

# COMPLIANCE AUDIT

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## Albion Volunteer Fireman's Relief Association Erie County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

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March 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Thomas Douglas Johnson, President  
Albion Volunteer Fireman's  
Relief Association  
Erie County

We have conducted a compliance audit of the Albion Volunteer Fireman's Relief Association (relief association) for the period January 1, 2018 to December 31, 2020. 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 funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2020:

- The relief association took appropriate corrective action to address three of the seven findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the four 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 matters described in Finding Nos. 1, 2 and 3 below and discussed later in this report, 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 –  
Unauthorized Expenditures

Finding No. 2 – Noncompliance With Prior Audit Recommendation –  
Unsecured Loan

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure  
To Secure Ownership Interest In Jointly Purchased Vehicle

Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure  
To Maintain A Complete And Accurate Equipment Roster

Finding No. 5 – Failure To Maintain Minutes Of Meetings

Finding No. 6 – Failure To Maintain A Complete And Accurate Membership  
Roster

Four 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 above the first name.

Timothy L. DeFoor  
Auditor General  
February 16, 2022

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("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 Law<sup>3</sup> (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 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, that is or are recognized as providing the service to the municipality.

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<sup>1</sup> 72 P.S. § 403 (as last amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

<sup>3</sup> 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>2018</u>	<u>2019</u>	<u>2020</u>
Albion Borough	Erie	\$ 6,103	\$ 6,653	\$ 6,728
Conneaut Township	Erie	\$10,192	\$10,997	\$11,194

Based on the relief association's records, its total cash and investments as of December 31, 2020 were \$222,903, as illustrated below:

Cash	\$ 19,179
Fair Value of Investments	144,564
Book Value of Other Investments	<u>59,160</u>
Total Cash and Investments	<u><u>\$ 222,903</u></u>

## BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$136,975, 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.<sup>4</sup> **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	\$ 26,922
Relief benefits	304
Total Benefit Services	<u>\$ 27,226</u>

Equipment purchased	\$ 13,101
Equipment maintenance	2,384
Training expenses	5,937
Total Fire Services	<u>\$ 21,422</u>

#### Administrative Services:

Other administrative expenses*	\$ 9,181
Bond premiums	400
Total Administrative Services	<u>\$ 9,581</u>

#### Other Expenditures:

Payments on loans	\$ 66,600
Unauthorized expenditures	12,146
Total Other Expenditures	<u>\$ 78,746</u>

Total Expenditures	<u><u>\$ 136,975</u></u>
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\* A majority of the other administrative expenses consisted of \$4,950 for accounting services, \$1,000 for legal services and \$600 for a US Treasury filing fee. In addition, on July 16, 2018, the relief association made an erroneous deposit of \$800. On July 19, 2018, the relief association returned the \$800 to the affiliated fire company.

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<sup>4</sup> 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:

Albion Fire Department

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditures

By providing adequate documentation to evident the propriety of \$34,193 of the undocumented expenditures and by receiving reimbursement from the affiliated fire company for the remaining undocumented expenditures that were made in the prior audit period.

- Failure To Deposit State Aid

By depositing the 2017 state aid of \$7,478 from Albion Borough, and by establishing accounting procedures to ensure that all income received is deposited in the relief association's account.

- Failure To Comply With Terms Of Loan Agreement

By collecting \$828 of outstanding loan balance due from the fire company.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditures

Although the relief association received reimbursement of \$5,334 from the affiliated fire company for the unauthorized expenditures that were made in the prior audit period, the relief association again expended funds in the current audit period that were not authorized by the VFRA Act, as further disclosed in Finding No. 1 of this report.

- Unsecured Loan

- Failure To Secure Ownership Interest In Jointly Purchased Vehicle

- Failure To Maintain A Complete And Accurate Equipment Roster

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.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: Although the relief association was reimbursed for the unauthorized expenditures included in the prior finding as noted above, the relief association was also given a verbal observation for \$60 of unauthorized payments of sales tax during the prior audit. The relief association officials did not take corrective action to address those unauthorized expenditures prior to the current audit period ending December 31, 2020.

In addition, the relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
02/23/18	1082	Training for paid EMS personnel	\$ 775
03/22/18	1086	Maintenance on fire company owned vehicle	132
04/16/18	Debit card	Payment of sales tax	4
04/19/18	1090	Maintenance on fire company owned vehicle	552
04/20/18	1093	Memorial contribution for non-relief member	30
05/18/18	1098	Maintenance on fire company owned vehicle	496
06/21/18	1105	Maintenance on fire company owned vehicle	1,324
08/15/18	1111	Training for non-relief member*	150
09/10/18	Debit card	Training material for paid EMS personnel	109
09/10/18	Debit card	Training for non-relief member*	125
09/10/18	Debit card	Training for paid EMS personnel	125
09/10/18	Debit card	Training for non-relief member*	125
09/10/18	Debit card	Training for non-relief member*	125
09/10/18	Debit card	Training material for paid EMS personnel	89
09/11/18	Debit card	Training for non-relief member*	125
09/24/18	Debit card	Training material for paid EMS personnel	398
09/24/18	1120	Maintenance on fire company owned vehicle	15
10/25/18	1125	Maintenance on fire company owned vehicle	854
12/24/18	1132	Maintenance on fire company owned vehicle	985
01/17/19	1134	Maintenance on fire company owned vehicle	254
04/15/19	Debit card	Payment of sales tax	7
04/30/19	Debit card	Payment of sales tax	2
06/12/19	1150	Maintenance on fire company owned vehicle	1,303
07/02/19	Debit card	Training for paid EMS personnel	500
07/02/19	Debit card	Training for non-relief member*	500
07/18/19	Debit card	Training material for paid EMS personnel	76

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
07/18/19	Debit card	Training material for paid EMS personnel	88
07/18/19	Debit card	Training material for paid EMS personnel	88
09/05/19	Debit card	Training material for paid EMS personnel	113
10/16/19	1167	Maintenance on fire company owned vehicle	675
01/21/20	Debit card	Payment of sales tax	3
02/21/20	Debit card	Payment of sales tax	3
02/04/20	1178	Maintenance on fire company owned vehicle	175
02/20/20	1184	Training for paid EMS personnel	150
02/20/20	1185	Training for non-relief member*	200
03/18/20	1188	Payment of sales tax	4
03/20/20	Debit card	Payment of sales tax	4
03/23/20	Debit card	Supplies for ambulance	11
03/23/20	1190	Payment of sales tax	2
04/21/20	1193	Supplies for ambulance	116
08/21/20	1205	Maintenance on fire company owned vehicle	434
08/22/20	1206	Training for non-relief member*	650
09/17/20	1209	Maintenance on fire company owned vehicle	250
Total			\$ 12,146

\* Individual not listed on membership roster – see Finding No. 6.

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.
- (5) To pay the cost of procuring and forwarding tokens of sympathy and goodwill to a volunteer firefighter who may be ill or hospitalized as a result of participation in the fire service or who may die or who may be seriously ill for any reason.
- (10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.
- (17) To pay reasonable expenses actually and necessarily incurred for attending bona fide emergency medical technician or paramedic training schools.

Costs associated with the maintenance on fire company owned vehicles, training and training materials for paid EMS personnel, training for non-relief members, supplies for the ambulance and payment of sales tax do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: Relief association officials indicated that they thought that the relief association was allowed to cover the maintenance expenses for the vehicle and also pay for training for the EMTs.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association be reimbursed \$12,206 for the unauthorized expenditures and 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 indicated they will take action to comply with the recommendation.

Auditor's Conclusion: 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 through our next audit of the relief association.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unsecured Loan**

Condition: On March 15, 2016, the relief association secured a loan from a financial institution in the amount of \$117,000 for the purpose of loaning the funds to the affiliated fire department to purchase a 2013 Chevrolet 4500 Lifeline Ambulance. The relief association and affiliated fire company entered into a formal written agreement on March 10, 2018 (revised November 30, 2018) that stipulated the 2013 Ambulance was used as collateral for the loan; however, the relief association failed to collateralize the loan as the relief association was not listed as a lienholder on the title to adequately secure the relief association's investment.

A similar condition was noted in our prior audit report.

Criteria: Section 7416(c)(3) of the VFRA Act requires that loans be:

... (i) secured by assets of the company having capital value equal to at least 150% of the amount of the obligation at the time it is made; (ii) subject to provisions which amortize the loan at a rate ensuring that the depreciated value of the assets pledged shall continue to be at least 150% of the balance due.

In addition, the formal agreement between the relief association and the affiliated fire company states, in part:

The Albion fireman's relief Association will carry a lien on the 2013 Chevy 4500 lifeline ambulance. [Sic]

Cause: Relief association officials indicated that they were unaware that the relief association needed to be listed as a lienholder on the 2013 Ambulance's title.

Effect: Failure to obtain adequate security for the loan places the investment at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We again recommend that the relief association officials and the fire company provide adequate security for the relief association's investment as required by Section 7416(c)(3) of the VFRA Act. If such action is not taken, we recommend that the loan be immediately liquidated. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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: 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 through our next audit of the relief association.

**Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Secure Ownership Interest In Jointly Purchased Vehicle**

Condition: As disclosed in the prior audit report, on December 15, 2014, the affiliated fire company secured a PEMA loan in the amount of \$127,266 to purchase a 2012 HME (Engine 623). Consequently, on March 15, 2016, the relief association took over the monthly payments on this fire company loan without properly securing its ownership interest with the affiliated fire company. Although the relief association and the affiliated fire company executed a formal written agreement dated April 18, 2018 (revised November 30, 2018), the agreement is unclear and does not state with sufficient specificity the proportional ownership interest and maintenance responsibilities of the vehicle. The relief association officials were unable to provide a sales invoice for the 2012 HME vehicle to provide the total cost of the vehicle. The title of the vehicle is currently in the name of the affiliated fire company; however, we are unsure of the intent of the agreement and the relief association's ownership percentage because the agreement states that the relief association "loosely owns all rights, title and interest in and to the assigned property." The relief association made \$22,000 in payments in the prior audit period and \$36,000 in payments during the current audit period. The affiliated fire company made the remaining payments and the loan was paid off on December 31, 2020.

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.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased vehicle by executing a formal written agreement that enumerates the relief association's proportional share of financing. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the vehicle, in the event the vehicle is ever sold.

In addition, the Assignment and Transfer Agreement between the relief association and the affiliated fire company states, in part:

This assignment and transfer agreement is made as of April 18, 2018 and revised on November 30, 2019 between Albion Volunteer Fire Department (assignee) and Albion fireman's relief Association (assignor). [Sic]

2. Consideration. In consideration for this assignment made by the assignee under the agreement is signer will pay remainder of balance of loan and all maintenance of assigned property [Sic]
3. representations. Assignor represents and warrants to the assignee that the assignor is loosely owns all rights title and interest in and to the assigned property [Sic]
4. usage. The assignor will allow the assignee the usage of the property to maintain the safety of its members and community of all policies and procedures of the assignee are maintained. If any policies or procedures are not followed the assignee may revoke the rights of the individual's operations and usage of the property. [Sic]

Cause: Relief association officials completed a formal agreement with the affiliated fire company and thought they were in compliance. The fire company intends to have ownership of the vehicle.

Effect: The failure to adequately secure the proportional share of ownership interest in the jointly purchased vehicle places the relief association's ownership interest at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.



ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Recommendation: We again recommend that the relief association officials amend the formal written agreement or consummate a new written agreement with the affiliated fire company that enumerates the relief association's proportional ownership interest in the jointly purchased 2012 HME vehicle, as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the vehicle is ever sold and provide a sales invoice for the 2012 HME vehicle. If such action is not taken, we recommend that the relief association be reimbursed \$58,000.

If it is determined after the agreement is amended that the relief association owns less than 100 percent of the 2012 HME vehicle, we recommend that the relief association be reimbursed the total maintenance costs paid by the relief association for this vehicle in the amount of \$10,673 and any further maintenance costs paid after December 31, 2020. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Only if it is determined after the agreement is amended that the relief association owns 100 percent of the 2012 HME vehicle, we recommend that the vehicle be titled in the name of the 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: 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 through our next audit of the relief association.

**Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a listing of relief association owned equipment was provided during the current audit period, this listing was incomplete because it did not contain serial numbers to accurately identify all equipment owned by the relief association. The listing provided was also not cumulative since it only included items purchased in the current audit period and did not include the \$36,067 of items purchased in the prior audit period. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

A similar condition was noted in our prior audit report.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

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

Cause: Relief association officials indicated that they thought the equipment roster was up to date.

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.

Recommendation: We again recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association. 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 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.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings as required by the VFRA Act and the relief association's bylaws. Specifically, the relief association's minutes did not address all financial-related transactions that occurred during the audit period. In addition, meetings were only held three times during 2018 and two times during 2019. No meetings were held during 2020.

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 I states, in part:

Regular meetings of this association shall be held on the first and third Wednesday of every month immediately following the regular department business meeting.

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

Secretary – The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at meetings.

Cause: Relief association officials indicated that they thought they had to hold meetings only when they were needed and were unaware of the bylaw guidelines established by the relief association.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist.

Recommendation: We recommend that the relief association officials hold all required meetings and maintain a permanent record of all relief association meetings as required by the VFRA Act and the relief association's bylaws. The minutes should include an adequate record of all financial-related business conducted by the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

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

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

**Finding No. 6 – Failure To Maintain A Complete And Accurate Membership Roster**

Condition: The relief association officials did not maintain a complete and accurate roster of relief association members. Additionally, numerous training expenditures were made in the current audit period for individuals that were not listed on the membership roster provided (included as unauthorized expenditures in Finding No. 1).

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
- 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: Relief association officials indicated that they thought that they had a completed membership roster.

Effect: The 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 recommend that 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.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – (Continued)**

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

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

Conditions of repeat findings such as that reported by Finding Nos. 1, 2 and 3 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are 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 327 Finance Building, Harrisburg, PA 17120.

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

**Mr. Thomas Cook**  
Acting State Fire Commissioner

Albion Volunteer Fireman's Relief Association Governing Body:

**Mr. Thomas Douglas Johnson**  
President

**Mr. Larry Bright**  
Vice President

**Ms. Stephanie Hosack**  
Secretary

**Ms. Shirley Braddock**  
Treasurer

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

**Mr. Gary L. Wells**  
Secretary  
Albion Borough

**Ms. Denise Shumake**  
Secretary  
Conneaut Township

ALBION VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).