

# COMPLIANCE AUDIT

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## Vernon Township Volunteer Fire Department's Relief Association Crawford County, Pennsylvania For the Period January 1, 2023, to April 1, 2025

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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. Ralph McClay, President  
Vernon Township Volunteer Fire  
Department's Relief Association  
Crawford County

We sought to conduct a compliance audit of the former Vernon Township Volunteer Fire Department's Relief Association (former relief association) for the period January 1, 2023, to April 1, 2025 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 former relief association took appropriate corrective action to address the findings contained in our prior audit reports.
2. To determine if the former 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.

The audit 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.

The last known and former relief association's officers were unable to provide the following documents that were required to perform the audit:

- Receipts and disbursement journals and ledgers
- Checkbooks
- Equipment rosters
- Minutes of Relief Association meetings
- Invoices supporting expenditures
- Surety (fidelity) bond policies

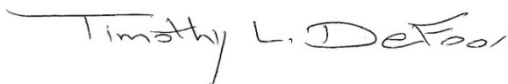
Because the required documentation was not provided, we were unable to obtain sufficient, appropriate audit evidence to support conclusions related to the audit objectives. Accordingly, we cannot conclude on the audit objectives.

Furthermore, due to the financial distress of the former relief association and the affiliated fire company, a liquidating receiver was appointed on July 21, 2023, by the Court of Common Pleas of Crawford County, Pennsylvania, Orphan's Court Division. The receiver was tasked with liquidating the assets of both the former relief association and the affiliated fire company and satisfying any amounts owed to creditors. The Order of Involuntary Dissolution and Discharge of Liquidating Receiver was entered into on April 1, 2025 by the Orphans Court Division of the Court of Common Pleas of Crawford County, Pennsylvania.

The current audit findings, as listed below and discussed in the *Status of Prior Findings and Findings and Recommendations* section of this report, address the lack of corrective action for the three findings contained in our prior audit report:

- Finding No. 1 – Noncompliance With Prior Audit Recommendation – Lack Of Cooperation From The Last Known And Former Relief Association Officials Severely Limited The Scope Of The Audit
- Finding No. 2 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures Due To Potential Misappropriation
- Finding No. 3 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures

The contents of this report were not discussed with the management of the relief association as the relief association was involuntarily dissolved as of April 1, 2025.



Timothy L. DeFoor  
Auditor General  
February 20, 2026

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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 former relief association was 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.

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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)**

The former relief association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>
Vernon Township	Crawford	*	*

\* During the current audit period, the former relief association did not receive an allocation of state aid from Vernon Township. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

The volunteer firefighters’ relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

Vernon Township Volunteer Fire Department

Based on the former relief association’s records, its total cash as of May 12, 2023, the date the bank accounts were closed, was \$0, as illustrated below:

Cash	<u>\$</u>	<u>0</u>
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**BACKGROUND – (Continued)**

Based on records obtained from the former relief association’s financial institution through a writ of summons issued during the prior audit period, total expenditures from January 1, 2023, to May 12, 2023 (date the bank accounts were closed), were \$1,790, as noted below. The former relief association did not provide documentation to support these expenditures, as detailed in the Findings of this report. Due to the significant limitation on the scope of the audit and our inability to conduct audit procedures, we could not evaluate the accuracy of the reported expenditures or conclude on the former 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. **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Administrative Services:

Other administrative expenses *	<u>\$ 130</u>
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Other Expenditures:

Undocumented expenditures – See Finding No. 2	<u>\$ 1,660</u>
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Total Expenditures	<u><u>\$ 1,790</u></u>
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\* The other administrative services represent bank fees.

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former 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:

- Lack Of Cooperation From The Last Known And Reported Former Relief Association Officials Severely Limited The Scope Of The Audit

Due to the lack of documentation provided by the last known and reported former relief association officers, we could not determine compliance with the repeated prior audit findings for the periods of January 1, 2013, to December 31, 2015, and January 1, 2016, to December 31, 2019, as noted below:

- Unauthorized expenditures
  - Inadequate Financial Record-Keeping System
  - Failure To Maintain A Complete And Accurate Equipment Roster
  - Failure To Maintain Minutes Of Meetings
  - Inadequate Internal Controls
- Undocumented Expenditures Due To Potential Misappropriation
  - Unauthorized Expenditures

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Lack Of Cooperation  
From The Last Known And Former Relief Association Officials Severely  
Limiting The Scope Of The Audit**

Condition: Multiple attempts were made to contact the last known and former relief association officials to facilitate the mandated audit for the period January 1, 2023, to December 31, 2024. On January 29, 2025, contact was made with the former president of the relief association who indicated that he had no knowledge regarding the relief association's records. In addition, it was determined that the relief association was involuntarily dissolved by Court Order filed on April 1, 2025. The current audit period was extended accordingly.

During the prior audit period of January 1, 2020 to December 31, 2022, a Writ of Summons was issued to the financial institution that maintained the relief association's bank accounts. The information provided by the financial institution included documentation for the period of January 1, 2023, to May 12, 2023, at which point the bank accounts were closed due to the filing of the involuntary dissolution and appointment of a liquidating receiver. Although the financial institution provided copies of bank statements and canceled checks for the period of January 1, 2023, to May 12, 2023, the documentation did not provide sufficient audit evidence necessary to achieve the audit objectives.

In addition, due to the lack of information and documentation provided by the former relief association officials, we were unable to determine if corrective action had been taken to address the findings as listed below for the audit periods January 1, 2013 to December 31, 2015 and January 1, 2016 to December 31, 2019:

Unauthorized Expenditures

Inadequate Financial Record Keeping System

Failure To Maintain A Complete And Accurate Equipment Roster

Failure To Maintain Minutes Of Meetings

Inadequate Internal Controls

Undocumented Expenditures Due To Potential Misappropriation

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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.

In addition, Section 7418(a)(1) of the VFRA Act states, in part:

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.

Cause: The last known relief association officials have no knowledge regarding the relief association's records and therefore could not provide any documentation related to compliance with the prior audit findings.

Effect: The lack of documentation provided by the former relief association prevented any determination as to 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.

Recommendation: The relief association was involuntary dissolved on April 1, 2025. No recommendation for corrective action is required.

Management's Response: The former relief association was involuntarily dissolved. Consequently, no response was obtained from the former relief association.

Auditor's Conclusion: The relief association was involuntary dissolved on April 1, 2025. No further action is required.

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures Due To Potential Misappropriation**

Condition: As disclosed in the prior audit reports, the former relief association incurred undocumented expenditures totaling \$86,522 over the three preceding audit periods. During the current audit period, no evidence was provided to indicate that the former relief association took corrective action to address the undocumented expenditures from the prior audit periods.

The undocumented expenditures, by prior audit period, are as follows:

<u>Year</u>	<u>Amount</u>
2013-2015	\$ 2,520
2016-2019	2,688
2020-2022	<u>81,314</u>
	<u>\$ 86,522</u>

In addition, the former relief association was unable to provide adequate supporting documentation for \$1,660 of expenditures incurred in the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
01/04/2023	EFT	Unknown vendor – lease payment	\$ 415
02/06/2023	EFT	Unknown vendor – lease payment	415
03/06/2023	EFT	Unknown vendor – lease payment	415
04/04/2023	EFT	Unknown vendor – lease payment	<u>415</u>
Total			<u>\$ 1,660</u>

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Continued**

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

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

Cause: The last known relief association officials have no knowledge regarding the relief association's records.

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 can lead to an increased risk of errors occurring and funds being misappropriated.

Recommendation: The relief association was involuntarily dissolved on April 1, 2025. No recommendation for corrective action is required.

Management's Response: The former relief association was involuntarily dissolved on April 1, 2025. Consequently, no response was obtained from the former relief association.

Auditor's Conclusion: The relief association was involuntarily dissolved on April 1, 2025. No further action is required.

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: As disclosed in prior audit reports, the relief association incurred unauthorized expenditures as follows:

<u>Year</u>	<u>Amount</u>
2013-2015	\$ 25
2016-2019	<u>2,583</u>
	<u>\$ 2,608</u>

During the prior and current audit periods, no documentation was provided to indicate that the relief association took corrective action to address the unauthorized expenditures.

Criteria: Section 7416(f) of Act 118 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.

Cause: The last known relief association officials have no knowledge regarding the relief association's records in order to determine the propriety of the expenditures.

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Continued**

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: The relief association was involuntary dissolved on April 1, 2025. No recommendation for corrective action is required.

Management's Response: The former relief association was involuntarily dissolved on April 1, 2025.

Auditor's Conclusion: The relief association was involuntary dissolved on April 1, 2025. No further action is required.

VERNON TOWNSHIP VOLUNTEER FIRE DEPARTMENT'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Vernon Township Volunteer Fire Department's Relief Association Governing Body:

**Mr. Ralph McClay**  
President (last known from prior audit periods)

**Mr. Matthew Ross Gable**  
Vice President (last known from prior audit periods)

**Mr. Christopher G. Maheu**  
Secretary (last known from prior audit periods)

**Mr. Robert W. Corey**  
Treasurer (last known from prior audit periods)

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

**Ms. Amie Steadman**  
Secretary  
Vernon Township

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).