

COMPLIANCE AUDIT

Manheim Township Fire Rescue Volunteer Firefighters' Relief Association

Lancaster 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



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Steven Leayman, President
Manheim Township Fire Rescue
Volunteer Firefighters'
Relief Association
Lancaster County

We have conducted a compliance audit of the Manheim Township Fire Rescue Volunteer Firefighters' Relief Association (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.

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

- The relief association took appropriate corrective action to address three of the five findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the two remaining findings contained in our prior audit report, as listed 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 Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

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

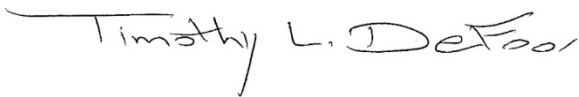
Finding No. 3 – Inconsistent And Inadequate Relief Association Bylaws

Finding No. 4 – Inadequate Financial Record-Keeping System

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

We are concerned by the number of findings noted, particularly those noted as repeat findings, 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
March 11, 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>2022</u>	<u>2023</u>	<u>2024</u>
Manheim Township	Lancaster	\$251,046	\$230,321	\$221,906

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 and investments as of December 31, 2024, were \$816,319 as illustrated below:

Cash	\$ 180,447
Fair Value of Investments	<u>635,872</u>
Total Cash and Investments	<u>\$ 816,319</u>

Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$890,190, 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:

Administrative Services:

Bond premiums	\$ 864
Other administrative expenses	<u>1,106</u>
Total Administrative Services	<u>\$ 1,970</u>

Other Expenditures:

Payments on lease-financing	\$ 366,346
Miscellaneous *	516,474
Unauthorized expenditures – See Finding No. 2	<u>5,400</u>
Total Other Expenditures	<u>\$ 888,220</u>

Total Expenditures	<u>\$ 890,190</u>
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* The relief association did not adequately classify certain expenditures within the appropriate expenditure categories, resulting in those expenditures being reported as miscellaneous. This matter was communicated to relief association officials during the conduct of our audit and is further addressed in Finding No. 4.

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:

Manheim Township Fire Rescue

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

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with three of the five prior audit findings and recommendations, as follows:

- Undocumented Expenditures

By receiving reimbursement of \$1,485 from the affiliated fire company for the undocumented expenditures made in the prior audit period and by providing adequate documentation to evidence the propriety of the remaining undocumented expenditure of \$275 made in the prior audit period.

- Failure To Deposit Insurance Claim Proceeds

By receiving reimbursement of \$2,445 from the affiliated fire company for the insurance claim proceeds and by establishing accounting procedures to ensure that all insurance claim proceeds are timely deposited into a relief association account.

- Failure To Secure Ownership Interest In Jointly Purchased Equipment

By executing a formal, written agreement with the affiliated fire company that adequately secures the relief association's proportional ownership interest in the jointly purchased vehicle.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditures

Although the relief association received reimbursement of \$10,345 from the affiliated fire company for the unauthorized expenditures made in the prior audit period and provided documentation to support the propriety of the remaining \$825 of unauthorized expenditures from that 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. 2 of this report.

- Failure To Maintain A Complete And Accurate Equipment Roster

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.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain
A Complete And Accurate Cumulative Equipment Roster And Failure To
Conduct An Annual Physical Inventory Of Equipment**

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 names of suppliers (vendors), dates of purchase, cost of equipment, and serial numbers necessary to accurately identify equipment owned by the relief association. In addition, there was no evidence that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

A similar condition was noted in the three 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 location(s) 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 stated that the data required to compile the equipment roster was not retained in the equipment reporting system.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Effect: The continued repeat 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 and failure to perform an annual physical inventory of the equipment prevents adequate accountability for, and safeguarding of, relief association assets. Effectively resulting 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 equipment roster of all relief association equipment. In addition, 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.

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 – Unauthorized Expenditures

Condition: During the current audit period, the relief association incurred the following expenditures for Employee Assistant Program (EAP) services that are not authorized under the VFRA Act.

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
07/06/2023	1625	Fire company invoice – Annual EAP services	\$ 2,700
06/06/2024	1688	Fire company invoice – Annual EAP services	2,700
		Total	\$ 5,400

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

A similar condition was noted in the prior audit report.

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

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

- (2) To purchase contracts of insurance which, at a minimum, shall afford financial assistance to active members of the fire service represented by the association against losses due to injury suffered in the fire service and may also provide, in the order named: (i) for payments to the surviving spouse or other dependents of a member in the event of the member's death; (ii) for protection of active firefighters against disease; (iii) for replacement or purchase of prosthetic devices such as visual aids, hearing aids, dentures, braces, crutches and the like, where those devices have been lost or damaged while the owner was engaged in the fire service or where the need for those devices arose because of functional impairment attributable to participation in the fire service; (iv) for repair or replacement, if necessary, of articles of clothing or pocket pagers damaged or lost in the course of participation in the fire service; and (v) for disability incurred after service for a minimum of 20 years as a volunteer firefighter.

- (8) To contribute to or to purchase contracts of insurance which will contribute to the cost of rehabilitating and retraining volunteer firefighters who, by reason of their participation in the fire service, have suffered a major impairment of the ability to continue their vocation.

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.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Costs associated with the purchase of EAP services, for which no policy coverage information, such as services offered or members covered, is provided, do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these expenditures are not authorized under the VFRA Act.

Cause: The relief association officials indicated that they were unaware they had paid affiliated fire company invoices.

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.

Recommendation: We recommend that the relief association be reimbursed \$5,400 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 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 \$5,400 by the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying receipt and deposit of the \$5,400 reimbursement received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

Finding No. 3 – Inconsistent And Inadequate Relief Association Bylaws

Condition: The existing bylaws of the relief association contain certain provisions that are contradictory and are missing certain other provisions. Specifically, one provision addressing signatures on negotiable instruments requires the signatures of two officers but does not specify that the treasurer must be one of required signatures. However, another provision requires three signatures on negotiable instruments, one of which must be the treasurer. In addition, the bylaws do not include a provision for the election of board members and refer to individual fire companies within Manheim Township instead of Manheim Township Fire Rescue. Furthermore, the existing bylaws contain outdated language relating to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Criteria: The relief association's bylaws contain provisions that are contradictory to the following provision as defined in Section 7415(c) of the VFRA Act:

(3) 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.

In addition, the relief association bylaws did not contain the following provision as defined in Section 7415(c) of the VFRA Act:

(5) State the procedure to be followed in nominating and in electing officers, trustees, directors, and members of the executive committee, according to the provisions which have been made for establishment of those positions.

Furthermore, prudent business practice dictates that the relief association should update its bylaws to reference the appropriate names of the affiliated fire companies, as well as update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: Relief association officials indicated that they were unaware that the bylaws had contradictory provisions. They did not provide a reason why the bylaws lacked a provision for election of board members, why the bylaws continued to reference former affiliated fire companies, or why the bylaws had not been updated to comply with the VFRA Act.

Effect: As a result of the inconsistencies and lack of provisions in the relief association bylaws, the relief association may not have conducted its affairs with proper authorization and/or in compliance with the VFRA Act.

Recommendation: We recommend that the relief association officials review and update the bylaws governing its organization and establish guidelines and procedures to ensure compliance with the provisions of the bylaws and to ensure it conducts its affairs in 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: Compliance will be subject to verification during the next audit.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Inadequate Financial Record-Keeping System

Condition: The relief association's financial record-keeping system did not establish adequate accounting procedures to allow the membership to effectively monitor the relief association's financial operations. The following are the noted deficiencies:

- The journal did not categorize expenditures.
- The journal did not reflect all financial transactions.
- Ledgers were not used to record receipts and disbursements.
- Voided checks were not retained.

Criteria: Section 7415(a) of the VFRA Act states:

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it 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.

An adequate system of financial record-keeping is a prerequisite for sound administration of relief association assets.

Cause: The relief association officials stated they were unaware of the information needed for financial record-keeping.

Effect: Failure of relief association officials to maintain adequate records prevents the membership from effectively monitoring the financial operations of the relief association. Additionally, proper financial record keeping reduces the risk of misappropriation and undetected errors.

Recommendation: We recommend that the relief association officials establish and maintain a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations. 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.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – 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.

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 determined by the 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 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 did not provide a reason why this occurred.

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

Recommendation: We 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 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.

MANHEIM TOWNSHIP FIRE RESCUE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Manheim Township Fire Rescue Volunteer Firefighters' Relief Association Governing Body:

Mr. Steven Leayman
President

Mr. Randy Bixler, Jr.
Vice President

Mr. Joseph H. Banzhof
Secretary

Mr. Christopher J. Oberle, II
Treasurer

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

Mr. Rick Kane
Secretary
Manheim 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.