

COMPLIANCE AUDIT

The Relief Fund Association of York Springs Fire Company No. 1 of Adams County, Pennsylvania

For the Period
January 1, 2021, to December 31, 2023

January 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Mark Wolf, President
The Relief Fund Association of
York Springs Fire Company No. 1 of
Adams County, Pennsylvania

We have conducted a compliance audit of The Relief Fund Association of York Springs Fire Company No. 1 of Adams County, Pennsylvania (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.

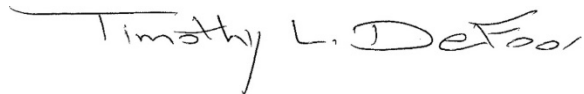
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 took appropriate corrective action to address two of the three findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding 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 finding listed below and discussed later in this report.

Finding – Noncompliance With Prior Audit Recommendation –
Unauthorized Expenditures

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has 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
January 3, 2025

CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Findings	5
Finding and Recommendation:	
Finding – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures	6
Report Distribution List	8

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.

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)

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>
Huntingdon Township	Adams	\$ 9,519	\$11,759	\$11,651
Latimore Township	Adams	\$10,861	\$13,519	\$13,538
York Springs Borough	Adams	\$ 2,989	\$ 3,188	\$ 3,156

Based on the relief association’s records, its total cash and investments as of December 31, 2023, were \$189,640, as illustrated below:

Cash	\$ 70,559
Fair Value of Investments	<u>119,081</u>
Total Cash and Investments	<u><u>\$ 189,640</u></u>

BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$102,404, 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>\$ 5,211</u>
Fire Services:	
Equipment purchased	\$ 54,925
Equipment maintenance	22,458
Training expenses	5,511
Fire prevention materials	<u>2,053</u>
Total Fire Services	<u>\$ 84,947</u>
Administrative Services:	
Bond premiums	\$ 300
Other administrative expenses *	<u>3,151</u>
Total Administrative Services	<u>\$ 3,451</u>
Other Expenditures:	
Undocumented expenditure **	\$ 133
Unauthorized expenditures *** - See Finding	<u>8,662</u>
Total Other Expenditures	<u>\$ 8,795</u>
Total Expenditures	<u><u>\$ 102,404</u></u>

* The administrative expenses represent bank fees of \$301 and accounting fees of \$2,850 for the period 2021 through 2023.

** The relief association was unable to provide adequate supporting documentation evidencing the propriety of a \$133 expenditure made during calendar year 2023. We disclosed this issue to relief association officials during the conduct of our audit, but we did not include a finding in this report due to the relatively low dollar amount.

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

BACKGROUND – (Continued)

*** \$5,798 of the \$8,662 represents unauthorized expenditures from the current audit period which were addressed in the prior audit report with reimbursement already having been received from the affiliated fire company.

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:

York Springs Fire Company No. 1

THE RELIEF FUND ASSOCIATION OF YORK SPRINGS FIRE COMPANY NO. 1 OF
ADAMS COUNTY, PENNSYLVANIA
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditure

By providing adequate documentation to evidence the propriety of the undocumented expenditure that was made in the prior audit period.

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of the three prior audit findings. This finding is noted below and discussed in detail in the Finding and Recommendation section of this report:

- Unauthorized Expenditures

Although the relief association received reimbursement of \$5,199 from the affiliated fire company for the unauthorized expenditures that were made in the prior audit period, and received reimbursement of \$5,798 from the affiliated fire company for unauthorized expenditures made in the current period and addressed in the prior audit report, the relief association again expended funds in the current audit period that were not authorized by the VFRA Act as further disclosed in the finding of this report.

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 recommendation and corrective action noted in this audit report.

THE RELIEF FUND ASSOCIATION OF YORK SPRINGS FIRE COMPANY NO. 1 OF
ADAMS COUNTY, PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures

Condition: Although the relief association received reimbursement of \$5,199 from the affiliated fire company for the unauthorized expenditures that were made in the prior audit period, and received reimbursement of \$5,798 from the affiliated fire company for unauthorized expenditures made in the current period which were addressed in the prior audit report, the relief association again expended funds for the following items in the current audit period that were not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
05/28/2021	2073	Maintenance on fire company owned equipment	\$ 862
02/14/2023	1091	Maintenance on fire company owned equipment	<u>2,002</u>
Total			<u>\$ 2,864</u>

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.

THE RELIEF FUND ASSOCIATION OF YORK SPRINGS FIRE COMPANY NO. 1 OF
ADAMS COUNTY, PENNSYLVANIA
FINDING AND RECOMMENDATION

Finding – (Continued)

Costs associated with maintenance of fire company owned equipment do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: The relief association officials indicated that they were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act. In addition, because of stipulations within the VFRA Act, failure to obtain reimbursement of the improperly expended funds will result in a withholding of future state aid fund disbursements until the improperly expended fire relief association monies identified in the finding have been reimbursed to the relief association.

Recommendation: We recommend that the relief association be reimbursed \$2,864 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. All supporting documentation verifying the receipt of reimbursement for 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's Response: Relief association management agreed with the finding as presented at the audit exit conference and, the affiliated fire company reimbursed the relief association \$2,864 for the unauthorized expenditures on September 24, 2024.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$2,864 was received. Compliance for expenditures made during the next audit period will be subject to verification through our next audit.

THE RELIEF FUND ASSOCIATION OF YORK SPRINGS FIRE COMPANY NO. 1 OF
ADAMS COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Relief Fund Association of York Springs Fire Company No. 1 of Adams County,
Pennsylvania Governing Body:

Mr. Mark Wolf
President

Mr. Jason Rentzel
Vice President

Ms. Kirsten Leer
Secretary

Ms. Jayne L. Bosserman
Treasurer

Mr. Michael Tipler
Financial Secretary

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

Ms. Patricia V. Davis
Secretary
Huntingdon Township

Ms. Jen Marinacci
Secretary
Latimore Township

Ms. Catherine Jonet
Secretary
York Springs Borough

THE RELIEF FUND ASSOCIATION OF YORK SPRINGS FIRE COMPANY NO. 1 OF
ADAMS COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

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.