

COMPLIANCE AUDIT

Trevorton Fire Company No. 1 Firefighters' Relief Association Northumberland County, Pennsylvania For the Period January 1, 2019, to December 31, 2022

October 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Jason Ramer, President
Trevorton Fire Company No. 1
Firefighters' Relief Association
Northumberland County

We have conducted a compliance audit of the Trevorton Fire Company No. 1 Firefighters' Relief Association (relief association) for the period January 1, 2019, 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, 2019, to December 31, 2022:

- The relief association took appropriate corrective action to address the finding contained in our prior audit report.
- Because of the significance of the matter described in Finding No. 1 below and discussed later in this report, 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 – Undocumented Expenditures And Documentation Supporting Expenditures Not Readily Available And Provided Untimely

Finding No. 2 – Failure To Provide/Maintain Documentation Evidencing Proceeds From The Sale Of A Purchased Vehicle

Finding No. 3 – Failure To Adhere To Relief Association Bylaws

Finding No. 4 – Failure To Segregate Relief Association Officers' Duties

Finding No. 5 – Inadequate Financial Record-Keeping System

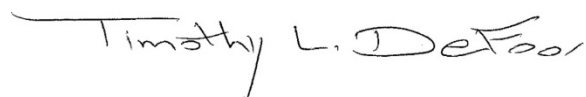
Finding No. 6 – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 7 – Inadequate Minutes Of Meetings

Finding No. 8 – Unauthorized Expenditures

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.



Timothy L. DeFoor
Auditor General
October 17, 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 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Little Mahanoy Township	Northumberland	\$ 761	\$ 777	\$ 702	\$ 803
West Cameron Township	Northumberland	\$1,277	\$1,293	\$1,148	\$1,335
Zerbe Township	Northumberland	\$7,450	\$7,549	\$6,742	\$7,995

Based on the relief association’s records, its total cash and investments as of December 31, 2022, were \$49,050, as illustrated below:

Cash	\$ 45,325
Fair Value of Investments	<u>3,725</u>
Total Cash and Investments	<u><u>\$ 49,050</u></u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019, to December 31, 2022, were \$35,297, 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:

Fire Services:

Equipment purchased	\$	20,265
Equipment maintenance		7,264
Training expenses		1,588
Total Fire Services	\$	<u>29,117</u>

Administrative Services:

Bond premiums	\$	400
Other Administrative expenses		185
Total Administrative services	\$	<u>585</u>

Other Expenditures:

Undocumented expenditures – See Finding No. 1	\$	5,163
Unauthorized expenditures – See Finding No. 8		358
Unauthorized sales tax paid – See Finding No. 8		74
Total Other Expenditures	\$	<u>5,595</u>

Total Expenditures	\$	<u><u>35,297</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:

Trevorton Fire Company No. 1

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

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' 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:

- Untimely Receipt And Deposit Of State Aid

By timely receiving and depositing all income received.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Undocumented Expenditures And Documentation Supporting Expenditures
Not Readily Available And Provided Untimely**

Condition: The relief association did not provide adequate supporting documentation in response to our initial requests for documentation for expenditure transactions totaling \$27,384. After the audit exit conference, relief association officials were able to provide supporting documentation evidencing the propriety of \$22,221 of the expenditure transactions; however, the relief association officials were unable to provide adequate supporting documentation for the remaining expenditures made during the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
02/01/2019	390	Maintenance vendor	\$ 659
02/26/2019	392	Maintenance vendor	160
02/26/2019	394	Maintenance vendor	259
05/16/2019	801	Equipment vendor	287
05/16/2019	802	Maintenance vendor	30
06/06/2019	402	Equipment vendor	40
08/07/2019	407	Maintenance vendor	75
10/17/2019	413	Equipment vendor	292
02/03/2020	606	Maintenance vendor	21
07/03/2020	611	Unknown	50
07/22/2020	612	Equipment vendor	70
07/30/2020	613	Equipment vendor	110
09/09/2020	619	Equipment vendor	170
11/18/2020	623	Maintenance vendor	1,456
11/18/2020	624	Maintenance vendor	790
01/18/2022	646	Unknown	51
06/13/2022	652	Maintenance vendor	535
07/20/2022	655	Maintenance vendor	43
11/01/2022	659	Maintenance vendor	43
11/01/2022	660	Unknown	22
Total			<u>\$ 5,163</u>

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (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 for expenditures be maintained in an orderly manner, available for review by auditors upon request, and be maintained to evidence the propriety of all financial transactions.

Cause: The relief association officials stated that the 2019 invoices were misplaced, and other invoices could not be located.

Effect: The failure to maintain readily available supporting documentation for expenditures for review by auditors upon request increases the risk of errors and misappropriation of funds. Lack of supporting documentation, such as invoices, itemized receipts, and detailed minutes of meetings, made it impossible to determine if the remaining 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. 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 provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the remaining expenditures or that the relief association be reimbursed \$5,163 for the remaining undocumented expenditures. We also recommend that the relief association officials maintain supporting documentation for all future expenditures and provide the documentation to auditors upon request. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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. 2 – Failure To Provide/Maintain Documentation Evidencing Proceeds From The Sale Of A Purchased Vehicle

Condition: In 2017, the relief association had expended \$4,500 towards the purchase of a 1990 Chevy truck. In 2022, the purchased vehicle was sold for \$3,500 and the sales proceeds were deposited into the relief association's account; however, the relief association did not receive a bill of sale for the 1990 Chevy truck. Without a bill of sale, we were unable to verify the actual sale price of the vehicle.

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 receive a bill of sale to verify the proceeds upon the sale of a vehicle, in the event the vehicle is ever sold.

Cause: Relief association officials stated that they misplaced the bill of sale.

Effect: The failure to receive a bill of sale to verify the proceeds deposited from the sale of a purchased vehicle places the relief association's ownership interest at greater risk. Without a bill of sale, we were unable to verify the sale price of the vehicle.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the relief association officials provide a bill of sale for the 1990 Chevy truck. We also recommend the relief association officials establish accounting and internal control procedures to ensure that all future proceeds resulting from the sale of a purchased vehicle are timely deposited into a relief association account and that the bill of sale is maintained when the vehicle is sold. 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. 3 – Failure To Adhere To Relief Association Bylaws

Condition: The relief association did not adhere to numerous provisions in the relief association's bylaws. Specifically, the relief association did not abide by the bylaw stipulations as noted below:

- The bylaw requirement for the officers of the relief association to consist of a President, Vice President, Secretary and Treasurer. The Secretary of the Relief Association holds the position of both the Secretary and Treasurer (See Finding No. 4). The Vice President position is vacant.
- The bylaws reference Act 84 governing their organization; however, the VFRA Act (Act 118 of 2010 and Act 91 of 2020) should be the referenced Act.

Criteria: The relief association's bylaws stipulate the following:

- Article 3, Section 1 states, in part: The officers of the association shall consist of a president, vice president, secretary and treasurer.
- Article 5, Section 1 states, in part: Funds of this association shall not be expended for any purpose other than those authorized by the provisions of act [*sic*] 84 of the 1968 and the association bylaws.
- Article 6, Section 1 states, in part: Funds of this association may be invested in any security authorized by the provisions of section 6(c) of Act 84.
- Article 8, Section 1 states, in part: – These assets, funds, etc. shall be used in accordance to rules set forth by Act 84 of 1968, and any other rules or regulations set forth by the Department of the Auditor General.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Furthermore, prudent business practice dictates that the relief association should adhere to all provisions stipulated in the relief association's bylaws to ensure that the relief association conducts its affairs with proper authorization.

Cause: Relief association officials indicated that the President resigned, and the Vice President moved to the President's position which resulted in the Vice President position being vacant. The relief association officials did not provide a reason why the secretary holds the position of secretary and treasurer or why the bylaws have not been updated to reflect the VFRA Act.

Effect: As a result of the relief association not following or updating the mandatory provisions stipulated in the bylaws, the relief association may have conducted its affairs without proper authorization.

Recommendation: We recommend that the relief association officials review the bylaws governing their organization and establish guidelines and procedures to meet the provisions contained in the bylaws in order to assure that the association conducts its affairs with proper authorization. We also recommend that the relief association officials remove the language referring to Act 84 by updating the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act (Act 118 of 2020 and Act 91 of 2020). 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. 4 – Failure To Segregate Relief Association Officers' Duties

Condition: During the current audit, we detected that the same individual holds the position of both Secretary and Treasurer.

Criteria: Prudent business practice dictates that the duties of the Secretary and Treasurer be sufficiently segregated. An adequate segregation of duties is the primary internal control intended to prevent or decrease the risk of errors or irregularities.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

The minimum requirements of the Secretary's position, pertaining to a relief association, are to maintain detailed minutes of meetings authorizing the relief association's financial operations. The Secretary should review and coordinate the amending of the bylaws governing the relief association so that the bylaws meet the minimum requirements of the VFRA Act.

The minimum requirements of the Treasurer's position, pertaining to a relief association, are to maintain an account of all funds belonging to the relief association. The Treasurer shall maintain a journal and ledger detailing all financial transactions of the relief association along with documentation supporting the receipts and disbursements. The Treasurer should co-sign all negotiable instruments along with another relief association officer. Also, financial statements should be prepared at least on an annual basis by the Treasurer.

Cause: The relief association officials stated that there are not enough members to fill all of the relief association officer's positions even though the relief association's membership roster appears to have over thirty members.

Effect: An inadequate segregation of duties could prevent relief association officials and members from effectively monitoring the relief association's financial transactions. Additionally, it negates the checks and balances necessary to detect and correct financial errors or irregularities in the relief association's accounting system.

Recommendation: We recommend that the relief association officials ensure that there is adequate segregation of duties between the Relief Association's Secretary and Treasurer. We also recommend that the relief association officials review its accounting and internal control procedures to ensure that the duties being performed by the Secretary and Treasurer are sufficiently segregated so that relief association assets are adequately safeguarded. 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.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – 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 for the calendar years 2020, 2021, and 2022.
- Ledgers were not utilized to record the transactions of the relief association accounts for the calendar years 2020, 2021, and 2022.
- Documentation to support various expenditures was not available for examination at the time of the audit (See Finding No. 1).
- Investment rosters were not maintained to record the investments purchased or sold.

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 they were 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.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – Failure To Maintain A Complete And Accurate Equipment Roster

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Specifically, the relief association purchased \$20,265 of equipment during the current audit period and there was no equipment roster created or maintained for these purchases. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

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 and perform and document an annual physical inventory of all operable equipment 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 did not provide a reason why this occurred.

Effect: The 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 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.

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.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – Inadequate Minutes Of Meetings

Condition: The relief association failed to maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws. Specifically, the relief association's minutes did not address all financial-related transactions that occurred during the audit period. In addition, meetings were only held six months during calendar years 2019 and 2022, and seven months during calendar years 2020 and 2021. Furthermore, the 2019 and 2020 meeting minutes were not signed by the recording officer.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

The relief association's bylaws at Article 2, Section 1 states, in part:

Regular meetings of this association shall be held the first Monday of each month immediately following the regular meeting of the Trevorton Fire Co. #1. Seven members and the President or Vice President shall constitute a quorum.

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

The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at meetings.

Furthermore, the relief association's bylaws at Article 5, Section 1 states, in part:

All expenditures must be approved by a majority vote at an association meeting, duly recorded in the minutes, and countersigned by the president.

Cause: Relief association officials indicated that they do not have enough members for a full quorum to meet monthly even though the relief association's membership roster appears to have over thirty members. The relief association officials did not provide a reason why financial transactions were not addressed within the meeting minutes or why the Secretary of the Relief Association did not sign the meeting minutes.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that are signed and dated, evidence that relief association business was presented before the membership for approval does not exist.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – (Continued)

Recommendation: We recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association. The minutes should include an adequate record of all financial-related business conducted by the relief association. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the Secretary of the Relief Association to ensure the validity of the meeting minutes. 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 – Unauthorized Expenditures

Condition: The relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
04/05/2021	631	Pediatric defibrillator pads	\$ 101
08/08/2021	640	Supplies and desk at treasurer's home	156
11/14/2021	642	Inspection of fire company owned vehicle	101
		Total	<u>\$ 358</u>

In addition, during calendar year 2021, the relief association made insignificant disbursements in the total amount of \$74, for the unauthorized payment of sales tax on Amazon purchases that were authorized under the VFRA Act.

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

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

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 8 – (Continued)

Section 7416(f) of the VFRA Act states:

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

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.

- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

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

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

Costs associated with the purchase of pediatric equipment, desk and supplies at the treasurer's home, an inspection on a fire company owned vehicle, and sales tax paid do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: The relief association officials indicated that they were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

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. Because of the relief association's failure to furnish their exemption number to all vendors, Pennsylvania sales tax was required on its purchases, which also ultimately reduces the funds otherwise available for general operating expenditures or for investment purposes. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the improperly expended funds will result in a withholding of future state aid fund disbursements until the improperly expended fire relief association monies identified in the finding have been reimbursed to the relief association.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 8 – (Continued)

Recommendation: We recommend that the relief association be reimbursed \$432 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. We also recommend that the relief association officials immediately furnish their exemption number to all vendors from whom the relief association purchases equipment. All supporting documentation verifying the receipt of reimbursement for unauthorized expenditures should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. 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.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
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 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 316E Finance Building, Harrisburg, PA 17120.

TREVORTON FIRE COMPANY NO. 1 FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Trevorton Fire Company No. 1 Firefighters' Relief Association Governing Body:

Mr. Jason Ramer
President

Ms. Christina Ramer
Secretary/Treasurer

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

Ms. Lisa Williard
Secretary
Little Mahanoy Township

Ms. Missy Yeager
Secretary
West Cameron Township

Mr. Daniel Zablosky
Secretary
Zerbe 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.