



**KINGSDALE VOLUNTEER FIREMAN'S RELIEF
ASSOCIATION**

ADAMS COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2008 TO DECEMBER 31, 2012

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. David Trump, President
KINGSDALE VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
Adams County

We have conducted a compliance audit of the Kingsdale Volunteer Firefighters' Relief Association pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2008 to December 31, 2012.

We conducted this compliance audit in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Kingsdale Volunteer Firefighters' Relief Association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws and administrative procedures including the safeguarding of assets. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with those requirements and that we considered to be significant within the context of the audit objectives, and assessed whether those significant controls were properly designed and implemented. Our audit procedures also included tests of documentary evidence supporting the Kingsdale Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Kingsdale Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of December 31, 2012, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objectives. Additionally, we performed procedures to provide a reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts that are significant within the context of the audit objectives.

The results of our audit, for the period January 1, 2008 to December 31, 2012, found the Kingsdale Volunteer Firefighters' Relief Association took appropriate corrective action to address five of the nine findings contained in our prior audit report. However, the Kingsdale Volunteer Firefighters' Relief Association failed to take appropriate corrective action to address the remaining four findings contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report. In addition, we found the Kingsdale Volunteer Firefighters' Relief Association did not in all significant respects, receive state aid and expend state aid and accumulate relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, as noted in the findings listed below and discussed later in this report. Therefore, the Kingsdale Volunteer Firefighters' Relief Association will be subject to a 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 – Failure to Maintain a Complete and Accurate Equipment Roster
- Finding No. 3 Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Membership Roster
- Finding No. 4 Noncompliance With Prior Audit Recommendation – Misappropriation of Monetary Assets
- Finding No. 5 Duplicate Payment

Finding No. 6 Failure to Segregate Relief Association Officers' Duties

The results of our tests also indicated the Kingsdale Volunteer Firefighters' Relief Association expended funds as presented in the Accompanying Expenditure Information and, as of December 31, 2012, had a cash balance of \$133 and no investments.

The contents of this report were discussed with the management of the Kingsdale Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

EUGENE A. DEPASQUALE
Auditor General

April 16, 2014

CONTENTS

Background.....	1
Status of Prior Findings	3
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures	5
Finding No. 2 – Misappropriation of Monetary Assets	7
Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Equipment Roster.....	9
Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Membership Roster	10
Finding No. 5 – Duplicate Payment.....	11
Finding No. 6 – Failure to Segregate Relief Association Officers' Duties	12
Potential Withhold of State Aid.....	14
Accompanying Expenditure Information	15
Report Distribution List	16

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, 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, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), are properly expended.

The Kingsdale Volunteer Fireman's Relief Association, herein referred to as Kingsdale Volunteer Firefighters' 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.

Act 118 governs the overall operation of the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of the volunteer firefighters' relief association 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, which is or are recognized as providing the service to the municipality.

BACKGROUND (Continued)

The Kingsdale Volunteer Firefighters' Relief Association did not receive any state aid distributions from 2008 through 2013 from Germany Township and Mount Joy Township due to the findings contained in the prior audit report along with Germany Township's decertification of the affiliated fire company.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The Kingsdale Volunteer Firefighters' Relief Association is affiliated with the following fire service organization:

Kingsdale Volunteer Fire Company, Inc.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Kingsdale Volunteer Firefighters' Relief Association has complied with five of the nine prior audit findings and recommendations, as follows:

- Failure to Maintain Minutes of Meetings

By maintaining minutes of relief association meetings as required by Act 118.

- Inadequate Signatory Authority for the Disbursement of Funds

By requiring the signatures of at least two officers on all relief association negotiable instruments as required by Act 118.

- Inadequate Record-Keeping and Internal Controls

By requiring at least two authorizing signatures on funds being disbursed, prohibiting the practice of pre-signing checks and providing the minutes of relief association meetings; however, there remains inadequate internal controls as addressed in the findings contained in this report.

- Failure to Maintain Surety (Fidelity) Bond Coverage

By maintaining Surety (Fidelity) bond coverage in an amount greater than the balance of the relief association cash assets.

- Untimely Deposit of State Aid

By adopting internal control procedures to ensure the timely deposit of all income received; however, as noted earlier in this report, the relief association did not receive any state aid from 2008 through 2013 to verify the implementation of these procedures. We will continue to monitor verification through our next audit.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS (Continued)

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Kingsdale Volunteer Firefighters' Relief Association has not complied with four of the nine prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Although the relief association provided adequate supporting documentation for \$1,220 of the undocumented expenditures disclosed in the prior audit period, there remains \$10,052 of undocumented expenditures from the prior audit period, and we identified additional undocumented expenditures totaling \$2,757 during the current audit period as disclosed in Finding No. 1 contained in this report.

- Noncompliance With Prior Audit Recommendation – Misappropriation of Monetary Assets

Although the relief association received \$1,282 of the \$3,250 of misappropriated funds reported during the prior audit period, there remains a balance totaling \$1,968 as disclosed in Finding No. 2 contained in this report.

- Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Equipment Roster

- Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Membership Roster

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

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

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

Condition: As disclosed in the Status of Prior Findings section of this report, although the relief association provided adequate supporting documentation for \$1,220 of the undocumented expenditures disclosed in the prior audit period, there remains \$10,052 of undocumented expenditures from the prior audit period. In addition, a similar condition occurred during the current audit period. The relief association again, failed to provide adequate supporting documentation for the following expenditures amounting to \$2,757 identified during the current audit period:

Prior Audit-Undocumented Expenditures

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
07/25/03	368	Member reimbursement	\$ 42
04/15/04	378	Member reimbursement	362
10/27/04	396	Payment to individual	995
01/31/05	404	Equipment vendor	104
02/09/05	RF110*	Payment to individual	1,370
10/01/05	127	Insurance agency	4,689
10/21/05	126	Affiliated fire company	665
10/27/05	129	Equipment maintenance vendor	378
11/05/05	130	Payment to individual	983
01/17/06	134	Convenience store	53
05/19/06	150	Training material vendor	35
05/19/06	151	Equipment vendor	219
05/27/06	152	Payment to individual	50
07/25/06	156	Equipment vendor	107
Total from prior audit period			<u>\$ 10,052</u>

*RF110 – Denotes temporary check number (relief association opened a new account).

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 – (Continued)

Current Year Undocumented Expenditures

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
02/06/08	271	Retail store	\$ 1,003
05/01/08	407	Payment to individual	137
06/07/08	410	Training facility	200
09/04/08	431	Payment to individual	250
05/11/09	415	Affiliated fire company	1,117
11/28/09	434	Equipment maintenance vendor	50
Total-current audit period			<u>\$ 2,757</u>
Total undocumented expenditures			<u>\$ 12,809</u>

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) 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), [FN1] 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.

Without adequate supporting documentation, such as invoices, this department is unable to determine whether relief association funds were expended for purposes authorized by Act 118. Furthermore, prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: Even though notified of this condition during our prior audit, relief association officials, again, neglected to establish adequate internal control procedures to ensure supporting documentation is maintained for all expenditures.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 1 – (Continued)

Effect: Lack of supporting documentation, such as invoices, made it impossible to determine if the expenditures were made in accordance with Act 118 at 35 Pa.C.S. § 7416(f). 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.

Furthermore, as a result of the undocumented expenditures, the relief association may be subject to a withholding of its state aid, unless appropriate corrective action is taken, as detailed on page 14 of this report.

Recommendation: We again recommend the relief association provide this department with adequate supporting documentation, such as invoices, to evidence the validity of the expenditures or that the relief association be reimbursed \$12,809 for the undocumented expenditures. We also recommend that the relief association officials 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 disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

Auditor's Conclusion: Because the continued failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated, the audit finding stands as written.

Finding No. 2 – Misappropriation of Monetary Assets

Condition: As disclosed in the Status of Prior Findings section of this report, although the relief association received \$1,282 of the \$3,250 of misappropriated funds reported during the prior audit period, there remains a balance totaling \$1,968 due the relief association, and as of August 6, 2013, the relief association has not received full restitution for the prior period misappropriation.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2 – (Continued)

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) 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), [FN1] 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.

In addition, prudent business practice dictates that the relief association shall have sufficient internal controls in place to ensure the propriety of all relief association expenditures. Such internal controls should include procedures to ensure the disbursement has been approved by the relief association membership and the goods or services have actually been received prior to making payment. Furthermore, the relief association should continue to ensure that all restitution payments are received in a timely manner.

Cause: Even though notified of this condition during our prior audit, the relief association has not received full restitution for this misappropriation; however, the relief association has contacted Adam's County Courthouse to seek legal intervention on the relief association's behalf for restitution.

Effect: As a result of the misappropriation by the former relief association member and the fact that this individual continues to be delinquent in making regularly scheduled restitution payments, relief association funds were not available for purposes authorized by Act 118. Furthermore, as a result of this continued issue, the relief association may be subject to a withholding of its state aid, unless appropriate corrective action is taken, as detailed on page 14 of this report.

Recommendation: We again recommend that the relief association continue to pursue collection of the remaining balance of the misappropriated funds from the prior audit period amounting to \$1,968. We further recommend the relief association immediately establish sufficient internal controls to ensure the propriety of all future relief association 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 disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 2 – (Continued):

Auditor's Conclusion: Since the relief association is still due restitution from this individual for the misappropriation of relief association funds made in the prior audit period, the audit finding stands as written.

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Failure to Maintain a Complete and Accurate Equipment Roster

Condition: As cited in our prior two audit reports, the relief association officials again, did not maintain a complete and accurate roster of equipment owned by the relief association. The relief association did not provide a copy of its equipment roster during the current audit. As such, there was no indication that the relief association has recorded its equipment purchases and that an annual inventory of the equipment was performed to account for the relief association's owned equipment.

Criteria: Prudent business practice dictates 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 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 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; and
- Evidence of the performance and results of an annual physical inventory.

Cause: Even though notified of this condition during our two prior audits, relief association officials again, neglected to establish adequate internal control procedures over equipment requiring the maintenance of a cumulative equipment roster and the performance of an annual physical inventory of equipment.

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.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 3 – (Continued)

Recommendation: We again recommend the relief association officials maintain a cumulative equipment roster of all relief association owned equipment. Furthermore, the relief association should ensure it performs an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

Auditor's Conclusion: Because the continued 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, the audit finding stands as written.

Finding No. 4 – Noncompliance With Prior Audit Recommendation –
Failure to Maintain a Complete and Accurate Membership Roster

Condition: As cited in our prior audit report, the relief association officials did not maintain a complete and accurate roster of relief association members. The last membership roster provided to auditors was for 2003.

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; and
- 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: Even though notified of this condition during our prior audit, relief association officials again, neglected to maintain a comprehensive roster of relief association members.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 4 – (Continued)

Effect: The continued 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: We again recommend the relief association officials compile and maintain a complete and accurate roster of the relief association's membership. For additional guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

Auditor's Conclusion: Because the continued 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, the audit finding stands as written.

Finding No. 5 – Duplicate Payment

Condition: On April 7, 2008, the relief association expended \$4,356 for safety equipment. On May 9, 2008, the relief association erroneously made a duplicate payment for the same safety equipment. As such, the second payment is considered an unauthorized disbursement because no goods or services were received for the payment.

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

Cause: The volunteer firefighters' relief association failed to establish internal control procedures which would require that all invoices or other billing documents be canceled or otherwise effectively marked to prevent duplicate payments.

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

Furthermore, as a result of this unauthorized disbursement, the relief association may be subject to a withholding of its state aid, unless appropriate corrective action is taken, as detailed on page 14 of this report.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 5 – (Continued)

Recommendation: We recommend the relief association be reimbursed \$4,356 for the erroneous duplicate payment. The relief association should consider contacting the vendor to recover the duplicate payment. In addition, the relief association 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.

Management's Response: Relief association management disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

Auditor's Conclusion: Because the relief association was unable to use these funds for other general operating expenses or for investment purposes, the audit finding stands as written.

Finding No. 6 – Failure to Segregate Relief Association Officers' Duties

Condition: During the current audit period, we identified that the same individual holds the positions of both secretary and treasurer.

Criteria: Prudent business practice dictates that the duties of the secretary and treasurer be sufficiently segregated. Segregation of duties is the primary internal control intended to prevent or decrease the risk of errors or irregularities.

The minimum requirements of the secretary's position, pertaining to a relief association, are to maintain detailed minutes of meetings authorizing the relief association's financial operations. The secretary should review and coordinate the amending of the bylaws governing the relief association so that the bylaws meet the minimum requirements of Act 118.

The minimum requirements of the treasurer's position, pertaining to a relief association, are to maintain an account of all funds belonging to the relief association. The treasurer shall maintain a journal and ledger detailing all financial transactions of the relief association along with documentation supporting the receipts and disbursements. The treasurer should co-sign all negotiable instruments along with another relief association officer. Also, financial statements should be prepared at least on an annual basis by the treasurer.

Cause: Relief association officials were unaware that one person holding the position of both secretary and treasurer negates the internal controls associated with the segregation of duties.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS (Continued)

Finding No. 6 – (Continued)

Effect: An inadequate segregation of duties could prevent relief association officials and members from effectively monitoring the relief association's financial transactions. Additionally, it negates the checks and balances necessary to detect and correct financial errors or irregularities in the relief association's accounting system.

Recommendation: We recommend that the positions of secretary and treasurer not be held by a single person. We also recommend the relief association ensure that there is adequate segregation of duties between the relief association's secretary and treasurer. We also recommend that the relief association review its accounting and internal control procedures to ensure that the duties being performed by the secretary and treasurer are sufficiently segregated so that relief association assets are adequately safeguarded. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management disagreed with the finding as presented at the audit exit conference and refused to sign the exit conference memo.

Auditor's Conclusion: Because an inadequate segregation of duties prevents the relief association from effectively monitoring the relief association's transactions and negates the controls necessary to detect and correct financial errors or irregularities in the relief association's accounting system, the audit finding stands as written.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

Conditions such as those reported in Finding Nos. 1 and 2 may lead to a total withholding of state aid in the future unless those findings are corrected. Furthermore, a condition such as that reported in Finding No. 5 may also lead to a total withholding of state aid in the future unless this finding is corrected. However, such action will 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 volunteer firefighters' relief association to: Department of the Auditor General, Bureau of Firefighters' Relief Association Audits, Room 316-D Finance Building, Harrisburg, PA 17120.

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 ACCOMPANYING EXPENDITURE INFORMATION
 FOR THE PERIOD JANUARY 1, 2008 TO DECEMBER 31, 2012

Act 118 at 35 Pa.C.S. § 7412 states: a volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose.

Act 118 at 35 Pa.C.S. § 7416 authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds.

Furthermore, all expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 1,440
Tokens of sympathy and goodwill	186
Total Benefit Services	\$ 1,626
Fire Services:	
Equipment purchased	\$ 12,468
Equipment maintenance	792
Training expenses	255
Total Fire Services	\$ 13,515
Administrative Services:	
Other administrative expenses	\$ 2,948
Other Expenditures:	
Undocumented expenditures	\$ 2,757

KINGSDALE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Kingsdale Volunteer Firefighters' Relief Association Governing Body:

Mr. David Trump	President
Ms. Karen Fleharty	Secretary/Treasurer

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

Ms. Susan Hansen, Secretary Germany Township	Ms. Susan Harbin, Secretary Mount Joy Township
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This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.