

# COMPLIANCE AUDIT

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Firemen's Relief Association within the  
Confines of Perdix Fire Company No. 1,  
Already Incorporated, Township of Penn,  
Perry County, Pennsylvania  
For the Period  
January 1, 2016 to December 31, 2020

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October 2021



Commonwealth of Pennsylvania  
Department of the Auditor General  
Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Shade Reidlinger, President  
Firemen's Relief Association Within the Confines  
of Perdix Fire Company No. 1, Already  
Incorporated, Township of Penn, Perry County,  
Pennsylvania

We attempted to conduct a compliance audit of the Firemen's Relief Association Within the Confines of Perdix Fire Company No. 1, Already Incorporated, Township of Penn, Perry County, Pennsylvania (relief association) 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 mandated by the Volunteer Firefighters' Relief Association Act, at 35 Pa.C.S. § 7411 *et seq.* (as consolidated by Act 118 of 2010, as last amended by Act 91 of 2020, effective April 29, 2021), for the period January 1, 2016 to December 31, 2020.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding 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 attempting to address 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 attempt to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives.

The relief association's last known officers responsible for the administration of the relief association did not cooperate with us during our attempts to conduct the audit. As described in Finding No. 1 in this report, the last known officers did not respond to numerous inquiries made by our auditors to begin the audit or requests for information.

Regarding the first objective, we were able to determine that the relief association did not take appropriate corrective action to address one of the two findings contained in our prior audit report. Because of the significance of the matter described in the preceding paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for a conclusion related to the second audit objective. Accordingly, we do not express a conclusion on the second audit objective.

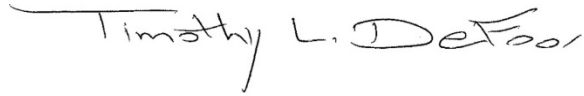
The findings listed below and discussed later in this report provide additional information regarding our attempts to conduct the audit and the limited information we were able to obtain. The relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding No. 1 – Lack Of Cooperation From The Last Known Relief Association  
Officials Severely Limited The Scope Of The Audit

Finding No. 2 – Noncompliance With Prior Audit Recommendation –  
Inadequate Signatory Authority For The Disbursement Of Funds

We are providing a copy of the audit report to the Pennsylvania Attorney General's Office for their information to review and determine whatever further action, if any, may be appropriate.

The contents of this report were not discussed with the management of the relief association. An exit conference memo outlining the findings of this audit report was sent to the last known relief officials on September 17, 2021 requesting a response to the report's audit findings by September 29, 2021, but as of the date of the audit report, we have not received a response from the last known relief association officials.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal stroke at the beginning.

September 30, 2021

Timothy L. DeFoor  
Auditor General

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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> ("the 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 (Act 176 of 1929, as amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* (as consolidated by Act 118 of 2010). See specifically, 35 Pa.C.S. § 7418 (as last amended by Act 91 of 2020, effective April 29, 2021).

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

## BACKGROUND – (Continued)

According to the last known relief association officials and news reporting, its last known affiliated Fire Department (Perdix Fire Company No. 1) is in a legal dispute with the municipality that has been ongoing since 2010 to continue to operate as the municipality's fire service provider.<sup>4</sup> The municipality decertified the last known affiliated fire company from providing fire/emergency services for the municipality. Further, the last known relief association officials stated that the affiliated fire company is still in service/operating and is providing mutual aid fire services to the surrounding communities as a support fire service provider when needed. Generally, mutual aid agreements are to establish terms under which assistance such as services, supplies and equipment are provided between two or more jurisdictions within a state, as well as between states. Mutual aid agreements can be between private sector entities, public sector entities or community partners.

Pursuant to all available information and records reviewed during the audit, the relief association is no longer affiliated with a fire company certified by the borough for purposes of providing fire service to the borough. The VFRA Act prescribes specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act.

Section 7412 (relating to Definitions) of the VFRA Act states, in part, that the "Volunteer Firefighters' Relief Association" is:

An organization formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more volunteer fire companies or fire companies that are a combination of a volunteer fire company and a municipal fire company, and may serve secondary purposes, as set forth in this subchapter...<sup>5</sup> (Emphasis added).

Section 7412 of the VFRA Act further states, in part, that a "Volunteer Firefighter" is:

A person who is a member of:

- (1) a fire company organized and existing under the laws of this Commonwealth;
- (2) a fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies; or
- (3) a fire company or affiliated organization which participates in the fire service but does not look to that service as his or her primary means of livelihood.<sup>6</sup> (Emphasis added).

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<sup>4</sup> [https://www.pennlive.com/midstate/2010/02/perdix\\_fire\\_company\\_sues\\_penn.html](https://www.pennlive.com/midstate/2010/02/perdix_fire_company_sues_penn.html), accessed October 5, 2021.

<sup>5</sup> 35 Pa.C.S. § 7412.

<sup>6</sup> Ibid.

**BACKGROUND – (Continued)**

Since the relief association has not provided us with an active membership roster or evidence of continued fire service operations, we were unable to determine at the time of this audit whether the relief association is required to dissolve under the VFRA Act.

Section 7419 of the VFRA Act (relating to Dissolution) requires the following, in part:

- (a) **Withdrawal.**--If the voters elect to replace a volunteer fire company with a full-paid fire department or company and the volunteer company which has been replaced ceases to render fire service to any community, the volunteer company shall withdraw from the volunteer firefighters' relief association which had extended protection to its membership.
- (b) **Continuation.**--Notwithstanding withdrawal of a company under subsection (a), the volunteer firefighters' relief association shall continue granting financial assistance to its remaining members and their families in death, sickness and distress suffered through the unfortunate elements of life.
- (c) **New members prohibited.**--A volunteer firefighters' relief association continuing under subsection (b) shall not receive any new members.
- (d) **Application.**--When the membership of a relief association functioning under subsection (b) diminishes to five members, the association shall apply to the local common pleas court for dissolution.<sup>7</sup> (Emphasis added).

During the current audit period, the relief association did not receive an allocation of state aid from any funding municipalities. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality. The relief association last received a state aid funding allocation in the year 2009.

Based on the relief association's records, its total cash as of November 30, 2020\* was \$2,763, as illustrated below:

|      |                 |
|------|-----------------|
| Cash | \$ <u>2,763</u> |
|------|-----------------|

**\* The last known relief officials did not provide our auditors with a bank statement for the month of December 2020 and, therefore, our auditors could not determine whether any expenditures were made during the month of December 2020. Nor were the auditors able to confirm the cash balance for the audit period ended December 31, 2020.**

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<sup>7</sup> 35 Pa.C.S. § 7419(a)-(d).



## BACKGROUND – (Continued)

Based on records primarily obtained from the relief association’s financial institution, its total expenditures for the period January 1, 2016 to November 30, 2020<sup>8</sup> were \$18,556, as noted below. However, due to the significant limitations on the scope of the audit as described above and our inability to conduct audit procedures, we could not evaluate the accuracy of the reported expenditures or 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.

### Expenditures Through November 30, 2020:

|                          |                         |
|--------------------------|-------------------------|
| Benefit Services:        |                         |
| Insurance premiums       | <u>\$ 3,314</u>         |
| Fire Services:           |                         |
| Equipment purchased      | \$ 12,122               |
| Equipment maintenance    | <u>2,820</u>            |
| Total Fire Services      | <u>\$ 14,942</u>        |
| Administrative Services: |                         |
| Bond premiums            | <u>\$ 300</u>           |
| Total Expenditures       | <u><u>\$ 18,556</u></u> |

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

Perdix Fire Co. No. 1

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<sup>8</sup> We did not obtain the December 2020 bank statement as described in Finding No. 1.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Failure To Maintain Surety (Fidelity) Bond Coverage

By obtaining Surety (Fidelity) bond coverage in a sufficient amount.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of the two prior audit findings. The finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Inadequate Signatory Authority For The Disbursement Of Funds

We are concerned by the relief association's failure to correct the previously reported audit finding. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Lack Of Cooperation From The Last Known Relief Association Officials  
Severely Limited The Scope Of The Audit**

Condition: Our auditors made numerous, documented attempts to contact and work with relief association officials to begin and conduct this mandated audit dating back to early 2019. The following is a summary of some of those attempts:

1/31/2019: Auditor emailed two of the last known relief officials to see if they were still relief association officers and to schedule the mandated audit of the relief association.

- One of the officers called back and indicated that they were still relief association officers and asked what information was needed for the audit to be conducted. The auditor then emailed the relief association officer the period that the audit would cover and items that were needed for the audit to be conducted.
- The second officer also contacted the auditor via email on 1/31/2019 and confirmed they both were still relief association officers, but questioned the auditor on why an audit still needed to be done since the relief association was not receiving state aid. The auditor explained that an audit needs to be completed as long as the relief association still exists and has monetary and physical assets.

3/14/2019: Auditor emailed the second officer and requested a date to set to begin the audit. The attempt to set the audit was unsuccessful as the officer was unresponsive to the request to set a date to begin the audit at that time.

6/5/2019: Auditor emailed the same two last known relief officials informing them that a date still needed to be scheduled to begin the audit and again requested that they provide a date to begin the audit. The two last known relief officials were unresponsive.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

7/2/2019: Auditor emailed the same two last known relief officials and informed them that the audit would begin on 7/17/2019.

- On 7/16/2019 one of the two last known relief association officers replied via email that he needed to cancel the 7/17/2021 appointment and asked for the audit to be scheduled the week of 9/9/2019 or 9/16/2019.
- On 7/16/2019 the auditor emailed the two last known relief association officials with the new date of 9/10/2019 for the audit to begin.
- On 7/16/19 one of the last known relief association officials confirmed via email that 9/10/2019 at 9:00 a.m. would work as the time to begin the audit. The attempt to begin the audit was unsuccessful.

Additionally, letters requesting cooperation to begin our mandated audit were sent to the two last known relief officials in 2019 and 2020 (9/16/19, 11/7/19, and 1/16/20). We received confirmation verifying that the last known relief association president received the 2020 certified letter requesting cooperation with the mandated audit via certified mail confirmation from the U.S. Postal Service. However, we did not receive a response to our request from the last known relief association officials. Further, our auditors made attempts to set up the audit via phone calls and voicemail messages left for last known relief officials on 12/10/2020 and 12/11/2020.

Our auditors made several additional attempts (emails/phone calls) in 2021 to obtain cooperation from last known relief officials to complete the mandated audit of the relief association, but relief officials had not responded and/or cooperated with our requests to complete the audit. On March 15, 2021, we sent an exit conference memo to all last known relief association officials via certified mail that our department would go forward with releasing an audit report noting the relief association's officials' lack of cooperation in the conduct of our mandated audit. The last known relief association officials then responded that they would cooperate with our mandated audit.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

The last known relief officials' cooperation was very limited, and they did not provide us with sufficient and appropriate evidence to conclude on either of our audit objectives. We did, however, receive documentation from the relief association's financial institution that allowed us to achieve our first audit objective. The relief association officers did not provide the following documents that we requested:

- Receipt and disbursement journals
- Ledgers
- Checkbook
- Equipment rosters
- Membership roster
- Relief association officers' listing
- Meeting minutes
- Sales tax exemption number
- Bank statements<sup>9</sup>
- Cancelled checks<sup>10</sup>
- Documentation (e.g., invoices) to support expenditures

In addition, during the course of the audit, relief officials were unresponsive to our inquiries concerning whether or not the officials considered the relief association to meet the requirements of the VFRA Act to be an authorized volunteer firefighters' relief association. Based on documentation received during the prior audit, the last relief association meeting for which we received documentation was held in 2015.

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<sup>9</sup> We were able to obtain bank statements from the bank identified as holding the relief association's checking account for months of December 1, 2015 through October, 30 2020 by issuing a writ of summons to the bank. We eventually received the November 2020 bank statement from one of the last known relief association officials. We did not, however, receive the December 2020 bank statement due to lack of cooperation from the last known relief officials and the timing of the writ.

<sup>10</sup> We were able to obtain cancelled checks from the bank identified as holding the relief association's checking account for months of December 1, 2015 through October 30, 2020 by issuing a writ of summons to the bank.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

The bank statements received from the bank from December 1, 2015 through October, 30 2020 and the November 2020 bank statement received from one of the last known relief association officials provided information regarding the vendors to which payments were made during those months. We contacted all of the vendors and received supporting documentation from the vendors. The documentation received indicates that the expenditures were for items (physical equipment and services) that are allowable pursuant to the VFRA Act. Because we did not obtain an equipment roster, journals, ledgers or minutes of meetings, however, we could not determine whether the physical items purchased were in the possession of the relief association or that the expenditures made for the purchase of physical items or services were communicated to the relief association members.

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.<sup>11</sup>

Prudent business practice dictates that relief association officials maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association.

Section 7418(a)(1) of the VFRA Act states, in part:

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.<sup>12</sup>

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<sup>11</sup> 35 Pa.C.S. § 7415(a).

<sup>12</sup> 35 Pa.C.S. § 7418(a)(1).

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Further, the Management Guidelines For Volunteer Firefighters' Relief Associations, *Introduction* section, delineates, in part, that:

Relief association officers should maintain records which sufficiently detail the financial transactions of the relief association. These records should describe the source and purpose of the financial transactions, and supporting documentation should be maintained to verify these transactions. All records should be presented in an orderly, businesslike manner and made available for review upon request for audit. It is the responsibility of the relief association (treasurer or audit contact person) to send requested audit documents to the auditor in a timely manner (1 – 15 business days). All relief association documentation should be maintained until audited. Once audited, most financial records should be maintained for seven years from its origination. It is advisable that before discarding financial records, relief association officers should ensure that a longer retention period is not required for other purposes.<sup>13</sup>

In addition, an adequate system of accounting and record-keeping is a prerequisite for sound administration of relief association assets. Further, a primary purpose of the VFRA Act is to encourage individuals to take part in the fire service as volunteer firefighters by establishing criteria and standards for orderly administration and conduct of affairs of firefighters' relief associations. Prudent business practice requires that relief associations monitor their status for compliance as a qualifying volunteer firefighters' relief association under the VFRA Act and any requirements pertaining to dissolution.

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

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<sup>13</sup> 2020 Edition, page 1, see <https://www.paauditor.gov/media/default/VFRA/VFRAManagementGuidelines.pdf>

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Effect: The lack of cooperation from the relief association prevented us from determining whether 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. Such a lack of cooperation and failure to provide requested items necessary for the completion of our mandated audit demonstrates a clear lack of oversight, inadequate accounting and record-keeping, and a lack of internal controls over relief association functional operations by last known relief association officials. A failure to establish effective internal controls prevents the relief association from adequately safeguarding its assets and prevents the verification as to whether relief association business was presented before the membership for discussion and approval. Furthermore, the lack of effective internal controls places the relief association funds at greater risk for misappropriation. Due to the lack of cooperation from the last known relief association officials and the decertification of the Fire Company/relief association by the municipality, any future relief association state aid allocations may be withheld until the recommendations are deemed to be in compliance=.

Recommendation: If the relief association is not dissolved, we recommend that relief association officials cooperate with any future audit requests from this Department and ensure that effective internal controls are in place over relief association operations. In addition, we recommend that the last known relief association officials consult with legal counsel and evaluate the relief association's state of compliance with the VFRA Act requirements described in the background section of this report and take the steps necessary to meet the requirements or consider dissolving the relief association. The Office of the State Fire Commissioner may be able to assist the relief association with this determination. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS. Further, in accordance with a dissolution of the relief association, any and all remaining assets (monetary and nonmonetary e.g., cash, investments, equipment) should be transferred to an active certified relief association operating in good standing under the VFRA Act.

Management's Response: The last known relief association officials did not provide a response.

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, if any.



FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Inadequate Signatory  
Authority For The Disbursement Of Funds**

Condition: We obtained copies of the eight cancelled checks drawn from the relief association's checking account during the audit period (excluding any checks that may have been written after November 2020) from the financial institution identified as holding the relief association's checking account. One of those checks only contained one signature and therefore did not contain the proper signatory authority. Additionally, five other checks contained the signatures of two of the last known relief association officers; however, neither of the two signatures were that of the last known treasurer/disbursing officer as required by the VFRA Act.

A similar condition was noted in our prior audit report.

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

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.<sup>14</sup>

In addition, the relief association's bylaws at Article VI, Section 3 states:

On all accounts of the association, there shall be signatures of no less than two officers, one which should be the treasurer.

Furthermore, prudent business practice dictates that the relief association has sufficient internal control procedures in place to ensure the signatures of at least two 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 last known relief association officials did not provide a reason for why this occurred despite being notified of this condition during our prior audit.

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<sup>14</sup> 35 Pa.C.S. § 7415(c)(3).

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Effect: As a result of the relief association issuing checks with only one signature or without the signature of the treasurer, the relief association did not comply with the VFRA Act or its bylaws and assets were placed at greater risk because expenditures were being made either without a second relief association officer having the opportunity to verify the propriety of the expenditures or without the signature of the official primarily responsible for approving expenditures.

Recommendation: If the relief association is not dissolved, we recommend that the last known relief association officials establish adequate internal control procedures to ensure that the signatures of at least two officers, one of whom shall be the treasurer, are included on all relief association negotiable instruments as defined 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: The last known relief association officials did not provide a response.

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

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
POTENTIAL WITHHOLD OF STATE AID

A condition 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. However, such action may not be considered if sufficient corrective action is demonstrated 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.

FIREMEN'S RELIEF ASSOCIATION WITHIN THE CONFINES OF PERDIX FIRE  
COMPANY NO. 1, ALREADY INCORPPORATED, TOWNSHIP OF PENN,  
PERRY COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**The Honorable Josh Shapiro**  
Pennsylvania Attorney General

Firemen's Relief Association Within the Confines of Perdix Fire Company No. 1, Already  
Incorporated, Township of Penn, Perry County, Pennsylvania Governing Body:

**Mr. Shade Reidlinger**  
President (last known)

**Ms. Jodi Rissinger**  
Secretary (last known)

**Ms. Holli Reidlinger**  
Treasurer (last known)

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).