

# COMPLIANCE AUDIT

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## Franklin Township Volunteer Fire Company Relief Association

Luzerne County, Pennsylvania

For the Period

January 1, 2019, to January 18, 2023

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August 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Frederick Risch, President  
Franklin Township Volunteer Fire  
Company Relief Association  
Luzerne County

We have conducted a compliance audit of the former Franklin Township Volunteer Fire Company Relief Association (relief association) for the period January 1, 2019, to January 18, 2023. 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 objective of the audit was 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 objective 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.

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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.

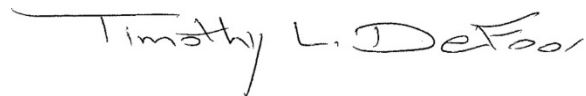
We were not able to obtain copies of canceled or imaged checks from the former relief association. While the former relief association provided copies of bank statements, the former relief association failed to provide copies of canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two former relief association officers authorized and signed the checks as required by the VFRA Act.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2019, to January 18, 2023:

- The former relief association took appropriate corrective action to address the finding 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 January 18, 2023, the former relief association completed the process of dissolution and merged with Mt. Zion Bicentennial Fire Relief Association to form Mt. Zion Bicentennial Fire Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Mt. Zion Bicentennial Fire 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.



Timothy L. DeFoor  
Auditor General  
August 22, 2023

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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 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.

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

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Franklin Township	Luzerne	\$2,629	*	*	*

\* During the current audit period, the relief association did not receive an allocation of state aid from Franklin Township in 2020, 2021, and 2022. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

As of January 18, 2023, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association's records, its total cash as of January 18, 2023, was zero, as illustrated below:

Cash	<u>\$</u> <u>-</u>
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## BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2019, to January 18, 2023, were \$14,251, 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	\$ 8,652
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#### Fire Services:

Equipment purchased	\$ 1,415
Equipment maintenance	3,040

Total Fire Services	\$ 4,455
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#### Administrative Services:

Bond premiums	\$ 651
Other administrative expenses	493

Total Administrative Services	\$ 1,144
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Total Expenditures	\$ 14,251
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As of January 18, 2023, the former relief association completed the process of dissolution and merged with Mt. Zion Bicentennial Fire Relief Association to form Mt. Zion Bicentennial Fire Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Mt. Zion Bicentennial Fire Relief Association. Due to the dissolution of the former relief association, we are providing officials of Mt. Zion Bicentennial Fire Relief Association copies of this report.

The 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:

Franklin Township Volunteer 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.

FRANKLIN TOWNSHIP VOLUNTEER FIRE COMPANY 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:

- Inappropriate Pre-signing Of Blank Checks

By prohibiting the pre-signing of blank checks.

- Failure To Maintain A Complete And Accurate Equipment Roster

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

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 Mt. Zion Bicentennial Fire Relief Association, Mt. Zion Bicentennial Fire Relief Association's management should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.



FRANKLIN TOWNSHIP VOLUNTEER FIRE COMPANY RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Franklin Township Volunteer Fire Company Relief Association Governing Body:

**Mr. Frederick Risch**  
President

**Mr. Josh Hilstolsky**  
Vice President

**Mr. Harold Hoover**  
Treasurer

Mt. Zion Bicentennial Fire Relief Association Governing Body:

**Ms. Wendy Franklin**  
President

**Mr. Gary Eble**  
Vice President

**Ms. Kathryin Kuhachik**  
Secretary

**Ms. Kim Vittetoe**  
Treasurer

FRANKLIN TOWNSHIP VOLUNTEER FIRE COMPANY RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Mr. Richard A. Melvin**  
Secretary  
Franklin Township

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).