



**ONEIDA TOWNSHIP VOLUNTEER FIREMAN'S RELIEF ASSOCIATION**

**HUNTINGDON COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2008 TO AUGUST 3, 2010**



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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, 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 Oneida Township Volunteer Fireman's Relief Association, herein referred to as Oneida Township Volunteer Firefighters' Relief Association, was 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 the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts 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 the volunteer firefighters' relief association 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, which is or are recognized as providing the service to the municipality.

BACKGROUND (Continued)

The Oneida Township Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Henderson Township	Huntingdon	\$2,043	\$1,900	**
Oneida Township	Huntingdon	\$3,587*	\$2,179	**

\* The 2008 state aid allocation from Oneida Township was not deposited by the relief association, until November 23, 2010, subsequent to the audit period. Refer to Finding No. 4 in the Findings and Recommendations section of this report.

\*\* In 2010, Henderson and Oneida Townships did not distribute state aid to the Oneida Township Volunteer Firefighters' Relief Association.

On August 3, 2010, the Oneida Township Volunteer Firefighters' Relief Association merged with, and transferred assets and liabilities to, the Huntingdon Volunteer Firefighters' Relief Association.

The volunteer firefighters' relief association and the affiliated fire service organization were separate, legal entities. The Oneida Township Volunteer Firefighters' Relief Association was affiliated with the Oneida Township Volunteer Fire Company.

Mr. Frank W. Frew, President  
ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION  
Huntingdon County

We have conducted a compliance audit of the Oneida Township Volunteer Firefighters' 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, 2008 to August 3, 2010.

We conducted this compliance audit in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Oneida Township Volunteer Firefighters' 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. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with those requirements and that we considered to be significant within the context of the audit objectives, and assessed whether those significant controls were properly designed and implemented. Our audit procedures also included tests of documentary evidence supporting the Oneida Township Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Oneida Township Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of August 3, 2010, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objectives. Additionally, we performed procedures to provide a reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts that are significant within the context of the audit objectives.

The results of our audit, for the period January 1, 2008 to August 3, 2010, found the Oneida Township Volunteer Firefighters' Relief Association took appropriate corrective action to address one of four findings contained in our prior audit report. However, the Oneida Township Volunteer Firefighters' Relief Association failed to take appropriate corrective action to address the remaining findings contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report. In addition, the results of our audit found the Oneida Township Volunteer Firefighters' Relief Association, in all significant respects, received and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the findings listed below and discussed in detail in the Findings and Recommendations section of this report. The results of our tests also indicated the Oneida Township Volunteer Firefighters' Relief Association expended funds as presented in the Accompanying Expenditure Information and, as of August 3, 2010, Oneida Township Volunteer Firefighters' Relief Association transferred assets and liabilities to the Huntingdon Volunteer Firefighters' Relief Association. On the merger date, Oneida Township Volunteer Firefighters' Relief Association transferred \$13,212 of remaining monetary assets to the Huntingdon Volunteer Firefighters' Relief Association.

Finding No. 1 – Noncompliance With Prior Audit Recommendation –  
Inadequate Relief Association Bylaws

Finding No. 2 – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain Minutes of Meetings

Finding No. 3 – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain a Complete and Accurate Equipment Roster

Finding No. 4 – Failure to Monitor Receipt of State Aid



The contents of this report were discussed with the management of the Oneida Township Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

November 9, 2010, except for Finding No. 4,  
for which the date is November 23, 2010

JACK WAGNER  
Auditor General



ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The Oneida Township Volunteer Firefighters' Relief Association has complied with the following prior audit finding and recommendation:

- Undocumented Expenditures

By receiving reimbursement from the Oneida Township Volunteer Fire Company, in the amount of \$340, for the undocumented expenditures that were made during the prior audit period. In addition, we did not detect any additional undocumented expenditures during the current audit period.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Oneida Township Volunteer Firefighters' Relief Association has not complied with three of the four prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws
- Noncompliance With Prior Audit Recommendation – Failure to Maintain Minutes of Meetings
- Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Equipment Roster

We are concerned with the Oneida Township Volunteer Firefighters' Relief Association's failure to adhere to our previously reported audit recommendations. However, due to the August 3, 2010 merger of the Oneida Township and Huntingdon Volunteer Firefighters' Relief Associations, the newly formed Huntingdon Volunteer Firefighters' Relief Association should ensure the recommendations and corrective actions noted in this audit report are implemented.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation –  
Inadequate Relief Association Bylaws

Condition: As cited in our prior audit report, the existing bylaws of the Oneida Township Volunteer Firefighters' Relief Association define the secretary and treasurer positions as one office.

Article III, Section 3, of the relief association bylaws, states:

That the Secretary/Treasurer keep a true record of the proceedings of every meeting in the minutes and maintain relief association bylaws. In addition, Secretary/Treasurer duties include an account of all money belonging to the relief association and presenting to the membership a annual financial statement.

Criteria: Act 118 at 35 Pa.C.S. § 7415(c)(2 and 5) states, that the relief association's bylaws shall:

- (2) State the notice requirements and procedure to be followed in calling meetings, as well as quorum requirements for regular and special meetings of the membership and for regular and special meetings of the body which governs the operations of the association between membership meetings, and shall designate that body, whether it be a board of directors, trustees or any similar body such as an executive committee. Unless otherwise provided for in the bylaws, powers and duties of officers, directors and trustees shall be those which normally pertain to such positions in nonprofit corporations.
  
- (5) State the procedure to be followed in nominating and in electing officers, trustees, directors, and members of the executive committee, according to the provisions which have been made for establishment of those positions.

Cause: While notified of this condition during our prior audit, relief association officials, again, neglected to formally segregate the offices of secretary and treasurer in the bylaws.

Effect: The relief association's failure to formally segregate the offices of secretary and treasurer in the relief association's bylaws prevents the membership from being aware that the positions should be segregated and not performed by the same individual. Furthermore, the lack of segregation of duties places the relief association funds at greater risk for misappropriation.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Recommendation: Due to the merger of Oneida Township Volunteer Firefighters' Relief Association with Huntingdon Volunteer Firefighters' Relief Association and the transfer of assets to the Huntingdon Volunteer Firefighters' Relief Association, we are making this recommendation to Huntingdon Volunteer Firefighters' Relief Association. We recommend that the relief association officials review and update, if necessary, the bylaws governing their organization so that the bylaws meet the requirement set forth in Act 118 and properly authorize the operating procedures of the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Oneida Township Volunteer Firefighters' Relief Association Management agreed with the finding as presented at the audit exit conference.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain Minutes of Meetings

Condition: As cited in our prior audit report, the relief association, again, failed to maintain minutes of meetings as required by Act 118. Although the relief association bylaws call for monthly meetings, the relief association only provided minutes for 14 out of 36 meetings that were required to be held during the current audit period.

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) 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.

Article II, Section 1, of the relief association's bylaws states, in part:

Regular meetings shall be held following the regular meetings of the Oneida Township Volunteer Fire Company which are held the third Tuesday of each month.

Cause: While notified of this condition during our prior audit, relief association officials, again, neglected to maintain minutes of meetings, as required by Act 118.

Effect: Without detailed minutes of meetings, verification that relief association business was presented before the membership for approval does not exist.

Recommendation: Due to the merger of Oneida Township Volunteer Firefighters' Relief Association with Huntingdon Volunteer Firefighters' Relief Association and the transfer of assets to the Huntingdon Volunteer Firefighters' Relief Association, we are making this recommendation to Huntingdon Volunteer Firefighters' Relief Association. We recommend the relief association officials ensure that a permanent record of all relief association meetings is maintained, as required by Act 118. The minutes should include an adequate record of all financial-related business conducted by the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Oneida Township Volunteer Firefighters' Relief Association Management agreed with the finding as presented at the audit exit conference.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain a Complete and Accurate Equipment Roster

Condition: As cited in our prior audit report, the relief association officials, again, failed to maintain a complete and accurate roster of equipment owned by the relief association. While an equipment roster was provided, the relief association did not include any equipment purchased during the current audit period. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all of the relief association's fixed assets.

Criteria: Sound business practice dictates 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 in order to provide an effective accounting control over the relief association's fixed assets. A cumulative equipment roster of all relief association equipment should include 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; and
- Evidence of the performance and results of an annual physical inventory.

Cause: While notified of this condition during our prior audit, relief association officials, again, neglected to establish adequate internal control procedures over fixed assets requiring the maintenance of a cumulative equipment roster and the performance of an annual physical inventory of equipment.

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 fixed assets prevents adequate accountability for, and safeguarding of, relief association fixed assets.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: Due to the merger of Oneida Township Volunteer Firefighters' Relief Association with Huntingdon Volunteer Firefighters' Relief Association and the transfer of assets to the Huntingdon Volunteer Firefighters' Relief Association, we are making this recommendation to Huntingdon Volunteer Firefighters' Relief Association. We recommend the Huntingdon Volunteer Firefighters' Relief Association ensure that a cumulative equipment roster of all relief association owned equipment is maintained. 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: Oneida Township Volunteer Firefighters' Relief Association Management agreed with the finding as presented at the audit exit conference.



ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Failure to Monitor Receipt of State Aid

Condition: The relief association failed to monitor the receipt of the 2008 state aid distribution from Oneida Township, totaling \$3,587.

Criteria: Per department policy, it is the relief association's responsibility to monitor the receipt of state aid. If the relief association has not received its state aid checks from dispensing municipalities by December 1 of each year, the relief association officers should contact the respective municipality to determine the status of the distribution of funds due to the relief association.

Cause: The relief association failed to implement internal control procedures to monitor the receipt of all state aid. The foreign fire insurance tax (state aid) allocation was distributed to the municipal treasurer, who erroneously forwarded this state aid to the affiliated fire company on November 6, 2008. The affiliated fire company erroneously deposited the state aid into a fire company account.

Effect: The relief association's failure to implement internal control procedures to monitor the receipt of state aid resulted in a significant delay in the receipt, deposit, and use of the 2008 state aid funds for general operating expenses or for investment purposes. In addition, the failure to deposit receipts in a timely manner can lead to a greater risk that funds could be lost or misappropriated.

However, as a result of our audit, and subsequent to the audit period, on November 23, 2010, the Huntingdon Volunteer Firefighters' Relief Association received reimbursement from the Huntingdon Fire Department for the Oneida Township state aid, totaling \$3,587.

Recommendation: Due to the merger of Oneida Township Volunteer Firefighters' Relief Association with Huntingdon Volunteer Firefighters' Relief Association and the transfer of assets to the Huntingdon Volunteer Firefighters' Relief Association, we are making this recommendation to Huntingdon Volunteer Firefighters' Relief Association. We recommend the relief association should implement internal control procedures to ensure that all state aid is truly received and deposited into a relief association account. We further recommend that if the relief association has not received its state aid check from a municipality by December 1 of each year, the relief association contact the municipality to determine the status of the municipality's distribution of the outstanding state aid funds. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Management's Response: Oneida Township Volunteer Firefighters' Relief Association Management agreed with the finding as presented at the audit exit conference.

ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2008 TO AUGUST 3, 2010

Act 118 at 35 Pa.C.S. § 7412 states: a volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose.

Act 118 at 35 Pa.C.S. § 7416 authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds.

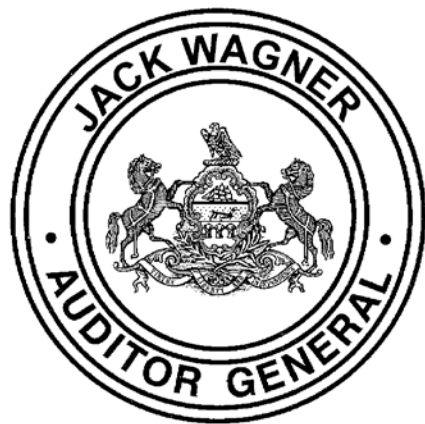
Furthermore, all expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 2,353
Tokens of sympathy and goodwill	58
Total Benefit Services	\$ 2,411
Fire Services:	
Equipment purchased	\$ 4,517
Equipment maintenance	1,731
Total Fire Services	\$ 6,248
Administrative Services:	
Miscellaneous administrative expenses	330
Total Administrative Services	\$ 330
Other Expenditures:	
Transfer of monetary assets *	\$ 13,212
Total Other Expenditures	\$ 13,212

\* Transfer of Monetary Assets

On March 10, 2009, the membership of the Oneida Township Volunteer Firefighters' Relief Association voted to approve a merger with Huntingdon Volunteer Firefighters' Relief Association to create, by the transfer of assets and liabilities, Huntingdon Volunteer Firefighters' Relief Association. On August 3, 2010, the Oneida Township and Huntingdon Volunteer Firefighters' Relief Associations completed the merger by transferring ownership of its equipment inventory and monetary assets to the newly formed Huntingdon Volunteer Firefighters' Relief Association.



ONEIDA TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania

Oneida Township Volunteer Firefighters' Relief Association Governing Body:

Mr. Frank W. Frew, President

Mr. Arthur Wilt, Vice President

Ms. Carol L. Knode, Treasurer

Huntingdon Volunteer Firefighters' Relief Association Governing Body:

Mr. Jeffrey Jackson, President

Mr. Shaun Magill, Vice President

Ms. Beth Jamison, Secretary

Mr. David Sorensen, Treasurer

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

Ms. Tammie Henney, Secretary  
Henderson Township

Ms. Doris Hayden, Secretary  
Oneida Township

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).