

# COMPLIANCE AUDIT

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## Volunteer Firemen's Association of Chester, Pennsylvania Delaware County, Pennsylvania For the Period January 1, 2021, to December 31, 2024

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September 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Joseph DiPlacido, President  
Volunteer Firemen's Association of  
Chester, Pennsylvania  
Delaware County

We have conducted a compliance audit of the Volunteer Firemen's Association of Chester, 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 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.

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 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.

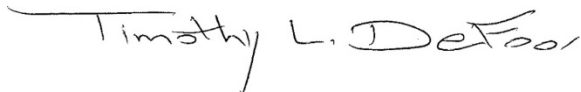
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures

Finding No. 3 – Inadequate Signatory Authority For The Disbursement Of Funds

Finding No. 4 – Failure To Hold Relief Association Meetings And Failure To Retain Minutes Of Relief Association Meetings

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  
September 3, 2025

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,<sup>1</sup> Section 403 of The Fiscal Code,<sup>2</sup> and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),<sup>3</sup> 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,<sup>4</sup> 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.

Since fire protection for the City of Chester is provided entirely by paid firefighters, the Volunteer Firemen's Relief Association of Chester, Pennsylvania is no longer allocated state aid. However, the relief association remains in existence, using its accumulated funds to provide benefits to its remaining members and for the administration of the relief association.

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<sup>1</sup> Pa. Const. Art. VIII § 10.

<sup>2</sup> 72 P.S. § 403.

<sup>3</sup> 35 Pa.C.S. § 7411 *et seq.*

<sup>4</sup> 53 P.S. § 895.701 *et seq.*

## BACKGROUND – (Continued)

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$899,093, as illustrated below.

Cash	\$ 7,465
Fair Value of Investments	<u>891,628</u>
Total Cash and Investments	<u>\$ 899,093</u>

Based on the relief association's records, its total expenditures for the period January 1, 2021, to December 31, 2024 were \$120,136, 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.<sup>5</sup> **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	\$ 13,539
Death benefits	84,500
Relief benefits	<u>1,100</u>
Total Benefit Services	<u>\$ 99,139</u>
Fire Services:	
Equipment maintenance	<u>\$ 881</u>
Administrative Services:	
Bond premiums	\$ 900
Officer compensation	1,734
Other administrative expenses *	<u>17,482</u>
Total Administrative Services	<u>\$ 20,116</u>
Total Expenditures	<u>\$ 120,136</u>

\* A portion of the other administrative expenses represent accounting services, finalizing records and preparation of IRS Form 990 in the amount of \$11,400, and a portion represents rent paid in the amount of \$3,600.

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<sup>5</sup> 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 organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

Felton Fire Company No. 3

Franklin Fire Company No. 1

Good Will Fire Company No. 2

Hanley Hose Company No. 1

Moyamensing Hose and Ladder Co. No. 1

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, 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 Membership Roster
- Unauthorized Expenditures

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.



VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

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

Condition: The relief association officials did not maintain a complete and accurate roster of relief association members. While a roster was provided, it did not contain the addresses of members. In addition, the relief association officials disclosed that the membership roster has not been updated for changes in membership.

A similar condition was noted in our prior audit report.

Criteria: Relief association officials should maintain a complete and accurate roster of all current and former relief association's members who qualify for association benefits as identified by criteria set forth in the relief association's bylaws.

Prudent business practice dictates that a comprehensive roster of all relief association members should include, at a minimum, the following:

- Names of each member
- Members' mailing addresses
- Members' date of birth
- Dates of memberships (start date and resignation or date of death)
- Membership classification, if applicable

Cause: Relief association officials indicated the incomplete and inaccurate roster occurred due to the lack of participation from the five affiliated fire companies.

Effect: Failure to maintain a comprehensive membership roster could result in the payment of benefits to nonmembers or exclude eligible relief association members from receiving authorized benefits.

Recommendation: We again recommend that the relief association officials compile and maintain a complete and accurate roster of all current and former relief association's members. For additional 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.

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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 – Unauthorized Expenditures**

Condition: During the prior audit period, the relief association expended \$300 for cash donations in memory of deceased members which are not authorized expenditures under the VFRA Act. The relief association officials did not take corrective action to address the unauthorized expenditures prior to the end of the current audit period.

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (5) To pay the cost of procuring and forwarding tokens of sympathy and goodwill to a volunteer firefighter who may be ill or hospitalized as a result of participation in the fire service or who may die or who may be seriously ill for any reason.

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.

Cash donations in memory of deceased members do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these expenditures were not authorized under the VFRA Act.

Cause: The relief association officials did not provide a reason why it had not secured reimbursement based on the prior audit period recommendation.

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Effect: As a result of these 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 expenditure 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 again recommend that the relief association be reimbursed \$300 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 reimbursement for the unauthorized expenditure 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.

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.

**Finding No. 3 – Inadequate Signatory Authority For The Disbursement Of Funds**

Condition: During the current audit period, we identified ten of 101 checks drawn on the relief association's checking account that did not contain the proper signatory authority. The ten checks contained the signatures of three relief association officers (relief association President, relief association Vice President and relief association Secretary); however, none of the three signatures were that of the disbursing officer as required by the VFRA Act and the relief association's bylaws. In addition, subsequent to the current audit period, we identified an additional ten checks drawn on the relief association's checking account that did not contain the signature of the disbursing officer.

Criteria: Section 7415(c)(3) of the VFRA Act states, in part:

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

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

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

No funds of this Association shall be disbursed without written approval of the Board of Directions, as hereinbefore provided, and all checks drawn upon the funds of the Association shall be signed by the President and Secretary and countersigned by the Treasurer.

Cause: The relief association officials indicated that the relief association treasurer passed away and the position was not filled, therefore another officer signed the checks.

Effect: As a result of the relief association officers issuing checks without the signature of the disbursing officer, the relief association was not in compliance with the VFRA Act or its bylaws and increased the risk of misappropriation and undetected errors.

Recommendation: We recommend that the relief association officials fill the treasurer position and establish adequate internal control procedures to ensure the signatures of three authorized relief association officers, one of whom shall be the disbursing officer (treasurer), are included on all relief association negotiable instruments as defined by the VFRA Act and the relief association's bylaws. 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.

**Finding No. 4 – Failure To Hold Relief Association Meetings And Failure To Retain Minutes Of Relief Association Meetings**

Condition: The relief association failed to hold regular meetings as required by the relief association's bylaws. In addition, the relief association failed to retain minutes of meetings that were held during the current audit period. As such, the relief association's records do not reflect the approval of all financial transactions that occurred during the audit period and do not reflect attendance records, a sign-in sheet of members present, and whether a quorum was present.

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

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 V, Section 1 states, in part:

The regular stated meeting of the Association shall be held on the second Wednesday of the months of January, March, May, September and November. Meetings will be held on the months not listed only on the call of the chair, when it shall become necessary to transact important business of the Association.

Cause: The relief association officials indicated meetings were not held due to the lack of participation of membership to meet the quorum requirement and did not provide a reason why minutes of relief association meetings were not retained.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, that address all financial-related transactions, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

Recommendation: We 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 and whether quorum requirements were met. 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.

VOLUNTEER FIREMEN'S ASSOCIATION OF CHESTER, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Volunteer Firemen's Association of Chester, Pennsylvania Governing Body:

**Mr. Joseph DiPlacido**  
President

**Mr. Robert Owsiany**  
Vice President

**Mr. Brain Litwa**  
Secretary

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