

COMPLIANCE AUDIT

The Volunteer Firemen's Relief
Association of the Bethel Township Hose
Company No. 1, of Bethel Township,
Delaware County, Pennsylvania
For the Period
January 1, 2022, to December 31, 2024

March 2026



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
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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Craig E. Small, President
The Volunteer Firemen's Relief
Association of the Bethel Township
Hose Company No. 1, of Bethel Township,
Delaware County, Pennsylvania

We have conducted a compliance audit of The Volunteer Firemen's Relief Association of the Bethel Township Hose Company No. 1, of Bethel Township, Delaware County, Pennsylvania (relief association) for the period January 1, 2022, to December 31, 2024. 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 association 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.

We were not able to obtain an independent confirmation of a portion of the investment balance directly from the financial institution. Therefore, while the relief association provided copies of investment statements that indicated that, as of December 31, 2024, the relief association had an investment balance with a fair value of \$281,363, we were not able to verify a portion of this investment balance.

Based on our audit procedures, we conclude that, for the period January 1, 2022, to December 31, 2024:

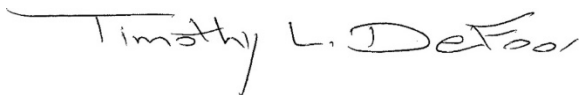
- The relief association did not take appropriate corrective action to address the two findings contained in our prior audit report, as detailed below, and discussed in the Status of Prior Finding section of this report.
- Except for the effects, if any, of the matters described in the preceding paragraph, 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 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster

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

Finding No. 3 – Relief Association Financial Accounts Registered Under Unknown Federal Tax Identification Number

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
January 13, 2026

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ 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, commonly referred to as Act 205,⁴ 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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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 Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bethel Township	Delaware	\$76,869	\$82,249	\$83,667

Based on the relief association’s records, its total cash and investments as of December 31, 2024, were \$429,796, as illustrated below:

Cash	\$ 148,433
Fair Value of Investments	<u>281,363</u>
Total Cash and Investments	<u>\$ 429,796</u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$313,262, 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.⁵ **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	\$ 20,507
Relief benefits	131
Total Benefit Services	<u>\$ 20,638</u>
Fire Services:	
Equipment purchased	\$ 94,080
Equipment maintenance	51,095
Training expenses	8,369
Total Fire Services	<u>\$ 153,544</u>
Administrative Services:	
Bond premiums	\$ 750
Other administrative expenses	9,803
Total Administrative Services	<u>\$ 10,553</u>
Total Investments Purchased	<u>\$ 105,000</u>
Miscellaneous *	<u>\$ 23,527</u>
Total Expenditures	<u>\$ 313,262</u>

* The miscellaneous expenditure is related to erroneous deposits made by the affiliated fire company into the relief association’s account for fundraising event proceeds. The expenditure represents a repayment to the affiliated fire service organization for the erroneous deposits.

⁵ 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:

Bethel Township Hose Company No. 1

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
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:

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster
- Failure To Adhere To Relief Association Bylaws And Inadequate Relief Association Bylaws

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

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain
A Complete And Accurate Cumulative Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate cumulative roster of equipment owned by the relief association. Although a roster of relief association owned equipment was provided during the current audit, the roster was incomplete as it did not contain the date of purchase and the cost of certain equipment purchased in the prior audit period. This information is necessary to accurately identify equipment owned by the relief association. In addition, although relief association officials indicated that a physical inventory of equipment was conducted on an annual basis and documented as such on the equipment roster, the equipment roster did not accurately reflect all equipment owned by the relief association necessary to conduct a physical inventory.

Similar conditions was noted in the two prior audit reports.

Criteria: Prudent business practice dictates that the relief association establish adequate internal control procedures to ensure the maintenance of a complete and accurate cumulative roster of equipment purchased by the relief association and that the performance of an annual physical inventory of all equipment is documented. A complete and accurate cumulative equipment roster of all relief association purchased equipment should include the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers from which the equipment was purchased
- Serial numbers, if applicable
- Current locations of items
- Final dispositions if damaged, sold or disposed of
- Evidence of the performance, date, and results of an annual physical inventory

Cause: The relief association officials did not provide a reason why this occurred despite the relief association being notified of this condition during the two prior audits.

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Effect: The continued failure to properly record equipment purchases in a complete and accurate cumulative equipment roster prevents relief association officials from accurately monitoring the relief association's equipment purchases. In addition, the failure to maintain a complete and accurate cumulative equipment roster precludes the performance and documentation of an accurate annual physical inventory of the equipment, which is essential for adequate accountability and safeguarding of relief association assets. This effectively results in the inability to ensure that relief association expenditures were appropriate and authorized. Should repeat findings continue to result in placing the relief association assets at risk or if such repeat findings result in unauthorized expenditures, the relief association's future state aid allocations may be withheld until compliance with the finding recommendation.

Recommendation: We again recommend that the relief association officials maintain a complete and accurate cumulative roster of all relief association equipment. This roster should then be used in conjunction with the performance of an annual physical inventory of all relief association purchased equipment. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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. We strongly encourage timely implementation of the recommendation to prevent potential withholding of future state aid as a finding of this type can also result in future findings related to unauthorized expenditures.

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

Condition: The relief association did not adhere to a certain provision of its bylaws. Specifically, the bylaws state that the officers of the relief association are the President, Vice President, Recording Secretary, Financial Secretary, Treasurer, Chief, Assistant Chiefs, Chief Engineer, Fire Police Captain and Directors. However, during the current audit period and the two prior audit periods, the relief association officers included only the President, Vice President, Recording Secretary, Treasurer and Directors. The roles of the Chief, Assistant Chiefs, Chief Engineer, and Fire Police Captain remain officers of the affiliated fire company, but not of the relief association. The relief association bylaws have not been updated to reflect this change.

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

In addition, the existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

A similar condition was noted in our prior audit report.

Criteria: The relief association bylaws should limit the officer positions to those held within the relief association and should not include officers of the affiliated fire company.

In addition, prudent business practice dictates that the relief association update its bylaws to ensure relief association conducts its affairs in compliance with the VFRA Act.

Cause: Relief association officials indicated that they were instructed to update the bylaws for the change in officers but overlooked making the changes despite being notified of this condition in the two prior audits.

Effect: As a result of the relief association not revising the bylaw provision defining the officers and not updating its bylaws to remove outdated language related to Act 84, the relief associations may not have conducted its affairs with proper authorization or in compliance with the VFRA Act.

Recommendation: We again recommend that the relief association officials review and update the bylaws governing the organization to ensure that the bylaws reflect the appropriate positions of officers. In addition, we recommend that the relief association officials review and update the bylaws to ensure compliance with the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management 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.

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Relief Association Financial Accounts Registered Under Unknown Federal Tax Identification Number

Condition: During the audit period, the relief association held several accounts at financial institutions (certificates of deposit, two checking accounts, two savings accounts) that were registered under an unknown federal tax identification number. In addition, the two savings accounts were held in the name of the affiliated fire company.

Criteria: Prudent business practice dictates that the relief association maintain ownership and control of all cash balances as a means of safeguarding its assets from unauthorized use or disposition.

Cause: The relief association officials indicated these conditions were an oversight.

Effect: As a result of the cash accounts being inappropriately registered under an unknown federal tax identification number, and the two savings accounts being registered under the name of the affiliated fire company, the relief association assets were not properly safeguarded from unauthorized use or disposition.

Recommendation: We recommend that the relief association officials secure ownership rights to all cash balances by registering all accounts under the relief association's employer identification number and name. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference. As a result of the audit, the relief association updated the registered name on the two savings accounts to reflect the relief association's name. The relief association also closed one checking and one savings accounts, transferring those balances into a savings account held in the name of the relief association. However, the certificates of deposit, and remaining checking and savings accounts continue to be held under an unknown federal tax identification number.

Auditor's Conclusion: We reviewed documentation confirming the name change for the two savings accounts, as well as the closure of one checking and one savings account and the subsequent transfer of funds to the relief association's named savings account. Compliance with registering all cash accounts under the employer identification number of the relief association will be subject to verification during the next audit.

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Volunteer Firemen's Relief Association of the Bethel Township Hose Company No. 1, of
Bethel Township, Delaware County, Pennsylvania Governing Body:

Mr. Craig E. Small
President

Mr. Ray Stiles
Vice President

Ms. Kim Kirkner
Secretary

Mr. Warren Chandler
Treasurer

Mr. Dave Nussbaumer
Director

Mr. Lew Ogden
Director

Mr. Zachary Hunter
Director

Mr. Mason Kletter
Director

THE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE BETHEL TOWNSHIP
HOSE COMPANY NO. 1, OF BETHEL TOWNSHIP, DELAWARE COUNTY,
PENNSYLVANIA
REPORT DISTRIBUTION LIST

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

Mr. William Addison
Secretary
Bethel 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.