



**WINDHAM COMMUNITY FIREFIGHTERS' RELIEF ASSOCIATION OF THE STATE  
OF PENNSYLVANIA**

**HEREIN REFERRED TO AS:**

**WINDHAM COMMUNITY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION**

**BRADFORD COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2007 TO FEBRUARY 17, 2009**



## CONTENTS

Background.....	1
Letter From the Auditor General .....	3
Finding and Recommendation:	
Finding – Failure to Maintain Officer's Bond Coverage .....	5
Accompanying Expenditure Information .....	6
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, 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.

The Windham Community 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 84 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 84 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' 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.

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 Windham Community Volunteer Firefighters' Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2007</u>	<u>2008</u>
Windham Township	Bradford	\$5,369	*

\* The Windham Community Volunteer Firefighters' Relief Association did not receive any state aid in 2008; and subsequently, as of February 17, 2009, the organization dissolved. Thereafter, it did not receive any further state aid allocations.

The volunteer firefighters' relief association and the affiliated fire service organization were separate, legal entities. The Windham Community Volunteer Firefighters' Relief Association was affiliated with the following fire service organization:

Windham Community Fire Department

Mr. Steve Carlin, President  
WINDHAM COMMUNITY VOLUNTEER  
FIREFIGHTERS' RELIEF ASSOCIATION  
Bradford County

We have conducted a compliance audit of the Windham Community 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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), for the period January 1, 2007 to February 17, 2009.

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 objective. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objective.

The objective of the audit was 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 objective identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Windham Community Volunteer Firefighters' Relief Association's administration of state aid and accumulated 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 applicable state laws, contracts, bylaws and administrative procedures significant within the context of the audit objective.

We also tested transactions, confirmed the closing of the Windham Community Volunteer Firefighters' Relief Association's cash account as of February 17, 2009, with the custodians of the funds, and interviewed selected officials to the extent necessary to satisfy the audit objective.

The results of our audit for the period January 1, 2007 to February 17, 2009, found, in all significant respects, the Windham Community Volunteer Firefighters' Relief Association received and expended funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the following finding discussed later in this report. The results of our tests indicated the Windham Community Volunteer Firefighters' Relief Association expended funds as presented in the accompanying information. However, as of February 17, 2009, the Windham Community Volunteer Firefighters' Relief Association dissolved and all remaining equipment was donated to the LeRaysville-Pike and the Herrick Township Volunteer Firefighters' Relief Associations. The relief association did not have any remaining monetary assets.

Finding – Failure to Maintain Officer's Bond Coverage

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

March 3, 2009

JACK WAGNER  
Auditor General



WINDHAM COMMUNITY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

Finding – Failure to Maintain Officer's Bond Coverage

Condition: The relief association failed to maintain bond coverage on the disbursing officer as required by Act 84. The relief association was without bond coverage from December 18, 2008 through the date of this report.

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

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary, or otherwise, shall be bonded by corporate surety for the faithful performance of his duties. The amount of such bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on such bond shall be a proper charge against the funds of the association.

Cause: Relief association officials were aware of the Act 84 provisions regarding the maintenance of officer's bond coverage. However, according to relief association officials, the relief association did not renew its bond policy because the dissolution of the relief association was initially expected to be complete by the end of 2008.

Effect: As a result of the disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: No recommendation is deemed necessary due to the dissolution of the Windham Community Volunteer Firefighters' Relief Association.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference.

WINDHAM COMMUNITY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2007 TO FEBRUARY 17, 2009

Act 84 at 53 P.S. § 8502(1) states, in part, that:

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. Such an association may also serve other purposes, . . . provided only that adequate provisions be first made to serve its primary purpose. . . .

Act 84 at 53 P.S. § 8506, 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. 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	\$ 2,664
Total Benefit Services	\$ 2,664
Fire Services:	
Equipment purchased	\$ 3,305
Equipment maintenance	151
Training expenses	98
Fire prevention materials	2,291
Total Fire Services	\$ 5,845
Administrative Services:	
Officer compensation	\$ 2,000
Miscellaneous administrative expenses	905
Total Administrative Services	\$ 2,905

WINDHAM COMMUNITY VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania

Windham Community Volunteer Firefighters' Relief Association Officers:

Mr. Steve Carlin, President

Ms. Janet Richardson, Secretary

Ms. Pamela Vasey, Treasurer

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

Ms. Jenna English, Secretary  
Windham 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).