

COMPLIANCE AUDIT

Relief Association of the Brookhaven Fire Company No. 1 of Brookhaven, Delaware County, Pennsylvania

For the Period
January 1, 2021, to December 31, 2024

February 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Jon Grant, President
Relief Association of the Brookhaven
Fire Company No. 1 of Brookhaven,
Delaware County, Pennsylvania

We have conducted a compliance audit of the Relief Association of the Brookhaven Fire Company No. 1 of Brookhaven, Delaware County, Pennsylvania (relief association) for the period January 1, 2021, 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 finding 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.

Based on our audit procedures, we conclude that, for the period January 1, 2021, to December 31, 2024:

- The relief association did not take appropriate corrective action to address the finding contained in our prior audit report, as detailed below, and discussed in the Status of Prior Finding 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 –
Unauthorized Expenditures

Finding No. 2 – Undocumented Expenditures

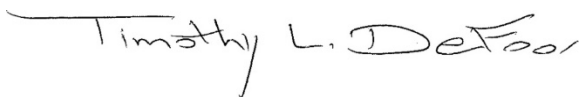
Finding No. 3 – Insufficient Surety (Fidelity) Bond Coverage

Finding No. 4 – Failure To Maintain A Complete And Accurate Cumulative
Equipment Roster And Failure To Conduct An Annual
Physical Inventory Of Equipment

Finding No. 5 – Purchased Asset Not Received

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
January 28, 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.

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

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Brookhaven Borough	Delaware	\$44,110	\$54,968	\$57,390	\$58,106

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)

Based on the relief association’s records, its total cash as of December 31, 2024, was \$75,410, as illustrated below:

Cash	<u>\$ 75,410</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2024, were \$198,951, 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	\$ 43,173
Tokens of sympathy and goodwill	<u>1,691</u>
Total Benefit Services	<u>\$ 44,864</u>

Fire Services:

Equipment purchased	\$ 75,722
Equipment maintenance	46,084
Training expenses	<u>20,058</u>
Total Fire Services	<u>\$ 141,864</u>

Administrative Services:

Bond premiums	\$ 900
Other administrative expenses	<u>2,568</u>
Total Administrative Services	<u>\$ 3,468</u>

Other Expenditures:

Unauthorized expenditures – See Finding No. 1	6,556
Undocumented expenditures – See Finding No. 2	<u>2,199</u>
Total Other Expenditures	<u>\$ 8,755</u>

Total Expenditures	<u><u>\$ 198,951</u></u>
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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 organizations:

Brookhaven Fire Company No. 1

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
STATUS OF PRIOR FINDING

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Unauthorized Expenditures

Although the relief association received reimbursement of \$3,650 from the affiliated fire company for the unauthorized expenditures made in the prior audit period, the relief association again expended funds in the current audit period that were not authorized by the VFRA Act as further disclosed in Finding No. 1 of this report.

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

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
 BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
 FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures

Condition: During the current audit period, the relief association incurred the following expenditures that are not authorized under the VFRA Act.

Date	Check No.	Description	Amount
01/28/21	Debit	Pennsylvania sales tax	\$ 5
04/22/21	Debit	Phone & data plans for phones and iPads on ambulances	221
06/22/21	Debit	Phone & data plans for phones and iPads on ambulances	113
07/22/21	Debit	Phone & data plans for phones and iPads on ambulances	116
08/21/21	Debit	Phone & data plans for phones and iPads on ambulances	114
09/22/21	Debit	Phone & data plans for phones and iPads on ambulances	114
12/07/21	2165	Training expenditures – course not completed	175
02/22/22	Debit	Phone & data plans for phones and iPads on ambulances	111
02/07/23	2215	Affiliated fire company insurance premium	1,530
06/21/23	2233	Affiliated fire company insurance premium	1,072
08/08/23	2241	Affiliated fire company insurance premium	1,422
10/17/23	2252	Affiliated fire company insurance premium	1,422
12/05/23	Debit	Pennsylvania sales tax	141
Total			<u>\$ 6,556</u>

A similar condition was noted in our prior audit report.

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 business like 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.

- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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 the payment of Pennsylvania sales tax, phone lines and data plans for phones and iPads on ambulances, training expenditures for a course not completed, and affiliated fire company insurance premiums do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: Relief association officials stated the relief association has a new treasurer who was not aware these expenditures were unauthorized despite the relief association being notified of this condition during our prior audit.

Effect: As a result of the unauthorized expenditures, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the unauthorized expenditures may result in a withholding of future state aid allocations until the monies related to the unauthorized expenditures identified in the finding have been reimbursed to the relief association.

Recommendation: We recommend that the relief association be reimbursed \$6,556 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. 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, as a result of our audit, the relief association was reimbursed \$6,556 by the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying receipt and deposit of the \$6,556 reimbursement received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
 BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
 FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Undocumented Expenditures

Condition: The relief association was unable to provide adequate supporting documentation for the following expenditures made during the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
10/25/21	debit	Phone & data plans for phones and iPads	\$ 246
11/23/21	debit	Phone & data plans for phones and iPads	272
01/05/22	debit	Training expenditures	500
01/24/22	debit	Phone & data plans for phones and iPads	274
07/12/22	debit	Phone & data plans for phones and iPads	679
12/13/22	debit	Phone & data plans for phones and iPads	228
Total			\$ 2,199

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 supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: The relief association officials were not aware of the missing invoices until the conduct of the audit.

Effect: Due to a lack of supporting documentation, such as an invoice or itemized receipt, determination as to whether the expenditures were made in accordance with Section 7416(f) of the VFRA Act could not be made. In addition, failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated. Furthermore, because of stipulations within the VFRA Act, failure to obtain supporting documentation for or reimbursement of the undocumented expenditures may result in a withholding of future state aid allocations.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the relief association provide this Department with adequate supporting documentation, such as an invoice or itemized receipt, to evidence the propriety of the expenditures or that the relief association be reimbursed \$2,199 for the undocumented, and potentially unauthorized, expenditures. All supporting documentation verifying the expenditure or reimbursement for the undocumented 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. We also recommend that the relief association 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.

Auditor's Conclusion: Compliance will be subject to verification during the next audit period.

Finding No. 3 – Insufficient Surety (Fidelity) Bond Coverage

Condition: During the audit period, the relief association did not maintain sufficient surety (fidelity) bond coverage on its authorized disbursing officer necessary to cover the relief association's maximum cash balance. The relief association's surety (fidelity) bond coverage amount was \$75,000; however, at times during the audit period, the relief association's maximum cash balance exceeded the surety (fidelity) bond coverage.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the 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 the bond shall be a proper charge against the funds of the association.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

In addition, Article IV of the relief association's bylaws states, in part:

The officers of the relief association shall secure bond coverage for the officers in an amount equal to any money available.

Cause: Relief association officials failed to monitor the relief association's maximum cash balance during the audit period to ensure that the surety (fidelity) bond coverage on the relief association's authorized disbursing officer complied with the VFRA Act provisions.

Effect: As a result of the insufficient surety (fidelity) bond coverage on the authorized disbursing officer of the relief association, the relief association's maximum cash balance during the audit period was not adequately safeguarded in the event the disbursing officer commits a wrongful or fraudulent act. Additionally, without sufficient surety bond coverage, the relief association is not in compliance with the VFRA Act and its bylaws.

Recommendation: We recommend that the relief association ensure that its surety (fidelity) bond on the relief association's authorized disbursing officer sufficiently covers the relief association's maximum cash balance as required by the VFRA Act and its bylaws. This requirement may be accomplished by increasing the surety (fidelity) bond coverage on the relief association's authorized disbursing officer to an amount greater than the expected maximum cash balance of the relief association, or by decreasing the relief association's maximum cash balance through a transfer of funds to an authorized investment account. In addition, relief association officials should monitor the relief association's cash balance to ensure that unexpected events affecting the relief association's current funds do not again result in insufficient surety (fidelity) bond coverage on the relief association's authorized disbursing officer. 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: Compliance will be subject to verification during the next audit.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

Condition: The relief association did not maintain a complete and accurate cumulative roster of equipment owned by the relief association. Although an equipment roster was provided in the prior audit period, an updated equipment roster was not provided for the current audit period. As such, there was no evidence that a physical inventory of equipment was conducted on an annual basis.

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 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, date, and results of an annual physical inventory

Cause: The relief association official stated this issue has been ongoing since the time of Covid and the roster has not been appropriately updated.

Effect: Failure to properly record equipment purchases in a complete and accurate cumulative equipment roster prevents relief association officials from effectively monitoring the relief association's equipment purchases. In addition, failure to maintain a complete and accurate cumulative equipment roster and failure to perform an annual physical inventory of the equipment prevents adequate accountability for, and safeguarding of, relief association assets.

Recommendation: We recommend that the relief association officials maintain a complete and accurate cumulative equipment roster of all relief association equipment. Furthermore, the relief association should ensure an annual physical inventory of all relief association purchased equipment is performed and documented. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
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 during the next audit.

Finding No. 5 – Purchased Asset Not Received

Condition: On October 22, 2024, the relief association expended \$349 to purchase a Hot Stick which was not received by the relief association.

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 shall have sufficient internal controls in place to ensure the propriety of all relief association expenditures. Such internal controls should also include verification of the receipt of all equipment purchased by the relief association.

Cause: The relief association officials indicated they attempted to contact the company regarding the whereabouts of the purchased equipment but were unsuccessful.

Effect: The relief association funds were expended on equipment that was not received, and therefore, funds were not available for investment purposes or to pay for expenditures authorized by the VFRA Act.

Recommendation: We recommend that the relief association seek a refund of \$349 from the vendor for the equipment purchased and not received. In addition, the relief association officials should establish accounting and internal control procedures to monitor receipt of all equipment purchased. For further guidance, please refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (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 during the next audit.

RELIEF ASSOCIATION OF THE BROOKHAVEN FIRE COMPANY NO. 1 OF
BROOKHAVEN, DELAWARE COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Relief Association of the Brookhaven Fire Company No. 1 of Brookhaven, Delaware County,
Pennsylvania Governing Body:

Mr. Jon Grant
President

Mr. Tom Kelly
Secretary

Mr. Steve Davish
Treasurer

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

Mr. John Wilwert, Jr.
Secretary
Brookhaven Borough

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.