

# COMPLIANCE AUDIT

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## McConnellsburg Firemen's Relief Association

Fulton County, Pennsylvania

For the Period

January 1, 2021, to December 31, 2023

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July 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Jeffrey Harr, President  
McConnellsburg Firemen's  
Relief Association  
Fulton County

We have conducted a compliance audit of the McConnellsburg Firemen's Relief Association (relief association) for the period January 1, 2021, 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 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, 2023:

- 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.

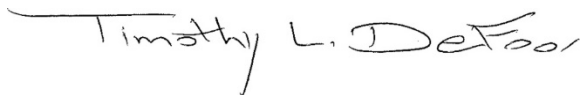
Finding No. 1 – Noncompliance With Prior Audit Recommendation –  
Inadequate Relief Association Bylaws

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure  
To Conduct An Annual Physical Inventory Of Equipment

Finding No. 3 – Failure To Maintain A Complete And Accurate Cumulative  
Equipment Roster

Finding No. 4 – Insufficient Surety (Fidelity) Bond Coverage

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  
July 11, 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.

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

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Ayr Township	Fulton	\$11,581	\$14,507	\$15,513
Licking Creek Township	Fulton	\$ 3,049	\$ 3,604	\$ 3,639
McConnellsburg Borough	Fulton	\$ 5,081	\$ 5,982	\$ 5,931
Todd Township	Fulton	\$ 7,911	\$ 9,973	\$ 9,883

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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, 2023, were \$120,024, as illustrated below:

Cash	\$ 28,463
Fair Value of Investments	<u>91,561</u>
Total Cash and Investments	<u>\$ 120,024</u>

Based on the relief association's records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$126,894, 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	\$ 54,595
Death benefits	<u>6,500</u>
Total Benefit Services	<u>\$ 61,095</u>
Fire Services:	
Equipment purchased	\$ 30,994
Equipment maintenance	<u>10,161</u>
Total Fire Services	<u>\$ 41,155</u>
Administrative Services:	
Bond premiums	\$ 514
Other administrative expenses *	<u>3,630</u>
Total Administrative Services	<u>\$ 4,144</u>
Other Expenditures:	
Payments on loan	<u>\$ 20,500</u>
Total Expenditures	<u>\$ 126,894</u>

\* A majority of the other administrative expenses represent \$2,630 expended in calendar years 2022 and 2023 for accounting fees.

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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 organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

McConnellsburg Volunteer Fire Company No. 1

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
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:

- Inadequate Relief Association Bylaws
- Failure To Conduct An Annual Physical Inventory Of Equipment

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.



MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws**

Condition: The existing bylaws of the relief association do not contain a mandatory provision required by Section 7415(c) of the VFRA Act. Specifically, the bylaws do not adequately address the provision for the signature of at least two officers, one of whom shall be the disbursing officer, in order to bind the association by formal contract or to issue any negotiable instrument.

A similar condition was noted in our two prior audit reports.

Criteria: The relief association bylaws do not contain 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.

Article XII, Section 4 of the relief association bylaws states, in part:

All disbursements or transaction made from the relief association funds shall be made by check, counter signed by the president and treasurer on the absence thereof, the vice-president and secretary or any combination thereof.

Cause: Relief association officials indicated that they amended their bylaws in response to the prior finding, but the wording was incorrect.

Effect: As a result of the mandatory provisions not being adequately addressed in the bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act or with proper authorization.

Recommendation: We again recommend that the relief association officials review and update the bylaws governing its organization to 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.

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
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 – Failure To Conduct An Annual Physical Inventory Of Equipment**

Condition: The relief association officials indicated that a physical inventory of equipment was conducted on an annual basis to account for all equipment owned by the relief association. However, the relief association failed to provide evidence that an annual physical inventory was conducted.

A similar condition was noted in our two prior audit reports.

Criteria: Prudent business practice dictates that the relief association establish adequate internal control procedures to ensure a complete, accurate, and cumulative roster of equipment purchased by the relief association is maintained and that, at least once a year, the relief association performs and documents a physical inventory of all equipment. The results of the physical inventory should be noted, dated, and signed on the cumulative equipment roster and recorded in the meeting minutes of the relief association.

Cause: Relief association officials indicated that the documentation of the physical inventory was damaged and could not be provided.

Effect: Continued failure to perform and document an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association owned equipment. Furthermore, continued failure to conduct an annual physical inventory of equipment could result in a potential withholding of state aid.

Recommendation: We again recommend that the relief association officials ensure an annual physical inventory of all relief association 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.

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (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. 3 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate cumulative roster of equipment owned by the relief association. Although a roster of relief association owned equipment was provided during the current audit period, this roster was incomplete and did not accurately identify all the equipment owned by the relief association. In addition, the equipment roster did not contain the cost of equipment and serial numbers to accurately identify equipment owned by the relief association.

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. A complete and accurate cumulative equipment roster of all relief association 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: Relief association officials indicated that a change in officers caused the equipment roster to be incomplete.

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 prevents adequate accountability for, and safeguarding of, relief association assets.

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Recommendation: We recommend that the relief association officials maintain a complete and accurate cumulative equipment roster of all relief association equipment. 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 with be subject to verification during the next audit.

**Finding No. 4 – Insufficient Surety (Fidelity) Bond Coverage**

Condition: During the current audit period, the relief association did not maintain sufficient surety (fidelity) bond coverage on its authorized disbursing officer to cover the relief association's maximum cash balance. The relief association's surety (fidelity) bond coverage amount was \$25,000. However, at times during the current audit period, the relief association's maximum cash balance exceeded the coverage amount.

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: Relief association officials indicated they were not aware that the surety (fidelity) bond coverage was insufficient.

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 current audit period was not adequately safeguarded in the event the disbursing officer commits a wrongful or fraudulent act. Additionally, without sufficient surety (fidelity) bond coverage, the relief association is not in compliance with the VFRA Act.

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REPORT DISTRIBUTION LIST

**Finding No. 4 – (Continued)**

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. 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'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.

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

McConnellsburg Firemen's Relief Association Governing Body:

**Mr. Jeffrey Harr**  
President

**Mr. Roger Everts**  
Vice President

**Ms. Amanda Beth Shives**  
Secretary

**Mr. Melvin Hann**  
Treasurer

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

**Ms. Denise R. Mellott**  
Secretary  
Ayr Township

**Ms. Lu Anne Keebaugh**  
Secretary  
Licking Creek Township

**Mr. Jack D. Fields**  
Secretary  
McConnellsburg Borough

**Ms. Connie Hann**  
Secretary  
Todd Township

MCCONNELLSBURG FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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