

COMPLIANCE AUDIT

Thorndale Volunteer Fireman's Relief Association

Chester County, Pennsylvania

For the Period

January 1, 2021, to December 31, 2025

June 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. James M. Mostyn IV, President
Thorndale Volunteer Fireman's
Relief Association
Chester County

We have conducted a compliance audit of the Thorndale Volunteer Fireman's Relief Association (relief association) for the period January 1, 2021, to December 31, 2025. 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 comply 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.

The initial audit period was January 1, 2021, to December 31, 2024. However, based on evidence of potential misappropriation of relief association funds, the audit period was extended to December 31, 2025.

Based on our audit procedures, we conclude that for the period January 1, 2021, to December 31, 2025:

- The relief association took appropriate corrective action to address one of the two findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the remaining finding contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matters described in Finding Nos. 2, 3, and 4 below and discussed later in this report, the relief association did not, in all significant respects, comply 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, for the period January 1, 2021, to December 31, 2025. Therefore, the relief association may be subject to the potential withholding 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 – Failure To Maintain A Complete And Accurate Cumulative Equipment Roster And Failure To Conduct An Annual Physical Inventory Of Equipment

Finding No. 2 – Unauthorized Expenditures

Finding No. 3 – Unauthorized Cash Withdrawals Due To Potential Misappropriation Of Funds

Finding No. 4 – Undocumented Expenditures

Finding No. 5 – Failure To Comply With Relief Association Bylaws And Failure To Adequately Update Relief Association Bylaws

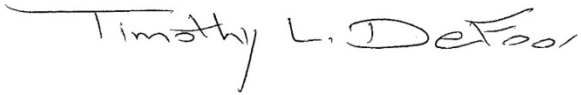
Finding No. 6 – Failure To Adequately Document Minutes Of Relief Association Meetings

Finding No. 7 – Inadequate Internal Controls

We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

We are providing a copy of this report to local law enforcement to determine whether any criminal laws of the Commonwealth have been violated and/or for whatever action they may deem appropriate and necessary.

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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
April 14, 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:

Municipality	County	2021	2022	2023	2024	2025
Caln Township	Chester	\$80,471	\$100,680	\$99,495	\$101,368	\$108,282

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 investment as of December 31, 2025, were \$400,804, as illustrated below:

Cash	\$	362,721
Fair Value of Investments		<u>38,083</u>
Total Cash and Investments	\$	<u>400,804</u>

Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2025, were \$654,993, 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>\$ 25,052</u>
Fire Services:	
Equipment purchased	\$ 394,322
Equipment maintenance	138,515
Training expenses	47,173
Fire prevention materials	<u>2,658</u>
Total Fire Services	<u>\$ 582,668</u>
Administrative Services:	
Bond premiums	\$ 5,810
Officer compensation	3,941
Other administrative expenses *	<u>8,178</u>
Total Administrative Services	<u>\$ 17,929</u>
Other Expenditures:	
Miscellaneous **	\$ 2,076
Unauthorized expenditures – See Finding No. 2	8,938
Unauthorized expenditures due to potential misappropriation of funds – See Finding No. 3	11,300
Undocumented Expenditures – See Finding No. 4	<u>7,030</u>
Total Other Expenditures	<u>\$ 29,344</u>
Total Expenditures	<u>\$ 654,993</u>

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

BACKGROUND – (Continued)

- * A majority of the other administrative expenses represent \$4,639 expended in calendar years 2021 through 2025 for tax preparation services, \$1,000 expended in calendar year 2024 for accounting software, and \$1,230 expended in calendar years 2021 through 2025 for bank fees.
- ** The miscellaneous expenditure represents a \$2,076 expenditure that was not appropriately classified by the relief association into a specific expenditure category.

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:

Thorndale Fire Department

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with one of two prior audit findings and recommendations, as follows:

- Insufficient Surety (Fidelity) Bond Coverage

By increasing the surety (fidelity) bond coverage to an amount greater than the maximum balance of the relief association's cash assets.

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:

- Failure To Maintain A Complete And Accurate Equipment Roster

We are concerned by the relief association's failure to correct this previously reported audit finding. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

THORNDALE VOLUNTEER FIREMAN'S 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, accurate and cumulative roster of equipment owned by the relief association for four of the five years of the current audit period. The initial roster of relief association equipment provided by the relief association on July 2, 2025, was incomplete and did not accurately identify all the equipment owned by the relief association. However, on January 5, 2026, the relief association provided an updated complete and accurate cumulative roster of equipment that also included assets purchased in calendar year 2025. In addition, until calendar year 2025, 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, accurate and 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: Despite the relief association being notified of these conditions during the three prior audits, relief association officials indicated that due to an oversight, the equipment roster was not properly updated until late 2025. The relief association did not provide a reason why a physical inventory was not conducted from 2021 through 2024.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

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, accurate and 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 recommend that the relief association officials continue to 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.

Auditor's Conclusion: We are concerned by the relief association's failure to timely correct this previously reported audit finding. Compliance will be subject to verification during the next audit.

Finding No. 2 – Unauthorized Expenditures

Condition: During the current audit period, the relief association incurred the following expenditures that are not authorized under the VFRA Act.

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
04/12/21	5652	Maintenance of affiliated fire company generator	\$ 525
10/31/21	5709	Improvements to affiliated fire company building	1,500
12/31/21	5718	Improvements to affiliated fire company building	1,820
08/08/22	5771	Duplicate payment for equipment	377
03/14/22	5737	Payment to affiliated fire company	1,000
10/09/23	5866	Maintenance of affiliated fire company generator	747
10/14/24	5941	Maintenance of affiliated fire company generator	1,434
09/08/25	1001	Maintenance of affiliated fire company generator	1,535
		Total	<u>\$ 8,938</u>

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Criteria: 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.
- (23) To purchase equipment used for emergency response.⁶

In addition, 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.⁷

Costs associated with remodeling of and improvements to the affiliated fire company building and maintenance on an affiliated fire company generator do not qualify as authorized volunteer firefighters' relief association expenditures under the VFRA Act.

Item Name	Category	Authorized Expenditure
Remodeling/Improvements of Fire House	Administrative	No
Generator for Fire House	General	No

Source: https://fra.osfc.pa.gov/VFRA_Main.aspx

Furthermore, a duplicate payment is an unauthorized expenditure as no goods or services were received for the duplicate payment.

⁶ 35 Pa.C.S. § 7416(f)(1), (11), (23).

⁷ 35 Pa.C.S. § 7418(b).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Cause: The relief association officials did not provide a reason why this occurred.

Effect: As a result of these unauthorized expenditures and duplicate payment, relief association funds were not available for investment purposes or for expenditures authorized by the VFRA Act. Furthermore, because of the requirements of the VFRA Act, failure to obtain supporting documentation for the reimbursement of the unauthorized expenditures may result in the withholding of future state aid allocations.

Recommendation: We recommend that the relief association be reimbursed \$8,938 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. In addition, the relief association officials should consider contacting the vendor to recover the duplicate payment and establish accounting and internal control procedures to prevent duplicate payment of invoices. All supporting documentation verifying the reimbursement for the unauthorized expenditures should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference. As a result of our audit, on October 14, 2025, the relief association received \$377 from the vendor for the duplicate payment and on December 11, 2025, the relief association received reimbursement of \$3,320 from the affiliated fire company for the improvement costs related to the building. The relief association also indicated the ownership of the generator would be transferred to the relief association.

Auditor's Conclusion: We reviewed documentation verifying the October 14, 2025, and December 11, 2025, receipt and deposit of the \$377 and \$3,320 reimbursements. However, we continue to recommend that the relief association be reimbursed \$5,241 for the remaining unauthorized expenditures. Although the generator for the fire house may or may not be transferred to the relief association as an asset, a generator for the fire house and its maintenance are not authorized expenditures. Due to the potential withholding of state aid, the relief association's compliance with the findings and recommendation will be monitored subsequent to the release of the audit report and during the next audit.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Unauthorized Cash Withdrawals Due To Potential Misappropriation Of Funds

Condition: Documentation reviewed during the audit evidenced that \$11,300 was withdrawn from the relief association's bank account and was potentially misappropriated between August 1, 2025, and October 31, 2025.

The chart below illustrates four unauthorized withdrawals due to potential misappropriation of funds.

<u>Date</u>	<u>Description</u>	<u>Amount</u>
08/29/25	Cash withdraw from financial institution	\$ 800
09/26/25	Cash withdraw from financial institution	500*
10/01/25	Cash withdraw from financial institution	5,000
10/09/25	Cash withdraw from financial institution	<u>5,000</u>
	Total	<u>\$ 11,300</u>

* Total withdraw was \$1,000, however \$500 was deposited into another relief association account. Therefore, the remaining \$500 is considered an unauthorized withdrawal.

The documentation reviewed evidenced that the withdrawal slips contained only the signature of the treasurer who was in office at the time these transactions occurred. These withdrawals were not disclosed to relief association officials, nor were the transactions documented in the meeting minutes, treasurer's report, or the journal as required by the relief association's bylaws. Additionally, the treasurer at the time did not provide documentation to support these cash withdrawals when approached by relief association officials.

Criteria: 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.⁸

⁸ 35 Pa.C.S. § 7415(a).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Also, Article VI, Section 4 of the relief association's bylaws in effect when the withdrawals occurred states, in part:

The treasurer shall keep an accurate account of all money belonging to the association and shall not expend monies or enter into investment transactions without the consent of the membership and trustees. The treasurer shall maintain all documentation supporting the receipts and disbursements made by the association and shall keep a ledger and journal which details all financial transactions of the association. The Treasurer will provide a written monthly statement of all financial transactions made by the association at the regular meetings. A copy of the monthly statement, printed or electronic, shall be provided to the Recording Secretary each month to be attached to the minutes.

In addition, Article X, Section 1 of the relief association bylaws in effect when the withdrawals occurred states, in part:

The signatures of at least two Officers, one of whom must be the Treasurer, shall be required for the issuance of relief association checks, withdrawal from the association savings account, the redemption of any relief association investments, or on any other negotiable instrument issued by the association.

Cause: Relief association officials failed to establish and monitor internal control procedures to ensure the propriety of cash withdrawals and to protect the relief association monetary assets. The relief association officials stated this occurred due to a lack of oversight of the activity of the treasurer and the treasurer bypassing the internal control procedures of dual authorization for expenditures and withdrawals.

Effect: As a result of an inadequate internal control system, lack of monitoring the controls, and the treasurer's unfettered control, \$11,300 of relief association funds may have been misappropriated and used for non-relief association purposes. Furthermore, the relief association's future state aid allocations may be withheld until the relief association complies with the finding recommendation.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: We recommend that the relief association seek reimbursement of \$11,300 for the potential misappropriation of funds. Also, the relief association should pursue the commencement of a bond claim and any other appropriate legal action. We also recommend that the relief association officials establish and follow internal control procedures and monitor all financial activity to ensure the propriety of all future cash withdrawals to protect the relief association's monetary assets. All supporting documentation verifying the reimbursement for the unauthorized withdrawals should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated that they contacted local law enforcement authorities and 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 findings and recommendation will be monitored subsequent to the release of the audit report and during the next audit of the relief association.

Finding No. 4 – Undocumented Expenditures

Condition: 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>
10/15/24	ACH	Credit card payment	\$ 900
02/15/25	ACH	Credit card payment	2,529
03/10/25	ACH	Credit card payment	<u>3,601</u>
		Total	<u>\$ 7,030</u>

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Criteria: 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.⁹

Prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

Cause: The relief association officials indicated this occurred due to payment being set up for automatic payment through its financial institution.

Effect: Due to a lack of supporting documentation, such as an invoice or itemized receipt, determination as to whether the expenditures were made in accordance with Section 7416(f) of the VFRA Act could not be made. In addition, failure to maintain adequate supporting documentation for relief association expenditures and lack of procedures for expenditures paid through an automatic payment process through the financial institution can lead to an increased risk of errors occurring and funds being misappropriated. Furthermore, because of the mandates of the VFRA Act, failure to obtain supporting documentation for or reimbursement of the undocumented expenditures may result in a withholding of future state aid allocations.

Recommendation: We recommend that the relief association provide this Department with adequate supporting documentation, such as an invoice or itemized receipt, to evidence the propriety of the expenditures or that the relief association be reimbursed \$7,030 for the undocumented, and potentially unauthorized, expenditures. All supporting documentation verifying the expenditure or reimbursement for the undocumented expenditures should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. We also recommend that the relief association develop procedures for expenditures paid through autopay and 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.

⁹ 35 Pa.C.S. § 7418(a).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Management Response: Relief association management agreed with the finding as presented at the audit exit conference. As a result of the audit, the relief association received partial reimbursement of \$900 on August 29, 2025, from the affiliated fire company and contacted the vendor for the credit card charges for the two latter expenditures to obtain copies of invoices related to the latter two payments.

Auditor's Conclusion: We reviewed documentation verifying the August 29, 2025, receipt and deposit of the partial reimbursement in the amount of \$900. We continue to recommend that the relief association be reimbursed \$6,130 for the remaining undocumented, and potentially unauthorized, expenditures or provide this Department with the invoices from the vendor for determination of whether the expenditures were authorized pursuant to the VFRA Act. Due to the potential withhold of state aid, the relief association's compliance with the findings and recommendation will be monitored subsequent to the release of the audit report and during the next audit of the relief association.

Finding No. 5 – Failure To Comply With Relief Association Bylaws And Failure To Adequately Update Relief Association Bylaws

Condition: During the audit period, the relief association approved two amendments to its bylaws in April 2025 and November 2025. A provision for annual payments to the treasurer exists in the original bylaws and the amended bylaws. However, the bylaws do not include the amount to be paid each year. The bylaws stipulate that the amount paid is to be determined annually at the relief association's December meeting. Payments totaling \$2,991 were made to the treasurer for the period January 1, 2021, to December 31, 2025, but no approval of these payments was documented in the meeting minutes.

In addition, the bylaws did not contain a provision for annual payments to the recording secretary until the November 2025 amendment. The November 2025 amended bylaws do not include the amount to be paid each year. The bylaws stipulate that the amount paid is to be determined annually at the relief association's December meeting. Payments totaling \$500 were made to the recording secretary for the period January 1, 2021, to December 31, 2025, but no approval of these payments was documented in the meeting minutes.

Furthermore, the relief association meeting minutes did not include a monthly statement of all financial transactions as required by its bylaws.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Finally, the bylaws contain outdated language related to Act 84 of June 11, 1968, rather than the VFRA Act.

Criteria: The relief association's bylaws did not contain the following provision as included in the VFRA Act:

- (10) Contain such other provisions as may, to the membership, seem appropriate or necessary to the orderly conduct of affairs of the association.¹⁰

Article VI, Section 3 of the relief association's bylaws amended as of November 10, 2025, states, in part:

The Secretary shall keep a true and accurate record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at the meetings...The secretary shall be paid an annual fee, which will be decided by the membership of the association at the December meeting.

Article VI, Section 4 of the relief association's bylaws prior to and as amended as of November 10, 2025, states, in part:

The treasurer will provide a written monthly statement of all financial transactions made by the association at the regular meeting. A copy of the monthly statement, printed or electronic, shall be provided to the Recording Secretary each month to be attached to the minutes...The treasurer shall be paid an annual fee, which will be decided by the membership of the association at the December meeting.

Furthermore, prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: The relief association officials did not provide a reason why it failed to comply with the provisions of the bylaws regarding approval of the annual payments to the treasurer and secretary or the reason for not including the monthly statement of financial transactions in the meeting minutes. In addition, the relief association did not provide a reason why the bylaws have not been updated to comply with the VFRA Act.

¹⁰ 35 Pa.C.S. § 7415(c)(10).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Effect: As a result of the relief association not following the provisions of its bylaws and not updating its bylaws, the relief association may not have conducted its affairs with proper authorization 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.

Finding No. 6 – Failure To Adequately Document Minutes Of Relief Association Meetings

Condition: The relief association failed to document the minutes of its meetings as required by the VFRA Act and the relief association's bylaws. Specifically, the relief association's minutes do not reflect the approval of all financial transactions that occurred during the audit period, and do not include attendance records or documentation as to whether quorum requirements were met. In addition, the relief association meeting minutes from 2021 through 2024 did not contain the signature of the recording officer.

Criteria: 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. ¹¹

Article VI, Section 4 of the relief association's bylaws states, in part:

The Secretary shall keep a true and accurate record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at the meetings.

¹¹ 35 Pa.C.S. § 7415(a).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (Continued)

In addition, prudent business practice dictates that the relief association officials should ensure that meeting minutes are signed and dated by the recording officer.

Cause: The relief association officials did not provide a reason why all financial transactions, attendance records and quorum requirements were not documented in the meeting minutes as required, and why the recording secretary did not sign the meeting minutes.

Effect: Without detailed minutes of meetings, that address all financial-related transactions, include attendance records, substantiate the presence of a quorum, and that are signed and dated by the recording officer, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

Recommendation: We recommend that the relief association officials document 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 of the relief association to ensure the validity of the meeting minutes. 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.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – Inadequate Internal Controls

Condition: The relief association failed to establish and follow adequate policies and procedures related to financial transactions. The following conditions noted during the current audit period are indicative of internal control weaknesses:

- Negative balance carried in the checking account at various times during the audit period.
- Bank reconciliations were not performed.
- Bank fees, including overdraft fees, were not monitored as to purpose and amount.
- Disbursement journal did not include all disbursement transactions.
- Voided/missing checks were not investigated.
- Credit card policy was not followed as purchases were not pre-approved and/or adequately supported with invoices from the vendors (see Finding No. 4).
- Meeting minutes did not reflect approval of all expenditures (see Finding No. 6).
- All equipment purchased was not listed on the equipment roster (see Finding No. 1).

Criteria: 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.¹²

Cause: The relief association officials indicated the cause was due to a lack of oversight.

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 reduces the risk of undetected errors.

Recommendation: We recommend that the relief association officials establish and adopt policies and procedures to address those matters noted in the above condition and/or comply with existing policies and procedures. 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.

¹² 35 Pa.C.S. § 7415(a).

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

Conditions such as those reported by Finding Nos. 2, 3, and 4 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are corrected. However, such action may not be considered 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.

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Thorndale Volunteer Fireman's Relief Association Governing Body:

Mr. James M. Mostyn, IV
President

Mr. Allan R. Cunningham
Vice President

Mr. Patrick Taylor
Recording Secretary

Mr. Steven L. Swick
Membership Secretary

Mr. John Carbo
Treasurer

Mr. Logan P. Seavey
Trustee

Mr. Chris Sheplock
Trustee

Mr. Donald F. Taylor
Trustee

THORNDALE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Mr. Don Vymazal
Township Manager
Caln 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.