

COMPLIANCE AUDIT

The Upper Pottsgrove Township Volunteer Firefighters' Relief Association

Montgomery 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. Thomas J. Wojton, President
The Upper Pottsgrove Township Volunteer
Firefighters' Relief Association
Montgomery County

We have conducted a compliance audit of The Upper Pottsgrove Township 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:

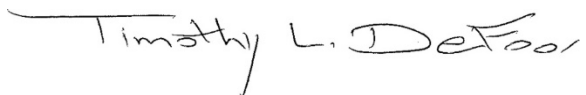
- The relief association took appropriate corrective action to address three of the five findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the two remaining findings contained in our prior audit report, as listed below, 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 – Unauthorized Expenditure

Finding No. 2 – 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. 3 – Failure To Update Relief Association Bylaws

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
February 2, 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>
Upper Pottsgrove Township	Montgomery	\$36,791	\$36,578	\$37,052

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

Based on the relief association’s records, its total cash as of December 31, 2024, was \$176,646, as illustrated below:

Cash	<u>\$ 176,646</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$82,325, 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	<u>\$ 13,920</u>
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Fire Services:

Equipment purchased	\$ 30,502
Equipment maintenance	11,632
Training expenses	7,761
Fire prevention materials	<u>13,007</u>
Total Fire Services	<u>\$ 62,902</u>

Administrative Services:

Bond premiums	\$ 717
Other administrative expenses	<u>281</u>
Total Administrative Services	<u>\$ 998</u>

Other Expenditures:

Unauthorized expenditure – See Finding No. 1	<u>\$ 4,505</u>
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Total Expenditures	<u><u>\$ 82,325</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:

Upper Pottsgrove Fire Company #1

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

THE UPPER POTTS GROVE TOWNSHIP 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:

- Inadequate Minutes Of Meetings

By maintaining detailed minutes of all relief association meetings held during the period.

- Duplicate Payments

By receiving reimbursement of \$2,612 from the affiliated fire company for a duplicate payment made in the prior audit period.

- Undocumented Expenditure

By receiving reimbursement of \$869 from the affiliated fire company for the undocumented expenditure made in the prior audit period.

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 Expenditure

Although the relief association received reimbursement of \$4,256 from the affiliated fire company for the unauthorized expenditure made in the prior audit period, the relief association again expended funds in the current audit period that were not authorized by the VFRA Act as further disclosed in Finding No. 1 of this report.

- Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And 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.

THE UPPER POTTS GROVE TOWNSHIP VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

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

Condition: During the current audit period, the relief association expended \$4,505 on the property and casualty insurance premium of the affiliated fire company. This expenditure is not authorized under the VFRA Act.

A similar condition was noted in our prior audit report.

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

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

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.

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

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 payment of property and casualty insurance premiums for an affiliated fire company do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this disbursement is not authorized under the VFRA Act.

THE UPPER POTTS GROVE TOWNSHIP VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Cause: The relief association officials indicated the payment of the affiliated fire company's insurance premium was made due to misreading the invoice despite the relief association being notified of this same condition during the prior audit.

Effect: As a result of the unauthorized expenditure, 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 unauthorized expenditure identified in the finding has been reimbursed to the relief association.

Recommendation: We recommend that the relief association be reimbursed \$4,505 for the unauthorized expenditure 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 \$4,505 by the affiliated fire company.

Auditor's Conclusion: We reviewed documentation verifying the receipt and deposit of \$4,505 received from the affiliated fire company. Compliance for authorized expenditures made during the next audit period will be subject to verification.

Finding No. 2 – 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.

THE UPPER POTTS GROVE TOWNSHIP VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

A similar condition was noted in our prior audit report.

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 although the equipment roster was updated in the current audit period, certain items were missing despite the relief association being notified of this condition during the prior audit. The relief association did not provide a reason why an annual physical inventory was not conducted.

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

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

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.

THE UPPER POTTS GROVE TOWNSHIP VOLUNTEER FIREFIGHTERS'
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 Update Relief Association Bylaws

Condition: In the prior audit period, a verbal observation was communicated to the relief association indicating that the existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act. No corrective action was taken in regard to the matter in the current audit period.

Criteria: Prudent business practice dictates that the relief association should update its bylaws to ensure its affairs are conducted in compliance with the VFRA Act.

Cause: The relief association officials stated that they overlooked updating the bylaws.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

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

THE UPPER POTTS GROVE TOWNSHIP VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Upper Pottsgrove Township Volunteer Firefighters' Relief Association Governing Body:

Mr. Thomas J. Wojton
President

Ms. Ashley Rose
Vice President

Ms. Emily Wojton
Secretary

Mr. Donald Raudenbush
Treasurer

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

Ms. Jeannie DiSante
Secretary
Upper Pottsgrove 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.