

COMPLIANCE AUDIT

Mapleton Firemen's Relief Association Huntingdon County, Pennsylvania For the Period January 1, 2020, to December 31, 2022

July 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Chris Corbin, President
Mapleton Firemen's Relief Association
Huntingdon County

We have conducted a compliance audit of the Mapleton Firemen's Relief Association (relief association) for the period January 1, 2020, to December 31, 2022. 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 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.

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 association 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 objective. 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, 2020, to December 31, 2022, the 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, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Unauthorized Expenditures

Finding No. 2 – Undocumented Expenditures And Documentation Supporting Expenditures Not Readily Available And Provided Untimely

Finding No. 3 – Failure To Define Discretionary Benefits

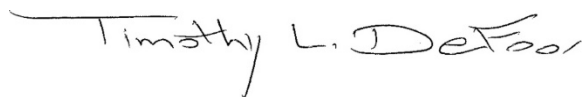
Finding No. 4 – Inadequate Minutes Of Meetings And Relief Association Bylaws

Finding No. 5 – Failure To Maintain A Complete And Accurate Membership Roster

Finding No. 6 – Inadequate Signatory Authority For The Disbursement Of Funds

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, flowing style.

Timothy L. DeFoor
Auditor General
June 24, 2024

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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 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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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 relief association was allocated state aid from the following municipalities:

Municipality	County	2020	2021	2022
Brady Township	Huntingdon	\$1,900	\$1,757	\$2,000
Cass Township	Huntingdon	\$2,354	\$2,144	\$2,523
Mapleton Borough	Huntingdon	\$1,618	\$1,445	\$1,687
Union Township	Huntingdon	\$3,513	\$3,239	\$3,842

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)

Based on the relief association's records, its total cash as of December 31, 2022, was \$7,908, as illustrated below:

Cash	<u>\$ 7,908</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2020, to December 31, 2022, were \$45,697, 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	\$ 7,854
Death benefits	2,000
Tokens of sympathy and goodwill	44
Total Benefit Services	<u>\$ 9,898</u>

Fire Services:

Equipment purchased	\$ 24,381
Equipment maintenance	5,977
Training expenses	484
Fire prevention materials	263
Total Fire Services	<u>\$ 31,105</u>

Administrative Services:

Bond premiums	\$ 268
Other administrative expenses	1,652
Total Administrative Services	<u>\$ 1,920</u>

Other Expenditures:

Undocumented expenditures – See Finding No. 2	\$ 810
Unauthorized/duplicate expenditures – See Finding No. 1	1,964
Total Other Expenditures	<u>\$ 2,774</u>

Total Expenditures	<u>\$ 45,697</u>
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⁴ 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:

Mapleton Fire Department, Inc.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Unauthorized Expenditures

Condition: 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>
01/06/2020	742	Glucose gel	\$ 29
01/06/2020	743	Pennsylvania sales tax	8
02/07/2020	747	Tires for affiliated fire company vehicle	704
02/09/2020	Debit	Pennsylvania sales tax	8
02/12/2020	Debit	Pennsylvania sales tax	13
02/14/2020	Debit	Pennsylvania sales tax	1
02/14/2020	Debit	Pennsylvania sales tax	10
02/17/2020	Debit	Pennsylvania sales tax	19
02/21/2020	Debit	Pennsylvania sales tax	11
02/21/2020	757	Pediatric AED	357
02/29/2020	Debit	Pennsylvania sales tax	2
03/02/2020	Debit	Pennsylvania sales tax	6
03/11/2020	Debit	Repairs on non-relief owned vehicle	217
04/06/2020	765	Repairs on non-relief owned vehicle	49
04/06/2020	765	Pennsylvania sales tax	4
04/14/2020	Debit	Pennsylvania sales tax	1
04/30/2020	Debit	Pennsylvania sales tax	2
05/10/2020	Debit	Pennsylvania sales tax	1
06/01/2020	769	Pennsylvania sales tax	2
06/01/2020	769	Maintenance room light	30
07/06/2020	Debit	Box fans for station	61
07/06/2020	Debit	Pennsylvania sales tax	4
08/01/2020	Debit	Pennsylvania sales tax	1
09/06/2020	Debit	Pennsylvania sales tax	4
02/02/2021	Debit	Pennsylvania sales tax	53
08/03/2021	Debit	LED bulb for affiliated fire company vehicle	58
11/09/2021	Debit	Pennsylvania sales tax	11
03/24/2022	ACH	Pennsylvania sales tax	32
12/01/2022	Debit	Pennsylvania sales tax	12
Total			<u>\$ 1,710</u>

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

The relief association also had an unauthorized duplicate payment in calendar year 2021. On October 28, 2021, the relief association expended \$254 for fire prevention items. On December 1, 2021, the relief association erroneously made a duplicate payment for the same fire prevention items. As such, the second payment is considered an unauthorized disbursement because no goods or services were received for the payment and the relief association failed to obtain reimbursement for the duplicate payment during the current audit period.

In addition, subsequent to the period under review, on January 6, 2023, the relief association expended funds to a food catering vendor in the amount of \$2,832, which is an unauthorized expenditure.

Criteria: Section 7415(e) of the VFRA Act states:

A volunteer firefighters' relief association organized or conducted in accordance with the requirements of this section shall be regarded as a charitable corporation for all purposes, including the right to establish exemption from the operation of certain taxes.

Section 7416(f) of the VFRA Act also 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.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.
- (23) To purchase equipment used for emergency response.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with emergency medical supplies for use on the general public, pediatric supplies, maintenance on fire company owned vehicles and facilities, payment of Pennsylvania sales tax and catering do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Furthermore, adequate accounting and internal control procedures should be implemented to prevent duplicate payment of invoices and to ensure duplicate payments are recouped.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: As a result of the relief association's failure to provide its sales tax exemption number to all vendors, the relief association was required to pay Pennsylvania sales tax on its purchases, which reduced the funds otherwise available for general operating expenditures and for investment purposes. In addition, as a result of these improper expenditures and failing to obtain reimbursement for the duplicate payment, relief association funds were not available to pay for expenditures authorized by the VFRA Act.

Recommendation: We recommend that the relief association be reimbursed \$4,796 for the unauthorized/duplicate 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. We also recommend that the relief association officials establish accounting and internal control procedures to monitor future relief association expenditures. In addition, we recommend that, in the future, relief association officials furnish its state sales tax exemption number to all vendors from which the relief association purchases equipment. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the affiliated fire company reimbursed the relief association \$4,796 for the unauthorized/duplicate expenditures on February 9, 2024.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$4,796 was received. Compliance for expenditures made during the next audit period and the process of providing the state sales tax exemption number to all vendors will be subject to verification through our next audit.

Finding No. 2 – Undocumented Expenditures And Documentation Supporting Expenditures Not Readily Available And Provided Untimely

Condition: The relief association did not provide adequate supporting documentation in response to our initial requests for documentation for expenditures totaling \$3,716. After the audit exit conference, relief association officials were able to provide supporting documentation evidencing the propriety of \$2,906 of the expenditure transactions; however, the relief association was unable to provide adequate supporting documentation for the remaining expenditures made during the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
02/08/2020	Debit	Equipment vendor	\$ 254
02/08/2020	Debit	Equipment vendor	61
07/02/2020	Debit	Equipment vendor	8
07/06/2020	Debit	Equipment vendor	8
08/17/2021	Debit	Equipment vendor	479
Total			<u>\$ 810</u>

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.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Prudent business practice dictates that supporting documentation for expenditures be maintained in an orderly manner, available for review by auditors upon request, and be maintained to evidence the propriety of all financial transactions.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: The failure to maintain readily available supporting documentation for expenditures for review by auditors upon request increases the risk of errors and misappropriation of funds. Lack of supporting documentation, such as invoices and itemized receipts, made it impossible to determine if the expenditures were made in accordance with Section 7416(f) of the VFRA Act. 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.

Recommendation: We recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the remaining expenditures or that the relief association be reimbursed \$810 for the remaining undocumented expenditures. We also recommend that the relief association officials maintain supporting documentation for all future expenditures and provide the documentation to auditors upon request. 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, as a result of our audit, the affiliated fire company reimbursed the relief association \$810 for the undocumented expenditures on February 9, 2024.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$810 was received. Compliance for providing the documentation to auditors upon request and maintaining appropriate documentation for expenditures made during the next audit period will be subject to verification through our next audit.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Failure To Define Discretionary Benefits

Condition: The relief association did not formally define and approve discretionary benefits that were being offered to its members. During the current audit period, the relief association paid \$2,000 in discretionary benefits. Although these expenditures were authorized by the VFRA Act, the types, amounts, and criteria to be met before receiving the benefits were not described in a formal policy approved by the relief association membership.

Criteria: Section 7413 of the VFRA Act states that funds shall be available:

- (3) For payment, either by insurance or by operation of a beneficial fund, of a sum certain to designated beneficiaries of a participating member following the death of a member for any cause and to establish criteria which members must meet in order to qualify as participants in a death benefit fund. (Emphasis added.)
- (5) Financial assistance to volunteer firefighters who, after having actively participated in the fire service for a specified minimum term, are no longer physically able to continue participation and are in need of financial assistance. (Emphasis added.)

Furthermore, prudent business practice dictates that when a relief association offers death benefits, disability benefits, officer compensation, or any other type of discretionary benefit provided by the VFRA Act, it should establish a precedent for those benefits being offered. Such a precedent should be documented in the bylaws, a formal relief association policy, or in the official meeting minutes. The formal approval is necessary to clarify the types and amounts of benefits offered to its membership as well as the criteria to be met in order to receive the benefits.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: The relief association's failure to formally define discretionary benefits prevents the membership from being aware of the types and amounts of benefits offered to its membership. The absence of formal approval increases the risk of unauthorized expenditures and could also lead to benefits not being applied equally to all members of the relief association.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: We recommend that the relief association officials formally define and document the criteria of the discretionary benefits being offered to its membership. The formal approval of benefits and related criteria should be documented in the bylaws, a policy statement, or in the official meeting minutes, and should be maintained for an indefinite period of time so as to afford the membership of the relief association with a formal document defining the benefits offered and the criteria to be met before receiving the benefit. Furthermore, all approved discretionary benefits should be in accordance with provisions of the VFRA Act. 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, as a result of our audit, the affiliated fire company decided to reimburse the relief association \$2,000 for the discretionary benefit on February 9, 2024.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$2,000 was received. Compliance will be subject to verification through our next audit.

Finding No. 4 – Inadequate Minutes Of Meetings And Relief Association Bylaws

Condition: The relief association failed to maintain detailed 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 and the meeting minutes were not signed and dated by the recording officer. In addition, meetings were only held seven months during calendar year 2020, three months during calendar year 2021, and one month during calendar year 2022. Furthermore, the existing bylaws of the relief association contains language to conduct business that is based on Act 84 of June 11, 1968. The relief association has not updated the bylaws to govern their organization to meet the requirements set forth in the VFRA Act.

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.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

The relief association's bylaws at Article II states, in part:

It will also be the purpose of this association to provide for and to see that Act 84 is complied with and guidelines established under this act are provided for every member.

The relief association's bylaws at Article IV, Section 1 also states, in part:

Regular meetings of the association shall be held the first Monday of each month at the fire station.

In addition, the relief association's bylaws at Article V, Section 3 states, in part:

The Secretary shall keep a record of proceedings of all association meetings. These minutes shall note all authorizations for financial transactions and all other business transacted at the meetings.

Furthermore, the relief association's bylaws at Article VII, Section 1 states:

Funds of this aasn. [*Sic*] shall not be expended [*Sic*] for any purpose other than those authorized by the provisions of Act 84 and this assn.'s by-laws. All expenditures must be approved by a majority vote and duly recorded in the minutes.

Cause: The relief association officials indicated that they were unaware that maintaining detailed minutes of meetings was required by the VFRA Act and the relief association's bylaws. In addition, the relief association officials did not provide a reason why financial transactions were not addressed within the meeting minutes, why the Secretary of the Relief Association did not sign and date the meeting minutes, why all required meetings were not held, or why the bylaws were not updated to meet the requirements of the VFRA Act.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that are signed and dated and address all financial-related transactions, evidence that relief association business was presented before the membership for approval does not exist. As a result of the relief association not updating the bylaws to meet the appropriate requirements, the relief association may have conducted its affairs without proper authorization.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Recommendation: We recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the Secretary of the Relief Association to ensure the validity of the meeting minutes. In addition, we recommend that the relief association officials remove the language referring to Act 84 by updating the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act. 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: Compliance will be subject to verification through our next audit.

Finding No. 5 – 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.

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 were unaware that they should maintain a comprehensive roster of relief association members.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

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.

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 – Inadequate Signatory Authority For The Disbursement Of Funds

Condition: During the current audit engagement, we identified two checks out of 45 checks, and two checks out of four checks in the post audit period, drawn on the relief association's checking account that contained the signature of the Deputy Fire Chief, who was not an authorized officer as stated in the relief association's bylaws, in addition to the signature of the Relief Association Treasurer. Issuing checks without the signature of a second authorized relief association officer negates the relief association's internal control over the disbursement process.

Criteria: Section 7415(c)(3) of the VFRA Act states, in part:

The bylaws shall require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument.

In addition, the relief association's bylaws at Article IX, Section 1 states, in part:

The signatures of two officers, the president and treasurer, shall be required for the issuance of relief association checks.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

Furthermore, prudent business practice dictates that the relief association has sufficient internal control procedures in place to ensure the signatures of at least two authorized relief association officials are included on all negotiable instruments. Adequate internal control procedures require that checks be signed only after the propriety of the expenditure has been determined and the payee, date, and amount to be paid has been confirmed. Additionally, responsible relief association officers should compare this information with supporting documentation, such as invoices, contracts, etc., prior to approving the checks.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: As a result of the relief association officer issuing checks with only one authorized signature, assets were placed at greater risk as expenditures were being made without a second relief association officer having the opportunity to verify the propriety of the expenditures. The application of the second authorized signature, after evaluating the propriety of the expenditure, reduces the risk of misappropriation and the risk of errors occurring and going undetected.

Recommendation: We recommend that the relief association officials establish adequate internal control procedures to ensure that the signatures of at least two authorized relief association officers, one of whom shall be the Treasurer, are included on all relief association negotiable instruments as defined by the VFRA Act and the relief association's bylaws. 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: Compliance will be subject to verification through our next audit.

MAPLETON FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Mapleton Firemen's Relief Association Governing Body:

Mr. Chris Corbin
President

Ms. Terri Foster-Chilcote
Treasurer

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

Ms. Nicole D. Ross
Secretary
Brady Township

Ms. L. Beth Creswell
Secretary
Cass Township

Ms. Leslie McDermott
Secretary
Mapleton Borough

Ms. Brittney Koch
Secretary
Union Township

MAPLETON FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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