

COMPLIANCE AUDIT

The Warrior Run Area Firemen's Relief Association

Northumberland County, Pennsylvania

For the Period

January 1, 2020, to December 31, 2022

February 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Wayne Hawley, President
The Warrior Run Area Firemen's
Relief Association
Northumberland County

We have conducted a compliance audit of The Warrior Run Area 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 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 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.

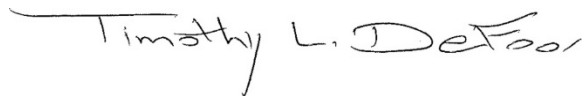
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2020, to December 31, 2022:

- The relief association took appropriate corrective action to address the finding contained in our prior audit report.
- 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 finding listed below and discussed later in this report.

Finding – Untimely Receipt And Deposit Of State Aid

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has 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 to the left of the first letter.

Timothy L. DeFoor
Auditor General
February 9, 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.

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)

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

<u>Municipality</u>	<u>County</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Anthony Township	Montour	\$ 3,652	\$ 3,266	\$ 3,923
Limestone Township	Montour	\$ 3,374	\$ 3,037	\$ 3,626
Delaware Township	Northumberland	\$23,305	\$20,919	\$25,054
Lewis Township	Northumberland	\$10,873	\$ 9,842	\$12,202
McEwensville Borough	Northumberland	\$ 1,255	\$ 1,101	\$ 1,405*
Turbotville Borough	Northumberland	\$ 3,310	\$ 2,935	\$ 3,493
Watsonstown Borough	Northumberland	\$10,606	\$ 9,513	\$11,257
Gregg Township	Union	\$17,748	\$15,735	\$16,260

* The 2022 state aid allocation received from McEwensville Borough was not deposited by the relief association until September 1, 2023, as disclosed in the finding in this report.

Based on the relief association’s records, its total cash and investments as of December 31, 2022, were \$227,140 as illustrated below:

Cash	\$ 176,105
Fair Value of Investments	<u>51,035</u>
Total Cash and Investments	<u>\$ 227,140</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2020, to December 31, 2022, were \$165,859, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁴ **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:

Insurance premiums	<u>\$ 26,394</u>
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Fire Services:

Equipment purchased	\$ 93,945
Equipment maintenance	41,939
Training expenses	<u>3,166</u>

Total Fire Services	<u>\$ 139,050</u>
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Administrative Services:

Bond premiums	\$ 351
Other administrative expenses	<u>64</u>

Total Administrative Services	<u>\$ 415</u>
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Total Expenditures	<u><u>\$ 165,859</u></u>
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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:

Warrior Run Area Consolidated Fire Protection Cooperative

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

THE WARRIOR RUN AREA FIREMEN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Unauthorized Expenditures

By receiving reimbursement of \$2,586 from the affiliated fire company for the unauthorized expenditures that were made in the prior audit period.

THE WARRIOR RUN AREA FIREMEN'S RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Untimely Receipt And Deposit Of State Aid

Condition: The relief association did not deposit the 2022 state aid allocation it received from McEwensville Borough, in the amount of \$1,405, until September 1, 2023. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 21, 2022; however, municipal officials failed to forward the state aid allocation to the relief association until May 24, 2023, which is not within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). In addition, the state aid allocation was erroneously deposited into the affiliated fire company's account. Therefore, the relief association did not ensure the funds were received and deposited timely into a relief association account. Furthermore, since there was no documentation indicating that the relief association attempted to retrieve the funds, the relief association did not document an attempt to ensure the funds were received and deposited timely.

Criteria: Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205), states:

The foreign fire insurance premium tax amount applicable to a municipality served solely by volunteer firefighters shall be paid to the municipality, which shall within 60 days of the date of the receipt of the moneys from the State Treasurer pay the amount received to the relief association fund of the fire department or departments, or fire company or companies, now existing or hereafter organized, inside or outside of the municipality, which is or are actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.

Furthermore, prudent business practice dictates that the relief association officials should be questioning the municipality about their state aid if only one relief association is in the fire service area and upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure state aid funds are obtained and deposited in a timely manner.

Cause: A relief association official stated that the municipality had new officers who were not trained with the procedure of state aid allocation. The municipal secretary deposited the check into the municipality account. An officer of the relief association noticed the relief association had never received the allocation. The municipality wrote a check to the relief association. A new relief association officer deposited the check into a fire company account. When preparing for the audit, the relief association officer noticed the check should have gone to the relief association.

Effect: As a result of the untimely receipt and deposit, funds were not available to pay general operating expenses or for investment purposes. In addition, an untimely receipt and deposit of funds increases the risk that funds could be lost or misappropriated.

THE WARRIOR RUN AREA FIREMEN'S RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend that the relief association officials adopt internal control procedures to ensure the timely receipt and deposit of all future income received. 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.

THE WARRIOR RUN AREA FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Warrior Run Area Firemen's Relief Association Governing Body:

Mr. Wayne Hawley
President

Mr. Jay Yoder
Vice President

Mr. James Stehr, Jr.
Secretary

Ms. Hestia Brown
Treasurer

THE WARRIOR RUN AREA FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Penny Jo Rishel
Secretary
Anthony Township

Ms. Mary Jane Snyder
Secretary
Limestone Township

Mr. Mark L. Burrows
Secretary
Delaware Township

Ms. Lucinda R. Bomberger
Secretary
Lewis Township

Ms. Kathleen M. Buff Noonan
Secretary
McEwensville Borough

Ms. Mileta Joe
Secretary
Turbotville Borough

Ms. Brendi L. Brooke
Secretary
Watsonstown Borough

Ms. Jodi Willow
Secretary
Gregg Township

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