

# COMPLIANCE AUDIT

---

## Wyalusing Valley Volunteer Firefighters' Relief Association Bradford County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

---

August 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov

TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Thomas Miller, President  
Wyalusing Valley Volunteer Firefighters'  
Relief Association  
Bradford County

We have conducted a compliance audit of the Wyalusing Valley Volunteer Firefighters' Relief Association (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, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2018 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 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.

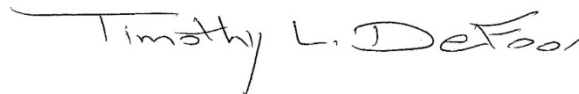
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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, 2018 to December 31, 2020:

- The relief association did not take appropriate corrective action to address the finding contained in our prior audit report, as detailed below and discussed in the Status of Prior Finding 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 – 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.



Timothy L. DeFoor  
Auditor General

August 10, 2021

## CONTENTS

	<u>Page</u>
Background .....	1
Status of Prior Finding .....	4
Finding and Recommendation:	
Finding – Noncompliance With Prior Audit Recommendation – Untimely Receipt And Deposit Of State Aid .....	5
Report Distribution List .....	7

## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, 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, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (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.

Act 118 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, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, 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.

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>
Terry Township	Bradford	\$3,912	\$4,317	\$4,335
Tuscarora Township	Bradford	\$ 737*	\$ 788*	\$ 791
Wyalusing Borough	Bradford	\$2,819	\$3,109	\$3,127
Wyalusing Township	Bradford	\$7,823	\$8,183	\$8,183

**BACKGROUND – (Continued)**

\* The 2018 and 2019 state aid allocations received from Tuscarora Township were not deposited by the relief association until May 17, 2021, and January 17, 2020, respectively, as disclosed in Finding No. 1 in this report.

Based on the relief association’s records, its total cash and investments as of December 31, 2020 were \$243,269, as illustrated below:

Cash	\$ 46,710
Fair Value of Investments	<u>196,559</u>
Total Cash and Investments	<u><u>\$ 243,269</u></u>

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$35,486, 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>1</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>\$ 9,960</u>
Administrative Services:	
Other administrative expenses	\$ 166
Bond premiums	<u>360</u>
Total Administrative Services	<u>\$ 526</u>
Total Investments Purchased	<u>\$ 25,000</u>
Total Expenditures	<u><u>\$ 35,486</u></u>

---

<sup>1</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:

Wyalusing Valley Volunteer Fire Department

WYALUSING VALLEY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Untimely Receipt And Deposit Of State Aid

Although the relief association deposited the 2017 state aid from Tuscarora Township, the relief association again failed to ensure the timely receipt and deposit of all income received in the current audit period as further disclosed in the Finding of this report.

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



WYALUSING VALLEY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Untimely Receipt And Deposit Of State Aid**

Condition: Although the relief association deposited the 2017 state aid from Tuscarora Township as noted in the Status of Prior Audit Finding section of this report, the relief association again failed to ensure the timely receipt and deposit of all income received in the current audit period. The 2018 state aid allocation the relief association received from Tuscarora Township, in the amount of \$737, was erroneously deposited into the affiliated fire company's account. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 17, 2018, who forwarded this state aid to the relief association on November 14, 2018, which is within the 60 days of receipt, as required by Section 706(b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205).

Additionally, the 2019 state aid allocation the relief association received from Tuscarora Township, in the amount of \$788, was not deposited until January 17, 2020. The 2019 foreign fire insurance tax allocation was distributed to the municipal treasurer on September 16, 2019, who did not forward this state aid to the relief association until December 11, 2019, which was not within the 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L.1005, No. 205).

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 upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure the funds are deposited in a timely manner.

Cause: The relief association officials stated a lack of oversight for the reason why two state aid allocations were not deposited in a timely manner. Consequently, the relief association officials failed to establish procedures which requires all income is received, recorded and deposited in a timely manner.

WYALUSING VALLEY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

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

Recommendation: We recommend that the relief association officials immediately deposit the \$737 of the 2018 state aid allocation it received from Tuscarora Township. In addition, relief association officials should establish accounting and internal control procedures to ensure that all state aid is received in a timely manner and deposited into a relief association account. 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, as a result of our audit, the relief association deposited the 2018 state aid allocation, in the amount of \$737, into a relief association account on May 17, 2021.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$737 was received. Compliance for ensuring timely receipts and deposits of state aid are made during the next audit period will be subject to verification through our next audit.

WYALUSING VALLEY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Wyalusing Valley Volunteer Firefighters' Relief Association Governing Body:

**Mr. Thomas Miller**  
President

**Mr. Brandon Conner**  
Vice President

**Ms. Janet Otis**  
Secretary

**Ms. Judy Higley**  
Treasurer

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

**Ms. Stacy J. Hart**  
Secretary  
Terry Township

**Ms. Susan C. Berkley**  
Secretary  
Tuscarora Township

**Ms. Joanne M. Vago**  
Secretary  
Wyalusing Borough

**Ms. Maxine K. Meteer**  
Secretary  
Wyalusing Township

WYALUSING VALLEY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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).