></b>		

The chief engineer was interviewed by an OSI investigator and a Bureau auditor. He admitted that he created fictitious invoices related to the four transactions listed in Table No. 2. The chief engineer stated that he sold the VFRA the pagers for \$160 and created a CBS invoice because it was the easiest thing to do when presenting the expenditure to the VFRA board for reimbursement.

Concerning the \$600 payment, the chief engineer stated that he purchased the radio from CBS personally and that he lost the invoice. According to him, the VFRA treasurer told him to make up an invoice when the original invoice was lost; the chief engineer made up the invoice to "please the board and their rules". The chief engineer stated that it was common for him and the VFRA treasurer to prepare invoices if the originals were lost.

The chief engineer stated that the \$595 payment was for a radio he sold directly to the VFRA. He stated that he created a fictitious invoice and submitted it for payment. He showed OSI a radio that was already installed in a Glenside Fire Company truck and stated that it was the radio in question. However, he had no other documentation to validate his statements.

The fourth payment (\$300.75) was supposedly for radio repair and service. The owner of CBS confirmed that this work was done. The chief engineer created the invoice to facilitate payment.<sup>2</sup>

OSI interviewed the VFRA treasurer in regard to the chief engineer's statements about the invoices. He stated that the chief engineer misinterpreted the treasurer's statements and that he meant that the chief engineer should always have the invoices as proof of purchase. He said that he did not advise the chief engineer to make up invoices just to please the VFRA's board members.

The VFRA does not have any equipment inventory available to verify that it has possession of any of the items supposedly purchased with the funds shown on the checks and invoices.

There is no evidence that the chief engineer made any payments to CBS for the supplies he claimed to have purchased with the \$1,355 he obtained from the VFRA account.

### **Conclusions and Recommendation**

The Glenside VFRA treasurer received \$6,000 of VFRA funds for equipment that cannot be verified as having been received or in the VFRA's possession. The VFRA fund was repaid for the amount on October 19, 2002, by the Glenside Fire Company. While the VFRA has been made whole, the expenditures were undocumented and the VFRA lacks a current equipment inventory that would allow auditors to validate the purchases. Additionally, it should be noted that there is no documentation or other evidence to confirm that the Glenside Fire Company received the four radios or that it has them in its possession.

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<sup>2</sup> The payment may still be considered as an undocumented VFRA expense for audit purposes. However, there is no evidence that the chief engineer obtained those funds.

The chief engineer admitted to intentionally creating false invoices to facilitate the payments including those made to himself. He did not provide any additional documentation to verify purchases of the equipment he supposedly sold to the VFRA and which were listed on the invoices. We could not verify that the equipment supposedly purchased by the chief engineer were received by the VFRA or that the equipment is in the VFRA's custody.

Therefore, we recommend that the VFRA obtain repayment of the funds (\$1,355) which the chief engineer obtained for purchases of supplies that cannot be verified and were documented with false or misleading invoices.<sup>3</sup>

We also recommend that the Glenside Fire Company, or Cheltenham Township, conduct a further investigation, including performing an inventory, to determine if the Glenside Fire Company received the radios for which it paid \$6,000 to the Glenside VFRA.

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<sup>3</sup> The amount is the total shown in Table No. 2 minus the \$300.75 paid to the owner of CBS for radio repair work.

## **REPORT DISTRIBUTION LIST**

This report was initially distributed to the officers of the Glenside VFRA and to the following:

Bruce Castor, Jr.  
Montgomery County District Attorney

David G. Kraynik, Secretary  
Cheltenham Township

This report is a matter of public record. Copies of this report are available on the Department of the Auditor General's web site, [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and from the Department's Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120.