



**KLECKNERSVILLE RANGERS VOLUNTEER FIRE COMPANY FIREMEN'S RELIEF
ASSOCIATION**

HEREIN REFERRED TO AS:

**KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION**

NORTHAMPTON COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2004



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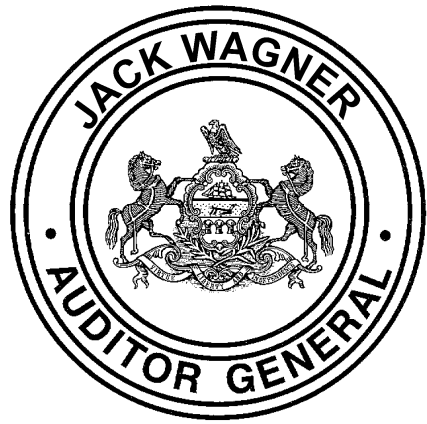
BACKGROUND

This audit report is a public record, which must be available for examination by all interested citizens and volunteer firefighters' relief association (VFRA) members.

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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), 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.

This department conducts its audits of volunteer firefighters' relief associations in accordance with generally accepted auditing standards. Representations contained in the accompanying financial statements are the responsibility of the relief association's management. This department's responsibility for those statements is confined solely to an expression of our opinion as to the fairness of management's representation of the financial statements taken as a whole.

Act 84 requires that the relief association be governed in accordance with bylaws, which establish the association's operating procedures. Act 84 provides that the primary purpose of a relief association is to afford financial protection to volunteer firefighters against misfortunes suffered during fire service participation. To fulfill this purpose, Act 84 authorizes specific types of expenditures and outlines appropriate relief association investment options. Within the parameters established by Act 84, it is the responsibility of the volunteer firefighters' relief association to choose investments in a proper and prudent manner.



Independent Auditor's Report

Mr. Jeffrey Bachman, President
KLECKNERSVILLE RANGERS VOLUNTEER
FIREFIGHTERS' RELIEF ASSOCIATION
Northampton County

We have audited the accompanying Statement Of Monetary Assets Arising From Cash Transactions as of December 31, 2004 and the related Statement Of Cash Receipts, Disbursements, And Changes In Cash of the Klecknersville Rangers Volunteer Firefighters' Relief Association for the period January 1, 2002 to December 31, 2004. These financial statements are the responsibility of the relief association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Department of the Auditor General is mandated by state statute to calculate state aid provided to volunteer firefighters' relief associations and to audit volunteer firefighters' relief associations having received such aid. State aid is calculated by an administrative unit that is not involved in the audit process. The Department's Comptroller Office then pre-audits the calculation and submits requests to the Commonwealth's Treasury Department for the disbursement of state aid to the municipality. The Department has implemented procedures to ensure that Department audit personnel are not directly involved in the calculation and disbursement processes. The Department's mandatory responsibilities are being disclosed in accordance with *Government Auditing Standards*.

Independent Auditor's Report (Continued)

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the monetary assets arising from cash transactions of the Klecknersville Rangers Volunteer Firefighters' Relief Association as of December 31, 2004, and the cash receipts, disbursements, and changes in cash for the period January 1, 2002 to December 31, 2004, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2005, on our consideration of the Klecknersville Rangers Volunteer Firefighters' Relief Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

October 3, 2005

JACK WAGNER
Auditor General

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATEMENT OF MONETARY ASSETS ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 2004

ASSETS:

Cash (note 3)	\$ 52,396
Investment (note 4)	<u>9,269</u>
 Total Monetary Assets	 <u>\$ 61,665</u>

Notes to financial statements are an integral part of this report.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
FOR THE PERIOD JANUARY 1, 2002 TO DECEMBER 31, 2004

RECEIPTS:

Support:	
State aid (note 5)	\$ 105,656
Donation	15,000
Other Receipts:	
Interest income	951
Reimbursements	<u>5,955</u>
Total Receipts	<u>127,562</u>

DISBURSEMENTS:

Fire Services:	
Equipment purchased	90,857
Equipment maintenance	6,878
Training expenses	2,794
Fire prevention materials	1,534
Benefit Services:	
Insurance premiums	<u>34,063</u>

Total Disbursements	<u>136,126</u>
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Net Increase or (Decrease) In Cash	(8,564)
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Cash Balance, January 1	<u>60,960</u>
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Cash Balance, December 31	<u><u>\$ 52,396</u></u>
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Notes to financial statements are an integral part of this report.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION

Pursuant to the Act of June 11, 1968, (P.L. 149, No. 84), as amended, the Klecknersville Rangers Volunteer Firefighters' Relief Association is a charitable organization that was formed to afford financial protection to volunteer firefighters and to encourage individuals within the community to participate in volunteer fire service.

Act 84 governs the overall operation of the volunteer firefighters' relief association. The relief association's bylaws regulate the specific procedures by which the association assets are managed.

The Klecknersville Rangers Volunteer Firefighters' Relief Association is affiliated with Klecknersville Rangers Volunteer Fire Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The relief association's records are maintained on a cash basis, and the statement of cash receipts and disbursements reflect only cash received and disbursed. Therefore, receivables and payables, long-lived assets, accrued income and expenses, and depreciation, which would otherwise be recognized under accounting principles generally accepted in the United States of America (GAAP) and which may be material in amount, are not recognized in the accompanying financial statements.
- B. Fixed assets are recognized as expenditures at the time of purchase, rather than being capitalized and depreciated over their estimated useful lives.
- C. The relief association did not adopt Statement of Financial Accounting Standard (SFAS) No. 117 since they do not follow GAAP.
- D. The nature of the relief association's monetary assets is considered to be unrestricted.
- E. All investments of the relief association are carried at their original cost to the association, rather than the fair value.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

3. CASH

Cash consisted of the following at December 31, 2004:

Checking account	\$ 46,967
Savings account	<u>5,429</u>
Total Cash	<u>\$ 52,396</u>

4. INVESTMENT

The investment held by the relief association as of December 31, 2004, consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificate of deposit	<u>\$ 9,269</u>	<u>\$ 9,269</u>
Total Investments	<u>\$ 9,269</u>	<u>\$ 9,269</u>

5. STATE AID

Chapter 7 of the Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 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 relief association of the fire department or departments, which is or are recognized as providing service to the municipality.

During the years 2002, 2003, and 2004, the Klecknersville Rangers Volunteer Firefighters' Relief Association received state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>
Chapman Borough	Northampton
Moore Township	Northampton

However, the 2004 state aid allocations from Chapman Borough and Moore Township were not deposited by the relief association until February 3, 2005.

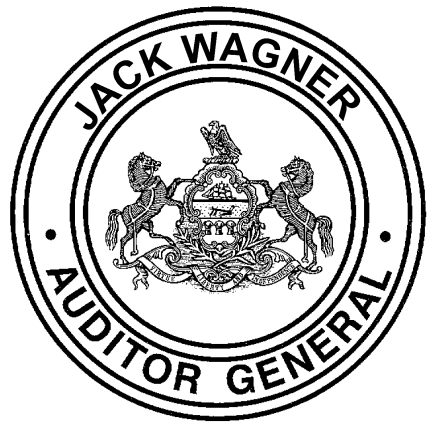
KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

6. RELATED PARTY SITUATIONS

A related party situation exists because the volunteer firefighters' relief association is affiliated with the fire service organization disclosed in Note 1. The relief association is a distinct separate legal entity that was established primarily for the purpose of affording financial protection to the volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service.

Another related party situation exists because certain officers of the relief association hold offices in the fire service organization. Also, certain officers of the relief association are immediate family members of other relief association and fire service organization officers.

The relief association membership is aware of these situations and all transactions are approved by the relief association membership.



**Report On Compliance And On Internal Control Over Financial Reporting
Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Mr. Jeffrey Bachman, President
KLECKNERSVILLE RANGERS VOLUNTEER
FIREFIGHTERS' RELIEF ASSOCIATION
Northampton County

We have audited the financial statements (cash basis) of the Klecknersville Rangers Volunteer Firefighters' Relief Association as of December 31, 2004 and for the period January 1, 2002 to December 31, 2004, and have issued our report thereon dated October 3, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

The Department of the Auditor General is mandated by state statute to calculate state aid provided to volunteer firefighters' relief associations and to audit volunteer firefighters' relief associations having received such aid. State aid is calculated by an administrative unit that is not involved in the audit process. The Department's Comptroller Office then pre-audits the calculation and submits requests to the Commonwealth's Treasury Department for the disbursement of state aid to the municipality. The Department has implemented procedures to ensure that Department audit personnel are not directly involved in the calculation and disbursement processes. The Department's mandatory responsibilities are being disclosed in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Klecknersville Rangers Volunteer Firefighters' Relief Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

**Report On Compliance And On Internal Control Over Financial Reporting
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards (Continued)**

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the findings stated below:

Finding No. 1 – Undocumented Expenditures

Finding No. 2 – Unauthorized Expenditures

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Inadequate Signatory Authority For The Disbursement Of Funds

Finding No. 4 – Inadequate Minutes Of Meetings

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Klecknersville Rangers Volunteer Firefighters' Relief Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Klecknersville Rangers Volunteer Firefighters' Relief Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the following findings:

Finding No. 1 – Undocumented Expenditures

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Inadequate Signatory Authority For The Disbursement Of Funds

Finding No. 4 – Inadequate Minutes Of Meetings

Finding No. 5 – Inappropriate Presigning Of Blank Checks

Finding No. 6 – Untimely Deposit Of State Aid

Finding No. 7 – Duplicate Payment

**Report On Compliance And On Internal Control Over Financial Reporting
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards (Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by association officers in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

We are concerned in light of the relief association's failure to correct a previously reported audit finding. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

This report is intended solely for the information and use of the relief association's members and management, and the officials of the municipalities that grant the foreign fire insurance tax monies to the volunteer firefighters' relief association. It is not intended to be and should not be used by anyone other than these specified parties.

October 3, 2005

JACK WAGNER
Auditor General

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Undocumented Expenditures

Condition: The relief association was unable to provide adequate supporting documentation for the following expenditures:

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
01/28/02	262	\$ 117
01/28/02	263	4,935
01/28/02	264	4,112
03/27/02	265	307
05/27/02	270	985
07/24/02	274	5,000
08/28/02	278	105
08/29/02	277	250
11/05/02	281	1,258
04/24/03	289	256
06/16/03	295	9,498
07/30/03	296	528
07/30/03	297	3,754
08/28/03	298	410
08/28/03	299	276
08/28/03	300	164
10/03/03	600	9,662
01/29/04	605	3,044
03/07/04	1001	1,205
07/30/04	1010	2,917
11/24/04	1019	85
11/24/04	1020	85
Total		<u>\$ 48,953</u>

Criteria: Act 84 at 53 P.S. § 8507(a) states, in part:

The Department of the Auditor General shall have the power, and its duty shall be, to audit the accounts and records of every volunteer firefighters' relief association receiving any 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 amended, as far as may be necessary to satisfy the department that the money received was expended or is being expended for no purpose other than that authorized by this act.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Without adequate supporting documentation, such as invoices, this department is unable to determine if the relief association funds were expended for purposes authorized by Act 84. Furthermore, good business practices would require that supporting documentation be maintained to verify the propriety of all financial transactions.

Cause: Relief association officials failed to establish adequate internal control procedures to ensure supporting documentation is maintained for all expenditures.

Effect: Lack of supporting documentation, such as invoices, training certificates, and detailed minutes of meetings, made it impossible to determine the expenditures were made in accordance with Act 84 at 53 P.S. § 8506(e).

However, subsequent to the fieldwork completion date, the relief association provided adequate documentation for \$37,770 of the undocumented expenditures. Furthermore, on October 27, 2005, the relief association was reimbursed \$11,183 for the remaining undocumented expenditures.

Recommendation: We recommend that the relief association officials maintain supporting documentation for all future expenditures. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Unauthorized Expenditures

Condition: On May 26, 2004, the relief association expended \$3,921 for the premiums on the fire company officer's bond coverage, property insurance, and two commercial automobile insurance policies which are not authorized by Act 84. Also, subsequent to the period under review, on May 9, 2005, the relief association expended \$3,954 for the renewal of these same four fire company insurance policies.

Criteria: Act 84 at 53 P.S. § 8506(e)(1 and 12) 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 its affairs including legal fees and including but not by way of limitation the rental or purchase of offices, the payment of reasonable compensation of any needed employees, and the purchase of office equipment and supplies.
- (12) To secure insurance against the legal liability of the volunteer firefighters for loss and expense from claims arising out of the performance of their official, authorized duties while going to, returning from or attending fires or while performing their duties as special fire police.

The primary purpose of the insurance premiums is to protect the assets of the fire company, not of the relief association; consequently, they are not considered authorized expenditures of the relief association as defined by Act 84.

Cause: Relief association officials were unaware that the expenditures for the fire company's insurance policies were not authorized by Act 84.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures by Act 84.

However, subsequent to the fieldwork completion date, on October 23, 2005, the relief association was reimbursed \$7,875 for the above mentioned unauthorized expenditures.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend the relief association officials become familiar with Act 84 at 53 P.S. § 8506(e) to aid them in determining the propriety of future expenditures. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Inadequate Signatory Authority For The Disbursement Of Funds

Condition: As cited in the prior audit report, the signature of only one relief association officer was used on seven checks to disburse relief association funds from the checking account, although the signatures of at least two relief association officers are required.

Criteria: Act 84 at 53 P.S. § 8505(c) states, in part:

The bylaws shall require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required in order to bind the association by formal contract or to issue any negotiable instrument.

Cause: While notified of this condition in the prior audit report, relief association officials neglected the Act 84 provision, which require the signatures of at least two officers for the disbursement of funds.

Effect: As a result of the relief association not obtaining two signatures for all disbursements, assets were placed at greater risk of misappropriation.

Recommendation: We again recommend the relief association officials adopt procedures which would require the signatures of at least two officers on all relief association negotiable instruments, as required by Act 84. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Inadequate Minutes Of Meetings

Condition: The relief association failed to maintain adequate minutes of meetings, as required by Act 84. Specifically, the relief association's minutes did not address all of the financial-related transactions which occurred during the period under review.

Criteria: Act 84 at 53 P.S. § 8505(a) states, in part, that the relief association:

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

Cause: While the relief association officials were aware that maintaining detailed minutes of meetings was required by Act 84, they neglected to ensure the minutes addressed all financial-related transactions.

Effect: The failure to maintain adequate minutes of meetings prevented the verification as to whether all relief association business was presented before the membership for approval.

Recommendation: We recommend the relief association maintain detailed minutes of meetings, including 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: 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – Inappropriate Presigning Of Blank Checks

Condition: A review of the relief association's checkbook revealed that three blank checks were presigned by one of the two relief association officials who are authorized to sign checks. The presigning of blank checks negates the relief association's internal control over the disbursement process.

Criteria: Checks should be signed and co-signed only after each authorized person has reviewed and approved the nature, purpose, and propriety of each expenditure.

Cause: The relief association failed to establish internal control procedures to prevent the presigning of blank checks.

Effect: The practice of presigning blank checks prevents the relief association from maintaining an adequate segregation of duties necessary to ensure the proper safeguarding of its assets.

Recommendation: We recommend that the practice of presigning blank checks be immediately discontinued. Furthermore, checks prepared for each expenditure should accompany the invoice and any other supporting documentation. This will enable each authorized official to review the nature, purpose, and propriety of each expenditure prior to signing the check. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – Untimely Deposit Of State Aid

Condition: The 2004 state aid received from Chapman Borough and Moore Township, in the amounts of \$1,201 and \$54,484, respectively, were not deposited into the volunteer firefighters' relief association's account until February 3, 2005.

Criteria: The foreign fire insurance tax allocation was distributed to the municipal treasurers, who forwarded this state aid to the volunteer firefighters' relief association on October 4, 2004 and October 5, 2004, respectively, 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). Upon receipt of the state aid allocation, the relief association should ensure the funds are deposited in a timely manner.

Cause: The relief association failed to establish internal control procedures, which require that all income received be recorded and deposited in a timely manner. The treasurer of the relief association indicated that an officer of the fire company erroneously deposited the state aid into a fire company account.

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 can lead to a greater risk that funds could be lost or misappropriated.

Recommendation: We recommend the relief association officials adopt internal control procedures to ensure the timely deposit of all income received. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – Duplicate Payment

Condition: On June 4, 2004, the relief association expended \$2,842 for portable radios and related equipment. On August 2, 2004, the relief association erroneously made a duplicate payment for the same portable radios. As such, the second payment is considered an unauthorized disbursement because no goods or services were received for the payment.

Criteria: Adequate accounting and internal control procedures should be implemented to prevent duplicate payments of invoices.

Cause: The volunteer firefighters' relief association failed to establish internal control procedures which would require that all invoices or other billing documents be canceled or otherwise effectively marked to prevent duplicate payments.

Effect: As a result of this erroneous payment, the relief association was unable to use these funds for other general operating expenses or for investment purposes.

Recommendation: We recommend the relief association be reimbursed \$2,842 for the erroneous duplicate payment. In addition, the relief association should establish accounting and internal control procedures to monitor future relief association expenditures. 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.

KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION COMMENTS

PRIOR AUDIT RECOMMENDATIONS

The relief association has complied with the following prior audit recommendations:

- Insufficient Officer's Bond Coverage

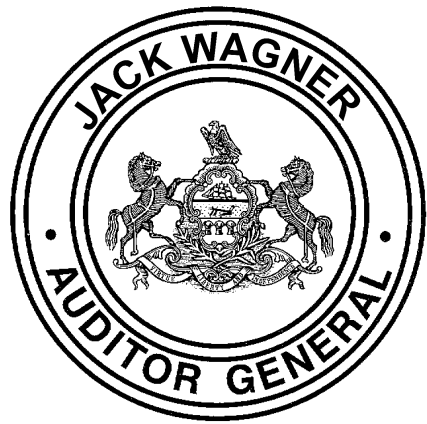
By increasing the officer's bond coverage to an amount greater than the balance of cash assets.

- Failure To Obtain A Federal Tax Identification Number

By obtaining a federal tax identification number.

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative roster of all equipment owned.



KLECKNERSVILLE RANGERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Klecknersville Rangers Volunteer Firefighters' Relief Association Officers:

Mr. Jeffrey Bachman, President

Ms. Brenda I. Bachman, Secretary

Mr. Tod A. Stever, Treasurer

Reports were also distributed to each municipality, which allocated foreign fire insurance tax monies to this relief association.

Mr. John J. Defassio, Secretary
Chapman Borough

Mr. Rodney Jarinko, Secretary
Moore 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.