

COMPLIANCE AUDIT

Hanover Volunteer Firemen's Relief Association, Beaver County Pennsylvania For the Period January 1, 2019, to December 31, 2023

June 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Dalton Mehlmauer, President
Hanover Volunteer Firemen's Relief
Association, Beaver County

We have conducted a compliance audit of the Hanover Volunteer Firemen's Relief Association, Beaver County (relief association) for the period January 1, 2019, to December 31, 2023. 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, 2019, to December 31, 2023:

- 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.
- Because of the significance of the matter described in Finding No. 5 below and discussed later in this report, the relief association did not, in all significant respects, comply with the applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, collectively as a whole. Therefore, the relief association may be subject to the potential withhold of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

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

Finding No. 2 – Unauthorized Expenditures

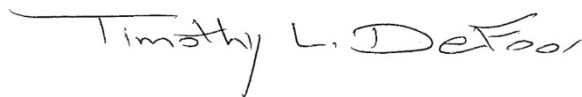
Finding No. 3 – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 4 – Inadequate Minutes Of Meetings And Relief Association
Bylaws

Finding No. 5 – Failure To Maintain A Pennsylvania Sales Tax Exemption
Number

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
April 22, 2025

BACKGROUND

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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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Frankfort Spring Borough	Beaver	\$ 570	\$ 575	*	\$ 577	*
Hanover Township	Beaver	\$20,363	\$20,466	\$18,206	\$21,154	\$20,560

* Frankfort Spring Borough (Borough) did not distribute the 2021 and 2023 state aid in the amount of \$509 and \$556 respectively to the relief association. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 21, 2021, and September 21, 2022; however, the Borough failed to forward this state aid to the relief association within 60 days of receipt, as required by section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No.205). Consequently, the relief association did not receive its foreign fire tax allocation for the years 2021 and 2023 from this municipality and those funds were not available to the relief association for general operating expenses or for investment purposes. The Borough should allocate the 2021 and 2022 state funds to the relief association immediately as required by Act 205.

In addition, after the state aid is allocated to the relief association, the Borough is required to complete a 2021 and 2023 Receipt and Distribution Of Foreign Fire Insurance Premium Tax Form 706-B online within the Department of Community & Economic Development's Municipal Statistics website (MunStats) immediately.

Based on the relief association's records, its total cash as of December 31, 2023, was \$42,059, as illustrated below:

Cash	<u>\$ 42,059</u>
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BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2019, to December 31, 2023, were \$127,741, 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	\$ 34,663
Relief benefits	667
Tokens of sympathy and goodwill	100
Total Benefit Services	<u>\$ 35,430</u>

Fire Services:

Equipment purchased	\$ 81,634
Equipment maintenance	3,281
Training expenses	4,844
Total Fire Services	<u>\$ 89,759</u>

Administrative Services:

Bond premiums	\$ 400
Other administrative expenses	317
Total Administrative Services	<u>\$ 717</u>

Other Expenditures:

Undocumented expenditures (See Finding No. 1)	\$ 702
Unauthorized expenditures (See Finding No. 2)	1,133
Total Other Expenditures	<u>\$ 1,835</u>

Total Expenditures	<u><u>\$ 127,741</u></u>
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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:

Hanover Volunteer Fire Department

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
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:

- Undocumented Expenditures

Subsequent to the end of the current audit period, the relief association received reimbursement of \$3,538 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period. During the current audit period, the relief association again failed to provide adequate documentation to support all expenditures as further disclosed in Finding No. 1 of this report.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

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

Condition: During the prior audit period, the relief association was unable to provide adequate supporting documentation for expenditures totaling \$3,538. The relief association was to either provide supporting documentation or to receive reimbursement from the affiliated fire company of \$3,538 for the undocumented expenditures. The relief association officials did not take corrective action to address the prior year undocumented expenditures until after the current audit period ending December 31, 2023.

In addition, 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>
04/01/2019	866	Relief association member	\$ 124
04/01/2019	867	Relief association member	414
11/04/2019	873	Relief association member	51
12/04/2019	875	Relief association member	113
Total			<u>\$ 702</u>

A similar condition was noted in our prior audit report.

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 indicated that records were misplaced despite the relief association being notified of this condition during our prior audit.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Effect: Due to the lack of supporting documentation, such as invoices and itemized receipts, we were unable to determine if the expenditures were made in accordance with Section 7416(f) of the VFRA Act. In addition, the failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated.

Recommendation: We recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the expenditures or that the relief association be reimbursed \$4,240 (\$3,538 + \$702) for the undocumented expenditures. We also recommend that the relief association officials 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, as a result of our audit, the affiliated fire company reimbursed the relief association \$4,240 for the undocumented expenditures on January 23, 2025.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$4,240 was received. Compliance for maintaining appropriate documentation for expenditures made during the next audit period will be subject to verification through our next audit.

Finding No. 2 – Unauthorized Expenditures

Condition: The relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
02/07/2022	104	Equipment vendor (Pediatric)	\$ 896
09/11/2023	107	Equipment vendor (Pediatric)	237
Total			<u>\$ 1,133</u>

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

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

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

- (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.

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 purchase of pediatric medical supplies 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 indicated that they were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

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 \$1,133 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 indicated they will take action to comply with the recommendation.

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

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The relief association failed to maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association's Surety (Fidelity) bond coverage expired on September 08, 2023. As of December 31, 2023, the relief association's cash assets totaled \$42,059.

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.

Cause: The relief association officials indicated that they changed insurance agents and did not maintain bond coverage.

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

Recommendation: We recommend that the relief association officials obtain Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by the VFRA Act. 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 reviewed documentation verifying that bond coverage was obtained on February 01, 2024. Compliance for maintaining bond coverage during the next audit period will be subject to verification through our next audit.

Finding No. 4 – Inadequate Minutes Of Meetings And Relief Association Bylaws

Condition: During the current audit period, the relief association did not provide the 2019 monthly meeting minutes to indicate that all required meetings were held. Monthly meeting minutes are required by the VFRA Act and the relief association's bylaws.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Also, the relief association's minutes for 2020, 2021, 2022, and 2023 did not address all financial-related transactions that occurred during the audit period. The meeting minutes did not contain an attendance record, or a sign-in sheet of members present, to verify those members who participated in the meeting ensured a quorum of membership was present and the relief association business was conducted before the membership for approval. Furthermore, the meeting minutes were not signed and dated by the recording officer/Secretary of the Relief Association.

We also found that the existing bylaws of the relief association do not contain all the provisions required by Section 7415(c) of the VFRA Act and considered to be beneficial to the operation of relief association. Specifically, the bylaws do not address the criteria to receive tokens of sympathy and goodwill. In addition, the existing bylaws of the relief association contain language to conduct business based on Act 84 of June 11, 1968, rather than the VFRA Act.

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:

Regular meetings of the association shall be held on the first Monday of each month.

In addition, the relief association's bylaws at Article III, Section 6 states, in part:

It shall be the duty of the Secretary to keep a record of the association's proceedings; keep a roll of the membership, draw and sign all orders on the treasury; notify all persons elected to membership in the association of this fact, placing their names on the rolls; and notify all members of special meetings at least twenty-four hours prior to such meeting.

Furthermore, prudent business practice dictates that when a relief association offers tokens of sympathy and goodwill, or any other type of discretionary benefit provided by the VFRA Act, it should document the benefit in the bylaws so there is formal approval of the criteria used for the benefits offered to the membership.

In addition, prudent business practice dictates that the relief association officials should ensure that meeting minutes are signed and dated and that the relief association bylaws are updated to reflect the requirements of the VFRA Act.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Cause: The relief association officials indicated that the 2019 minutes of meetings were misplaced, and they were unaware that maintaining detailed minutes of meetings was required by the VFRA Act and the relief association's bylaws. In addition, the relief association officials did not provide a reason why all financial transactions were not addressed within the meeting minutes, why the recording officer/Secretary of the Relief Association did not sign the meeting minutes, why all required meetings were not held, why the meeting minutes did not document attendance or a quorum and why the bylaws did not provide criteria to receive tokens of sympathy and good will and were not updated to meet the requirements of the VFRA Act.

Effect: Without evidence of holding all required regular meetings and maintaining detailed minutes of meetings that address all financial-related transactions and that are signed and dated, evidence that relief association business was presented before the membership for approval does not exist. Due to the continued exclusion of the mandatory provisions for tokens of sympathy and goodwill in the bylaws, the relief association may have conducted its affairs without proper authorization. In addition, the relief association's failure to formally define discretionary benefits prevents the membership from being aware of the types and amounts of benefits offered to its membership. The absence of formal approval increases the risk of unauthorized expenditures and could also lead to benefits not being applied equally to all members of the association.

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. We also recommend that the relief association officials ensure that all meeting minutes are signed and dated by the recording officer/Secretary of the Relief Association. In addition, we recommend that the relief association officials review and update the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act. 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.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – Failure To Maintain A Pennsylvania Sales Tax Exemption Number

Condition: As cited as a verbal observation in the prior period audits, the relief association failed to maintain a Pennsylvania sales tax exemption number. Although the relief association did have its own sales tax exemption number, it expired on June 30, 2008, and is no longer valid. Relief association officials believe that the relief association's expired sales tax exemption number was used by vendors for purchases made by the relief association during the current audit period.

Criteria: The following Pennsylvania law indicates that the relief association is a charitable corporation with the ability to obtain its own Pennsylvania sales tax exemption number issued by the Department of Revenue to exempt from tax the purchases made on behalf of the agency's charitable purposes. Additionally, misuse of an exemption number, such as using an invalid sales tax exemption number, can lead to charges, imprisonment, fines, and/or costs.

The VFRA Act states, in part, at Section 7415(e):

- (e) A volunteer firefighters' relief association organized or conducted in accordance with the requirements of this section shall be regarded as a charitable corporation for all purposes, including the right to establish exemption from the operation of certain taxes.

The Pennsylvania Administrative Code states, in part, at Section 32.21:

Charitable, volunteer firemen's and religious organizations, and nonprofit educational institutions

- (b) *Procedures for claiming exemption.* Use of the exemption shall conform with the following:
 - (1) *Identity of purchaser or user.* The person claiming the exemption shall be an authorized agent or representative of the exempt organization, which is entitled to the exemption, and shall make the purchase in the name of and from funds of the exempt organization.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

(2) *Exemption numbers.* An organization desiring to qualify as an exempt organization shall file with the Department [of Revenue] a completed Application for Sales Tax Exempt Status form, together with related documentation and other information required by the Department. The Department will not consider the application unless the organization is actively performing the activities upon which it bases its claim for exemption. The Department will review the application and documents, and if in its opinion the activities of the organization qualify it as an exempt organization, will issue an exemption number, prefixed by the number "75," to the organization. The Department may issue an exemption number to the parent organization for use by member organizations. **Only organizations which are registered with the Department and hold an exemption number are permitted to make tax free purchases for use by the organization.** (Emphasis added)

(4) *Exemption certificates.* A purchase by an exempt organization shall be supported by a valid, properly executed Sales and Use Tax Exemption Certificate which is to be retained by the vendor.

The Pennsylvania Administrative Code states, in part, at Section 32.2:

Exemption certificates

(c) ***Penalties for misuse of exemption certificates.*** False or fraudulent statements made upon an exemption certificate by a person, whether a seller, lessor, buyer, lessee or a representative or agent of the persons, **is a misdemeanor, upon each separate conviction** of which the offender may be **sentenced to imprisonment not exceeding 1 year, a fine not exceeding \$1,000, or both, together with costs of prosecution.** In addition, severe civil penalties are provided by law for misuse of exemption certificates by any person. Reference should be made to section 268(b) of the TRC (72 P. S. § 7268(b)). (Emphasis added.)

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Further, the use of a Pennsylvania Tax Exemption Certificate (also referred to as a REV-1220), requires the user of the certificate to attest by signing the certificate that the user has the legal authority to utilize the certificate and misuse could result in a fine and imprisonment.

Cause: The relief association officials indicated that they were not aware that the sales tax exemption number had expired despite the relief association being notified of this condition in the prior audit periods.

Effect: As a result of the relief association's continued failure to maintain a valid sales tax exemption number during the current audit period, certain purchases are considered to be unauthorized expenditures. Additionally, the relief association may be required to pay Pennsylvania sales tax on their purchases since it is likely that the relief association is in violation of the Pennsylvania Sales and Use Tax Law. Misuse of an issued exemption number, such as using an expired sales tax exemption number, may result in the imposition of charges, imprisonment, fines up to \$1,000, and costs of prosecution and the relief association may be required to pay sales tax on any purchases made with the use of an invalid tax exemption certificate. Furthermore, the relief association's future state aid allocations may be withheld until the relief association complies with the finding recommendation.

Recommendation: We again recommend that the relief association officials immediately discontinue the use of the expired sales tax exemption number. We further recommend that the relief association reapply for a Pennsylvania sales tax exemption number from the Department of Revenue and furnish an exemption certificate with its valid sales tax exemption number to all vendors from whom the relief association purchases equipment and/or services. Failure to take action to comply with the recommendation may result in the withholding of future state aid funds. 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.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
POTENTIAL WITHHOLD OF STATE AID

A condition such as that reported by Finding No. 5 contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action on the withholding of funds may not be taken if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316E Finance Building, Harrisburg, PA 17120.

HANOVER VOLUNTEER FIREMEN'S RELIEF ASSOCIATION, BEAVER COUNTY
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Hanover Volunteer Firemen's Relief Association, Beaver County Governing Body:

Mr. Dalton Mehlmauer
President

Mr. Dylan Miller
Vice President

Ms. Katelynn Greenawald
Secretary

Ms. Amy Meehan
Treasurer

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Dorothy Brodmerkel
Secretary
Frankfort Spring Borough

Ms. Daisy Spearing
Secretary
Hanover 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.