

COMPLIANCE AUDIT

Columbus Volunteer Firemen's Relief Association

Warren County, Pennsylvania

For the Period

January 1, 2019 to June 11, 2021

November 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Will Hull, President
Columbus Volunteer Firemen's
Relief Association
Warren County

We have conducted a compliance audit of the former Columbus Volunteer Firemen's Relief Association (relief association) for the period January 1, 2019 to June 11, 2021. 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, 35 Pa.C.S. § 7411 *et seq.* ("VFRA Act"), as most recently amended by Act 91 of 2020.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the former 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.

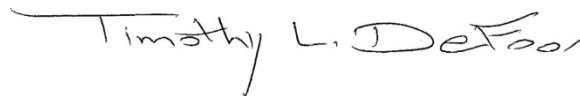
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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, 2019 to June 11, 2021:

- The former relief association took appropriate corrective action to address the findings contained in our prior audit report.
- The former relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

In addition, as of June 11, 2021, the former relief association completed the process of dissolution and merged with the Corry Firemen's Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Corry Firemen's Relief Association.

The contents of this report were discussed with the management of the former relief association. We would like to thank former 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 left side of the first name.

November 4, 2021

Timothy L. DeFoor
Auditor General

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Findings	4
Report Distribution List	5

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law³ (commonly referred to as Act 205) are properly expended.

The former relief association was 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.

The former relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>
Columbus Township	Warren	\$8,791	*

* Municipalities have sole discretion to distribute their annual allocation of state aid to any relief association providing fire service to the municipality. During the current audit period, the former relief association did not receive an allocation of state aid from Columbus Township in 2020.

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

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

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

As of June 11, 2021, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the former relief association's records, its total cash and investments as of June 11, 2021 were zero, as illustrated below:

Total Cash and Investments	<u>\$</u>	<u>0</u>
----------------------------	-----------	----------

Based on the former relief association's records, its total expenditures for the period January 1, 2019 to June 11, 2021 were \$77,886, as noted below. The accuracy of these expenditures was evaluated as part of the Department's audit to conclude on the relief association's compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁴ **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:

Insurance premiums	<u>\$</u>	<u>1,687</u>
--------------------	-----------	--------------

Fire Services:

Equipment purchased	<u>\$</u>	<u>6,156</u>
---------------------	-----------	--------------

Administrative Services:

Bond premiums	<u>\$</u>	<u>240</u>
---------------	-----------	------------

Other Expenditures:

Transfer of monetary assets*	<u>\$</u>	<u>69,803</u>
------------------------------	-----------	---------------

Total Expenditures	<u>\$</u>	<u>77,886</u>
--------------------	-----------	---------------

* Transfer of Monetary Assets/Dissolution of Relief Association.

As of June 11, 2021, the former relief association completed the process of dissolution and merged with Corry Firemen's Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Corry Firemen's Relief Association. Due to the dissolution of the former relief association, we are providing officials of the Corry Firemen's Relief Association copies of this report.

⁴ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

BACKGROUND – (Continued)

The former volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

Columbus Volunteer Fire Department

COLUMBUS VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditures

By receiving reimbursement of \$2,021 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period.

- Failure To Maintain A Complete And Accurate Equipment Roster

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

- Unauthorized Expenditures

By receiving reimbursement of \$608 from the affiliated fire company for the unauthorized expenditures made in the prior audit period.

- Inadequate Financial Record-Keeping System

By establishing and maintaining a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations.

We commend the former relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. Since the former relief association dissolved its organization and consequently transferred its monetary assets to the Corry Firemen's Relief Association, Corry Firemen's Relief Association's management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

COLUMBUS VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Columbus Volunteer Firemen's Relief Association Governing Body:

Mr. Will Hull
President

Mr. Roger Hasbrouck
Treasurer

Corry Firemen's Relief Association Governing Body:

Mr. John Maloney
President

Mr. Steven Griffis
Vice President

Mr. John Hasbrouck
Secretary

Mr. Joel Warner
Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to the former relief association:

Ms. Mary Ann Burge
Secretary
Columbus Township

COLUMBUS VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.