

# COMPLIANCE AUDIT

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## Volunteer Firemen's Relief Association of Muhlenberg Township Berks County, Pennsylvania For the Period January 1, 2019 to December 31, 2021

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October 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Anthony Morganti, President  
Volunteer Firemen's Relief Association  
of Muhlenberg Township  
Berks County

We have conducted a compliance audit of the Volunteer Firemen's Relief Association of Muhlenberg Township (relief association) for the period January 1, 2019 to December 31, 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 ("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 reports.
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.

We were not able to obtain an independent confirmation of a portion of the cash balance and the investment balance directly from the financial institution. Therefore, while the relief association provided investment statements that indicated that, as of December 31, 2021, the relief association had a cash balance of \$124,676 and an investment balance with a fair value of \$155,928, we were not able to verify portions of those cash and investment balances.

Based on our audit procedures, we conclude that, for the period January 1, 2019 to December 31, 2021:

- The relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed 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 and 3 below and discussed later in this report and the effects, if any, of the matter described in the preceding paragraph, 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 – Inappropriate Ownership Of Rescue Vehicle

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Equipment

Finding No. 4 – Undocumented Expenditures

Finding No. 5 – Improper Merger

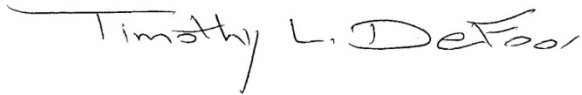
Finding No. 6 – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 7 – Unauthorized Expenditures

Finding No. 8 – Inadequate Financial Record-Keeping System

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 long horizontal line extending from the start of the name.

Timothy L. DeFoor  
Auditor General  
August 11, 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.

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Alsace Township	Berks	\$ 7,126	\$ 7,168	\$ 6,461
Muhlenberg Township	Berks	\$118,024	\$118,339	\$105,348

<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)

Based on the relief association’s records, its total cash and investments as of December 31, 2021 were \$280,604, as illustrated below:

Cash	\$ 124,676
Fair Value of Investments	<u>155,928</u>
Total Cash and Investments	<u>\$ 280,604</u>

Based on the relief association’s records, its total expenditures for the period January 1, 2019 to December 31, 2021 were \$522,968, 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:	
Relief benefits	<u>\$ 708</u>
Fire Services:	
Equipment purchased	\$ 475,084
Equipment maintenance	21,943
Training expenses	<u>15,015</u>
Total Fire Services	<u>\$ 512,042</u>
Administrative Services:	
Bond premiums	\$ 435
Officer compensation	650
Other administrative expenses	<u>5,010</u>
Total Administrative Services	<u>\$ 6,095</u>
Other Expenditures:	
Unauthorized expenditures	\$ 510
Undocumented expenditure	<u>3,613</u>
Total Other Expenditures	<u>\$ 4,123</u>
Total Expenditures	<u>\$ 522,968</u>

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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:

Muhlenberg Township Fire & Rescue



VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Inappropriate Ownership Of Vehicles

As of March 10, 2021, the Temple Volunteer Firefighters' Relief Association merged with Volunteers Firemen's Relief Association of Muhlenberg Township. As a result of the merger, we provided the officials of the Volunteer Firemen's Relief Association of Muhlenberg Township copies of the prior audit report of the Temple Volunteer Firefighters' Relief Association. A rescue vehicle was transferred as part of the merger, and it was inappropriately titled in the name of an affiliated fire company. We recommended that the Volunteer Firemen's Relief Association of Muhlenberg Township title the rescue vehicle in the name of the Volunteer Firemen's Relief Association of Muhlenberg. Refer to Finding No. 1 of this report for additional information.

- 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inappropriate Ownership Of Rescue Vehicle**

Condition: As noted in the close-out audit report of the Temple Volunteer Firefighters' Relief Association, on November 26, 2018, the former relief association purchased a rescue vehicle, in the amount of \$45,000, to carry personnel and safeguard equipment; however, the title to the vehicle was inappropriately issued in the name of the former fire company (Temple Fire Company No. 1). The relief association and the Temple Volunteer Firefighters' Relief Association merged as of March 10, 2021; however, the relief association did not ensure the vehicle was appropriately titled in the name of the relief association. In addition, on December 19, 2021, the relief association purchased another rescue vehicle in the amount of \$35,000 for which they did not provide a title in order to demonstrate that it was in the name of the relief association.

Criteria: Prudent business practice dictates that the relief association should maintain sole ownership of all equipment purchased by the relief association. As such, rescue vehicles purchased by the relief association are to be titled in the name of the relief association.

Cause: The relief association officials indicated that poor record-keeping was the reason for why this occurred, however relief officials did not provide documentation ensuring that the vehicles were properly titled in the name of the relief association.

Effect: As a result of the rescue vehicles not being titled in the name of the relief association and/or being inappropriately titled in the name of the fire company, these relief association assets were not properly safeguarded. 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 rescue vehicles be titled in the name of the relief association. If such action is not taken, we recommend that the relief association be reimbursed \$80,000 (\$45,000 + 35,000). 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain  
A Complete And Accurate Equipment Roster**

Condition: The relief association did not maintain a complete and accurate roster of equipment owned by the relief association. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all equipment owned by the relief association.

A similar condition was noted in our prior audit report.

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: The relief association officials indicated that poor record-keeping was the reason for why this occurred.

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.

VOLUNTEER FIREMEN’S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
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: 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.

**Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Equipment**

Condition: During the audit period, the relief association expended \$37,855 on equipment jointly purchased with the fire company without properly securing its ownership interest, as detailed below:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
07/19/2019	359	Vehicle vendor	\$ 2,145
07/19/2019	361	Affiliated fire company	11,867
02/25/2021	455	Equipment vendor	23,843
Total			<u>\$ 37,855</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.

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

VOLUNTEER FIREMEN’S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Cause: The relief association officials indicated that the reason why this occurred was that they were unaware of the necessity of the agreements.

Effect: The failure to adequately secure the proportional share of ownership interest in the equipment places the relief association’s ownership interest at greater risk of loss. 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 officials execute a formal written agreement with the fire company that enumerates the relief association’s proportional ownership interest in the equipment as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the equipment is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$37,855. 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.

**Finding No. 4 – Undocumented Expenditures**

Condition: The relief association was unable to provide adequate supporting documentation for the following expenditures made during the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
02/01/2021	450	Non-Affiliated fire company	\$ 3,500
03/12/2021	EFT	Equipment vendor	113
Total			<u>\$ 3,613</u>

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

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.

Prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: The relief association officials indicated that poor record-keeping was the reason for why this occurred.

Effect: Lack of supporting documentation, such as invoices, itemized receipts and detailed minutes of meetings, 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 expenditures or that the relief association be reimbursed \$3,613 for the undocumented expenditures. We also recommend that the relief association officials maintain supporting documentation for all future expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – Improper Merger**

Condition: The relief association did not properly document the merger with Temple Volunteer Firefighters' Relief Association. Specifically, the relief association did not provide evidence of the transfer of equipment owned by the former relief association. In addition, the relief association failed to re-title the vehicles it received in the name of the Volunteer Firemen's Association of Muhlenberg Township.

Criteria: Prudent business practice dictates that the relief association should properly document the equipment that is transferred from the former relief association. Additionally, the relief association should secure their ownership interest in all relief owned vehicles by ensuring they are titled in the name of the receiving relief association.

Cause: The relief association officials indicated that poor record-keeping was the reason for why this occurred.

Effect: Without detailed documentation of the equipment transferred and titles from the former relief association, the receiving relief association is unable to certify that all of the equipment previously purchased with relief association funds was properly transferred to the receiving relief association.

Recommendation: We recommend the relief association obtain detailed documentation of the equipment and vehicles that were transferred to the relief and re-title the vehicles in the name of the Volunteer Firemen's Association of Muhlenberg Township. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

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

**Finding No. 6 – Failure To Maintain Surety (Fidelity) Bond Coverage**

Condition: The relief association failed to maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association's Surety (Fidelity) bond coverage expired on December 16, 2021. As of December 31, 2021, the relief association's cash assets totaled \$124,676.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – (Continued)**

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

Cause: Relief association officials indicated that they were unaware of the Surety (Fidelity) bond coverage expiring.

Effect: As a result of the authorized disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: We recommend that the relief association officials obtain Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by 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. 7 – Unauthorized Expenditures**

Condition: On May 20, 2020, the relief association expended \$230 for pediatric defibrillator pads, which is not authorized by the VFRA Act. This expense was paid with a credit of \$300 for trading-in 3 used defibrillators, resulting in a credit invoice of \$70. The relief association mistakenly thought that the credit invoice was an amount owed and erroneously expended another \$70, resulting in a \$140 credit. The relief association again erroneously paid \$140 for this credit balance of \$140. In total, the relief association made the following expenditure transactions to purchase the equipment: \$300 original payment which includes the credit provided for the traded in used defibrillators, a \$70 erroneous payment and a \$140 erroneous payment for credits it was due, totaling \$510 in total disbursements made/credits received.



VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 7 – (Continued)**

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (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.

Costs associated with the purchase of pediatric defibrillator pads do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this disbursement is not authorized under the VFRA Act. In addition, by paying the credit balances, the relief association did not receive goods or services for these payments.

Cause: The relief association officials stated that they were unaware of the unauthorized expense and did not realize they were making payments on credit balances.

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.

Recommendation: We recommend that the relief association be reimbursed \$510 (\$300 + \$70 + \$140) 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: Compliance will be subject to verification through our next audit.

**Finding No. 8 – Inadequate Financial Record-Keeping System**

Condition: The relief association's financial record-keeping system did not establish adequate accounting procedures to allow the membership to effectively monitor the relief association's financial operations. The following are the noted deficiencies:

- A journal was not maintained to record the receipts and disbursements of the relief association.
- Ledgers were not utilized to record the transactions of the relief association accounts.
- Documentation to support various expenditures was not available for examination at the time of the audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
FINDINGS AND RECOMMENDATIONS

**Finding No. 8 – (Continued)**

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

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it 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.

In addition, an adequate system of accounting and record-keeping is a prerequisite for sound administration of relief association assets.

Cause: Relief association officials indicated that the prior treasurer was unaware of their various record-keeping responsibilities.

Effect: The failure of relief association officials to maintain adequate records prohibits the membership from effectively monitoring the relief association's financial operations.

Recommendation: We recommend that the relief association officials establish and maintain a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations. 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. Furthermore, a condition such as that reported by Finding No. 3 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**Mr. Charles J. McGarvey, Sr.**  
State Fire Commissioner

Volunteer Firemen's Relief Association of Muhlenberg Township Governing Body:

**Mr. Anthony Morganti**  
President

**Mr. Todd Wentzel**  
Vice President

**Mr. Jeffery Gilbert**  
Secretary

**Mr. Joshua Schmeck**  
Treasurer

**Mr. Christopher Stoudt**  
Financial Secretary

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

**Mr. Jan Moore**  
Secretary  
Alsace Township

**Ms. Dawn Cieniewicz**  
Secretary  
Muhlenberg Township

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF MUHLENBERG TOWNSHIP  
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