

COMPLIANCE AUDIT

Lower Milford Township Fire Company Number 1 Relief Association Lehigh County, Pennsylvania For the Period January 1, 2019, to December 31, 2022

September 2023



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. Donald Harrington, President
Lower Milford Township Fire Company
Number 1 Relief Association
Lehigh County

We have conducted a compliance audit of the Lower Milford Township Fire Company Number 1 Relief Association (relief association) for the period January 1, 2019, to December 31, 2022. 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 objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings 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, 2019, to December 31, 2022:

- The relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below, and discussed in the Status of Prior Findings 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 findings listed below and discussed later in this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Minutes Of Meetings And Relief Association Bylaws

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws

Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Equipment

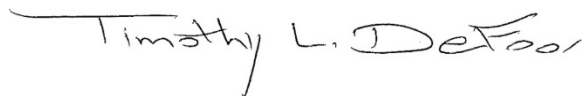
Finding No. 4 – Unauthorized Expenditures

Finding No. 5 – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 6 – Inadequate Internal Controls

We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have 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 22, 2023

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Findings	5
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Minutes Of Meetings And Relief Association Bylaws.....	6
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws.....	8
Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Equipment	9
Finding No. 4 – Unauthorized Expenditures	10
Finding No. 5 – Failure To Maintain A Complete And Accurate Equipment Roster	12
Finding No. 6 – Inadequate Internal Controls	13
Report Distribution List	16

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("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 Law³ (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.

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lower Milford Township	Lehigh	\$28,994	\$28,827	\$25,630	\$31,756

Based on the relief association's records, its total cash and investments as of December 31, 2022, were \$114,678, as illustrated below:

Cash	\$ 101,862
Fair Value of Investments	<u>12,816</u>
Total Cash and Investments	<u>\$ 114,678</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019, to December 31, 2022, were \$148,204, 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.⁴ **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	\$ 23,276
--------------------	-----------

Fire Services:

Equipment purchased	\$ 88,373
Equipment maintenance	14,606
Training expenses	7,961

Total Fire Services	<u>\$ 110,940</u>
---------------------	-------------------

Administrative Services:

Bond premiums	\$ 400
Other administrative expenses *	1,984

Total Administrative Services	<u>\$ 2,384</u>
-------------------------------	-----------------

Other Expenditures:

Payments on lease-financing	\$ 11,105
Unauthorized expenditure – See Finding No. 4	166
Unauthorized sales tax paid – See Finding No. 4	135
Miscellaneous – uncategorized	198

Total Other Expenditures	<u>\$ 11,604</u>
--------------------------	------------------

Total Expenditures	<u><u>\$ 148,204</u></u>
--------------------	--------------------------

* A portion of the other administrative expenses represent \$600 expended in calendar year 2020 for online access to tax documents.

⁴ 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:

Lower Milford Township Fire Company No. 1

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with the following prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Inadequate Minutes Of Meetings
- Failure To Adhere To Relief Association Bylaws

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

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Minutes
Of Meetings And Relief Association Bylaws**

Condition: The relief association failed to maintain detailed minutes of meetings as required by the VFRA Act and the relief association’s bylaws. Specifically, the relief association’s minutes did not address all financial-related transactions that occurred during the audit period. In addition, meetings were only held in three months during calendar year 2019, three months during calendar year 2020, two months during calendar year 2021, and two months during calendar year 2022. Furthermore, the meeting minutes were not signed and dated by the recording officer. Finally, the existing bylaws of the relief association contain language to conduct business pertaining to the benefits, disbursement, investment, and purchase of funds that is based on Act 84 of June 11, 1968. The relief association has not updated the bylaws to govern their organization to meet the requirements set forth in the VFRA Act (Act 118 of 2010 and Act 91 of 2020).

A similar condition was noted in our prior audit report.

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 meeting of this association shall be held on the first Monday of each month during regular fire practice.

The relief association’s bylaws at Article III, Section 3 also states, in part:

SECRETARY: The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorizations by the membership of all association financial transactions and all other pertinent business discussed at meetings.

The relief association’s bylaws at Article V, Section 1 states:

Funds of this association shall not be expended for any purpose other than those authorized by the provisions of Act 84 of the State of Pennsylvania and the association bylaws. All expenditures must be approved by a majority vote at an association meeting and duly recorded in the minutes.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

In addition, the relief association's bylaws at Article VI states:

Section 6 (e) of Act 84 provides for various types of expenditures which can be made with relief association funds at the discretion of the membership. Any type of discretionary benefit payments made by the association must conform to the requirement of Act 84, and be approved by the membership at a regular or special meeting.

Furthermore, the relief association's bylaws at Article VII, Section 1 states:

Funds of this association may be invested in any security authorized by the provisions of Section 6 (c) of Act 84. All purchases and sales of investments must be made in a prudent manner to insure [sic] maximum investment return and authorized by a majority vote at an association meeting. The transactions must be duly recorded in the minutes.

Cause: The relief association officials indicated oversights on their part were the reasons why the financial transactions were not addressed within the meeting minutes, the Secretary of the Relief Association did not sign the meeting minutes, all required meetings were not held, and the bylaws were not updated to meet the requirements of the VFRA Act.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that are signed and dated, evidence that relief association business was presented before the membership for approval does not exist. As a result of the relief association not updating the bylaws to meet the appropriate requirements, the relief association may have conducted its affairs without proper authorization.

Recommendation: We again recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association. The minutes should include an adequate record of all financial-related business conducted by the relief association. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the Secretary of the Relief Association to ensure the validity of the meeting minutes. In addition, we recommend that the relief association officials remove the language referring to Act 84 by updating the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act (Act 118 of 2010 and Act 91 of 2020). For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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.

Auditor's Conclusion: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws

Condition: The relief association did not adhere to a provision in the association's bylaws. Specifically, the relief association did not abide by the following bylaw stipulation:

- Annual nominations and election of officers are required to be held during the November and December meetings, respectively; and should be documented in the meeting minutes.

A similar condition was noted in our prior audit report.

Criteria: The relief association's bylaws stipulate the following:

- Article III, Section 2 – Officers shall be elected for term of one year by a majority vote of membership. Nominations for all officers shall be made at the association's regular November meeting and the election shall be held at the regular December meeting.

Furthermore, prudent business practice dictates that the relief association should adhere to all provisions stipulated in the relief association's bylaws to ensure that the relief association conducts its affairs with proper authorization.

Cause: Relief association officials indicated that due to the change in relief association officers during the audit period, this discrepancy was not addressed.

Effect: As a result of the relief association not following the mandatory provisions stipulated in the bylaws, the relief association may have conducted its affairs without proper authorization.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We again recommend that the relief association officials review the bylaws governing their organization and establish guidelines and procedures to meet the provisions contained in the bylaws in order to assure that the association conducts its affairs with proper authorization. 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.

Auditor's Conclusion: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Equipment

Condition: On March 2, 2020, the relief association expended \$13,651 on lighting equipment for a fire company owned vehicle without properly securing its ownership interest.

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving 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 far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the vehicle that has equipment purchased by the relief association by executing a formal written agreement that enumerates the relief association's proportional share of the cost of the vehicle. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the vehicle, in the event the vehicle is ever sold.

Cause: The relief association officials did not provide a reason why this occurred.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Effect: The failure to adequately secure the proportional share of ownership interest in the vehicle for which relief association purchased equipment was installed places the relief association's ownership interest at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials execute a formal written agreement with the fire company that enumerates the relief association's proportional ownership interest in the vehicle as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the vehicle is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$13,651. 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.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

Finding No. 4 – Unauthorized Expenditures

Condition: As cited as a verbal observation in the prior audit, the relief association expended \$65 of unauthorized expenditures, and the relief association officials did not take corrective action to address the unauthorized expenditures prior to the end of the current audit period ending December 31, 2022.

During the current audit period and post audit period, the relief association expended \$135 and \$8, respectively, for unauthorized payments of sales tax on purchases that were authorized by the VFRA Act. In addition, during the current audit period, the relief association expended \$166 on custom license plates which are not authorized by the VFRA Act.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Criteria: Section 7416(f) of the VFRA Act 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 the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with custom license plates and sales tax paid do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: The relief association officials did not provide a reason why this occurred.

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

Recommendation: We recommend that the relief association be reimbursed \$374 for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. All supporting documentation verifying the receipt of reimbursement for unauthorized expenditures should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

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.

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

Finding No. 5 – Failure To Maintain A Complete And Accurate Equipment Roster

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Specifically, the relief association purchased \$88,373 of equipment during the current audit period and there was no equipment roster created or maintained for these purchases. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

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

Cause: The relief association officials stated too many people were involved with the inventory, but no one took charge to ensure an adequate equipment roster was maintained.

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 equipment prevents adequate accountability for, and safeguarding of, relief association equipment.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Recommendation: We recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association. 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: 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.

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

Finding No. 6 – Inadequate Internal Controls

Condition: The relief association has failed to establish adequate internal controls. The following conditions noted during the current audit period are indicative of internal control weaknesses:

- Although cited as a verbal observation in the prior audit, a debit card policy was still not created and maintained during the current audit.
- A comprehensive roster of all relief association members was not maintained.
- A journal was not maintained to record the receipts and disbursements of the relief association for the period August 1, 2020, through August 16, 2021.

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 I, Section 2 states, in part:

The membership of this association shall consist of any person who is known as active emergency response personnel, in good standing, of the Lower Milford Township Fire Company #1.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

In addition, the relief association's bylaws at Article V, Section 2, states:

All expenditures must be made through a relief association account and recorded, in detail, in the association journal and ledger. Supporting documentation such as invoices, canceled checks, etc. shall be maintained to verify all disbursements.

Furthermore, prudent business practice dictates that:

- A comprehensive listing of all relief association members should be maintained and include the names of each member, the members' mailing address, dates of births, dates of memberships, membership classifications, and, when warranted, a notation should be made on the roster identifying the date of a member's resignation or death.
- An adequate system of accounting and record-keeping should be established and maintained that allows the membership to effectively monitor the relief association's financial operations.
- A debit card policy be maintained that states the procedures that require pre and/or post approval of expenditures by authorized VFRA officials, the location where the card is to be kept, the authorized users of the card, and the evidence (e.g. initials) of the proper review and approval of transactions contained on the receipts for payment.

Cause: The relief association officials did not provide a reason why the membership roster and journal were not maintained. In addition, the relief association officials did not provide a reason why the debit card policy was not created and maintained.

Effect: The failure to establish and maintain a debit card policy, a journal of financial transactions, and a membership roster prevented the relief association from adequately safeguarding its assets. Furthermore, the lack of effective internal controls places the relief association funds at greater risk for misappropriation.

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

Recommendation: We recommend that the relief association officials adopt internal control procedures which will require the following:

- A comprehensive listing of all relief association membership.
- Adequate record-keeping that includes a journal and ledgers to effectively monitor the relief association's financial operations.
- A debit card policy stating the requirements for the pre and/or post approval of expenditures by authorized relief association officials, storage location, authorized users, and proper documentation of authorization and approval of the debit card payment by appropriate relief association officials.

For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTER'S RELIEF ASSOCIATION.

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.

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

LOWER MILFORD TOWNSHIP FIRE COMPANY NUMBER 1 RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Lower Milford Township Fire Company Number 1 Relief Association Governing Body:

Mr. Donald Harrington
President

Ms. Kathy Sabaski
Vice President

Ms. Maria McKee
Secretary

Ms. Alison Koch
Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to this relief association:

Ms. Stacy Smith
Secretary
Lower Milford Township

This report is a matter of public record and is available online at 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.