

# COMPLIANCE AUDIT

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## Upper Frankford Township Firemen's Relief Association Cumberland County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

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June 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Harold McKee, President  
Upper Frankford Township Firemen's  
Relief Association  
Cumberland County

We have conducted a compliance audit of the Upper Frankford Township Firemen's Relief Association (relief association) for the period January 1, 2018 to December 31, 2020. 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 objective of the audit was 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 objective identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

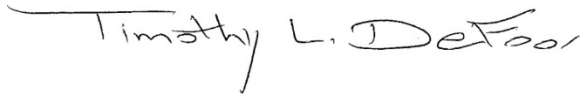
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain an independent confirmation of the cash balance directly from the financial institution. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2020, the relief association had a cash balance of \$24,998, we were not able to verify this cash balance.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2018 to December 31, 2020, 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 – Failure To Maintain Minutes Of Meetings And Presentation Of  
Recreated Minutes

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, flowing style.

Timothy L. DeFoor  
Auditor General  
March 29, 2022

## CONTENTS

	<u>Page</u>
Background .....	1
Finding and Recommendation:	
Finding – Failure To Maintain Minutes Of Meetings And Presentation Of Recreated Minutes .....	4
Report Distribution List .....	6

## 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>2018</u>	<u>2019</u>	<u>2020</u>
Lower Frankford Township	Cumberland	\$ 2,377	\$ 2,570	\$ 2,588
Lower Mifflin Township	Cumberland	\$ 1,500	\$ 3,000	\$ 3,000
Upper Frankford Township	Cumberland	\$11,254	\$12,208	\$12,320
West Pennsboro Township	Cumberland	\$ 3,437	\$ 3,733	\$ 3,774

Based on the relief association's records, its total cash as December 31, 2020 was \$24,998, as illustrated below:

Cash	<u>\$ 24,998</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$87,500, 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	<u>\$ 7,604</u>
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#### Fire Services:

Equipment purchased	\$ 71,719
Equipment maintenance	3,468
Training expenses	<u>2,808</u>
Total Fire Services	<u>\$ 77,995</u>

#### Administrative Services:

Other administrative expenses	\$ 913
Bond premiums	<u>988</u>
Total Administrative Services	<u>\$ 1,901</u>

Total Expenditures	<u>\$ 87,500</u>
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<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

## **BACKGROUND – (Continued)**

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

Upper Frankford Township Volunteer Fire Company

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Failure To Maintain Minutes Of Meetings And Presentation Of Recreated Minutes**

Condition: The relief association did not maintain minutes of meetings as required by the VFRA Act and the relief association's bylaws. The relief association meetings were only held three months during each year of the audit period.

In addition, in a response from the current Secretary to a request to verify relief association meeting minutes, the Secretary stated that the 2019 minutes appeared to have been rewritten and not the original minutes. The 2019 and 2020 meeting minutes that were originally prepared by the same individual were in different handwriting; therefore, the previous Relief Association Secretary verified that the 2019 and the December 2020 meeting minutes were not her handwriting. The notation 'On behalf of Secretary,' with her name and the Relief Association President's signature was written on the meeting minutes and the date that the Relief Association President recorded on the bottom of some of the meeting minutes was not the correct date. When we tried to question the Relief Association President about the meeting minutes, we received a response from the Relief Association Vice President because the President does not have email or use his cell phone at this time. The Relief Association Vice President stated that the 2019 meeting minutes appear to have been lost and when the prior Secretary was asked for the minutes, she failed to provide the meeting minutes. The prior Secretary said that she was sure she gave the minutes to the new Secretary; however, the current Secretary appears to have never received the minutes. The President then rewrote the meeting minutes based off the fire company meeting minutes and the relief association's invoices that were paid.

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 II, Section 1 states, in part:

Regular meetings of this association will be held the second Wednesday of each month immediately following the regular monthly meeting of the Upper Frankford Township Volunteer Fire Company.

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

Secretary: The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note all activities and transactions of the association and of all other pertinent business discussed at the meetings.



UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Cause: The relief association officials did not provide a reason for why all required meetings were not held. Based on discussions with the relief association officials, it appears that some of the relief association meeting minutes were lost, and the Relief Association President tried to recreate accurate 2019 meeting minutes based on the fire company meeting minutes and the relief association's invoices.

Effect: Without holding regular meetings, maintaining detailed minutes of meetings and providing the original meeting minutes to the auditor, evidence that relief association business was presented before the membership for approval does not exist.

Recommendation: We recommend that the relief association officials hold all required meetings and maintain a permanent record of all relief association meetings as required by the VFRA Act and the relief association's bylaws. The minutes should include an adequate record of all financial-related business conducted by the relief association. We further recommend that the preparation of meeting minutes be solely performed by the Relief Association Secretary during required meetings and signed by the Secretary. 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 and indicated they will take action to comply with the recommendation.

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

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION  
DISTRIBUTION LIST

This report was initially distributed to the following:

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

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

Upper Frankford Township Firemen's Relief Association Governing Body:

**Mr. Harold McKee**  
President

**Mr. Matthew T. Stets**  
Vice President

**Ms. Ginger Young**  
Secretary

**Mr. George Stets**  
Treasurer

UPPER FRANKFORD TOWNSHIP FIREMEN’S RELIEF ASSOCIATION  
DISTRIBUTION LIST

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

**Ms. Dawn E. Arnold**  
Secretary  
Upper Frankford Township

**Ms. Karen Heishman**  
Secretary  
Lower Frankford Township

**Ms. Brandi Lay**  
Secretary  
Lower Mifflin Township

**Ms. Evelyn M. Swartz**  
Secretary  
West Pennboro Township

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).