

# COMPLIANCE AUDIT

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## The William Cameron Fireman's Relief Association of Lewisburg, Pennsylvania Union County For the Period January 1, 2020, to December 31, 2022

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August 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Stephen Bolinsky, President  
The William Cameron Fireman's Relief  
Association of Lewisburg, Pennsylvania  
Union County

We have conducted a compliance audit of The William Cameron Fireman's Relief Association of Lewisburg, Pennsylvania (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 findings 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.

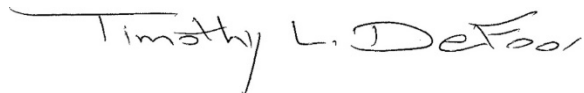
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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 five of the six findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this 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 – Noncompliance With Prior Audit Recommendation – Inadequate  
Signatory Authority For The Disbursement Of Funds

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.



Timothy L. DeFoor  
Auditor General  
August 9, 2023

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law<sup>3</sup> (commonly referred to as Act 205) are properly expended.

The 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 (as last amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

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

**BACKGROUND – (Continued)**

The 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>
West Chillisquaque Township	Northumberland	\$ 3,821	\$ 3,413	\$ 5,562
Buffalo Township	Union	\$ 6,471	\$ 5,075	\$ 6,000
East Buffalo Township	Union	\$43,406	\$38,506	\$50,699
Kelly Township	Union	\$14,954	\$13,227	\$13,907
Lewisburg Borough	Union	\$26,274	\$23,620	\$26,929

Based on the relief association’s records, its total cash and investments as of December 31, 2022, were \$634,209, as illustrated below:

Cash	\$ 450,849
Fair Value of Investments	<u>183,360</u>
Total Cash and Investments	<u><u>\$ 634,209</u></u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2020, to December 31, 2022, were \$269,411, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.<sup>4</sup> **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Benefit Services:

Insurance premiums	\$	10,739
Tokens of sympathy and goodwill		152
Total Benefit Services	\$	<u>10,891</u>

#### Fire Services:

Equipment purchased	\$	124,375
Equipment maintenance		87,219
Training expenses		7,741
Fire prevention materials		5,405
Total Fire Services	\$	<u>224,740</u>

#### Administrative Services:

Bond premiums	\$	1,065
Other administrative expenses *		8,894
Total Administrative Services	\$	<u>9,959</u>

#### Other Expenditures:

Miscellaneous **	\$	<u>23,821</u>
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Total Expenditures	\$	<u><u>269,411</u></u>
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\* A majority of the Other administrative expenses represent \$3,880 expended for accountant services, \$2,692 expended for an online accounting program, and \$423 expended for checks/deposit slips in calendar years 2020, 2021 and 2022.

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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)**

\*\* A majority of the miscellaneous expenditures represent \$22,267 of the affiliated fire company's funds erroneously deposited into the relief association account on July 30, 2021. Once the relief association officials discovered the error, the affiliated fire company was reimbursed \$22,267 on August 19, 2021. There was also a \$1,200 miscellaneous expenditure from the current audit period that was addressed in the prior audit report in the unauthorized expenditure finding for which the relief association received reimbursement on August 27, 2020, as disclosed on the Status of Prior Findings section of this report. The remaining miscellaneous expenditures were not categorized.

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:

William Cameron Engine Company



THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditures

By receiving reimbursement of \$10,533 from the affiliated fire company for the unauthorized expenditures disclosed in the prior audit report.

- Failure To Maintain Minutes Of Meetings

By maintaining minutes of all relief association meetings held during the current audit period.

- Failure To Comply With Terms Of Loan Agreement

By collecting \$19,507 of delinquent loan payments from the fire company and by transferring the title of the vehicle from the fire company to the relief association.

- Failure To Conduct Annual Physical Equipment Inventories

By performing and documenting an annual physical inventory of all relief association owned equipment.

- Failure To Secure Ownership Interest In An Apparatus

By obtaining reimbursement of \$8,331 from the affiliated fire company for the apparatus.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of the six prior audit findings. This finding is noted below and discussed in detail in the Finding and Recommendation section of this report:

- Inadequate Signatory Authority For The Disbursement Of Funds

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

THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Inadequate Signatory Authority For The Disbursement Of Funds**

Condition: During the current audit engagement, we identified 120 checks out of 158 checks, and 18 checks in the post audit period, drawn from the relief association's checking account that did not contain the proper signatory authority. Specifically, for these checks, we found:

- Five checks in the current audit period and two checks in the post audit period contained only one relief association officer's signature, that of the Relief Association Treasurer.
- Twenty-eight checks in the current audit period contained two signatures; however, one signature was signed by a non-relief association member. Each of the 28 checks were signed by a non-member (the Fire Chief) and the Assistant Treasurer of the Relief Association, acting as disbursing officer.
- Eighty-seven checks in the current audit period and 16 checks in the post audit period contained the signatures of the Treasurer and the Assistant Treasurer of the Relief Association but did not include the signature of the President or Vice-President of the Relief Association as required by the bylaws.

Issuing checks without the proper signatory authority negates the relief association's internal control over the disbursement process.

A similar condition was noted in our prior audit report.

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.

The relief association's bylaws at Article IV, Section 4.1 states:

The officers of the Association shall be: President, Vice-President, Treasurer, and Secretary.

THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

In addition, the relief association's bylaws at Article V, Section 5.5 states, in part:

The signature of the treasurer and of the President or Vice-President shall be required in order to bind the Association by formal contract or to issue any negotiable instruments.

Furthermore, the relief association's bylaws at Article V, Section 5.6 states, in part:

The Assistant Treasurer shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as such other powers as the Board of Directors may from time to time prescribe.

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 indicated that it was an oversight regarding the bylaw's signatory requirements that resulted in the checks being inadequately signed.

Effect: Issuing checks with the signature of only one authorized relief association officer negates the relief association's internal control over the disbursement process. As a result, assets were placed at greater risk as expenditures were being made without the disbursing officer and/or a second authorized relief association officer having the opportunity to verify the propriety of the expenditures. The application of appropriate authorized signatures ensures the propriety of the expenditure, reduces the risk of misappropriation of funds, and reduces 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 Relief Association Treasurer/dispersing officer, and the other being that of the Relief Association President or Vice President are included on all relief association negotiable instruments as defined by the VFRA Act and/or the relief association's bylaws. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – (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.

THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

The William Cameron Fireman's Relief Association of Lewisburg, Pennsylvania Governing  
Body:

**Mr. Stephen Bolinsky**  
President

**Mr. Henry Baylor**  
Vice President

**Mr. C. Dale Schrader**  
Secretary

**Mr. John Mahoney**  
Treasurer

**Ms. Debra Catherman**  
Assistant Secretary/Treasurer

**Ms. Michelle Dietrich**  
Director

**Mr. Thomas Zorn**  
Director

**Mr. Joseph Santorine**  
Director

THE WILLIAM CAMERON FIREMAN'S RELIEF ASSOCIATION OF LEWISBURG,  
PENNSYLVANIA  
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The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

**Mr. Vaughn A. Murray**  
Secretary  
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**Ms. Tammy Wagner**  
Secretary  
Buffalo Township

**Ms. Gayle M. Boudman**  
Secretary  
East Buffalo Township

**Ms. Karen J. Terry**  
Secretary  
Kelly Township

**Ms. Kathy D. Wendt**  
Secretary  
Lewisburg Borough

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