

COMPLIANCE AUDIT

Volunteer Firemen's Relief Association of York Township York County, Pennsylvania For the Period January 1, 2022, to December 31, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Daryl Ehnhart, President
Volunteer Firemen's Relief Association
of York Township
York County

We have conducted a compliance audit of the Volunteer Firemen's Relief Association of York Township (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.

We were not able to obtain an independent confirmation of the investment balance directly from the financial institution. Therefore, while the relief association provided copies of investment statements that indicated that, as of December 31, 2024, the relief association had an investment balance with a fair value of \$59,844, we were not able to verify this investment balance.

We were also not able to obtain copies of canceled or imaged checks from the relief association. While the relief association provided copies of bank statements, the relief association failed to provide copies of canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two relief association officers authorized and signed the checks as required by the VFRA Act.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matters described in the two preceding paragraphs, for the period January 1, 2022, to December 31, 2024:

- The relief association took appropriate corrective action to address one of the three 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 – Failure To Conduct An Annual Physical Inventory Of Equipment

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws

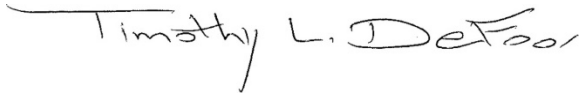
Finding No. 3 – Untimely Deposit Of State Aid

Finding No. 4 – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 5 – Unauthorized Expenditure

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

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 horizontal line extending from the left of the first letter.

Timothy L. DeFoor
Auditor General
September 26, 2025

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Findings	5
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Conduct An Annual Physical Inventory Of Equipment	6
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws	7
Finding No. 3 – Untimely Deposit Of State Aid	8
Finding No. 4 – Failure To Maintain Surety (Fidelity) Bond Coverage	9
Finding No. 5 – Unauthorized Expenditure	10
Report Distribution List	12

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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
York Township	York	\$75,660	\$75,609	\$77,420*

* The 2024 state aid allocation received from York Township was not deposited by the relief association until March 10, 2025, as disclosed in Finding No. 3 in this report.

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$60,632, as illustrated below:

Cash	\$ 788
Fair Value of Investments	<u>59,844</u>
Total Cash and Investments	<u><u>\$ 60,632</u></u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2022, to December 31, 2024, were \$289,475, 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	\$ 23,279
Death benefits	690
Relief benefits	475
Total Benefit Services	<u>\$ 24,444</u>

Fire Services:

Equipment purchased	\$ 91,123
Equipment maintenance	38,820
Training expenses	13,557
Total Fire Services	<u>\$ 143,500</u>

Administrative Services:

Bond premiums	\$ 468
Other administrative expenses *	1,867
Total Administrative Services	<u>\$ 2,335</u>

Other Expenditures:

Payments on lease-financing	\$ 118,849
Unauthorized expenditure – See Finding No. 5	347
Total Other Expenditures	<u>\$ 119,196</u>

Total Expenditures	<u>\$ 289,475</u>
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* The majority of the other administrative expenses represent \$900 in calendar year 2022 for tax preparation fees and \$927 during the 3-year audit period for bank service and overdraft fees.

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

BACKGROUND – (Continued)

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

Goodwill Fire Company #1 York Township

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Failure To Maintain Minutes Of Meetings

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

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with two of the three prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

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

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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Conduct
An Annual Physical Inventory Of Equipment**

Condition: The relief association officials failed to provide evidence that it conducted annual physical inventory of equipment and to ensure such inventory accounted for all equipment owned by the relief association.

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 a complete, accurate, and cumulative roster of equipment purchased by the relief association is maintained and that, at least once a year, the relief association performs and documents a physical inventory of all equipment. The results of the physical inventory should be noted, dated, and signed on the cumulative equipment roster and recorded in the meeting minutes of the relief association.

Cause: The relief association officials stated that a committee was not put in place to perform this task despite the relief association being notified of this condition during our prior audit.

Effect: Continued failure to perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association owned equipment.

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

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will create a committee to perform an annual physical inventory of relief owned equipment.

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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Inadequate Relief Association Bylaws

Condition: The existing bylaws of the relief association do not contain certain mandatory provisions required by Section 7415(c) of the VFRA Act. Specifically, the bylaws do not address the requirement to maintain bond coverage on its disbursing officer necessary to cover an amount at least as great as the maximum cash in the current funds of the relief association at any time during the fiscal year.

A similar condition was noted in our prior audit report.

Criteria: The relief association's bylaws did not contain the following provisions as defined in Section 7415(c) of the VFRA Act:

- (4) Require that the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against funds of the association.

Cause: The relief association officials stated that a committee was not set up to perform a review and subsequently revise the bylaws despite the relief association being notified of this condition during our prior audit.

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

Recommendation: We again recommend that the relief association officials review and update the bylaws governing their organization to meet the requirements set forth in the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will set up a committee to review and propose changes to the bylaws.

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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Untimely Deposit Of State Aid

Condition: During the audit period, the relief association did not deposit its state aid allocation timely. York Township forwarded the state aid allocation in the amount of \$77,420 on September 27, 2024, within the municipality's 60-day requirement. The relief association deposited the State aid allocation on March 10, 2025, which was 164 days after it received the funds.

Criteria: Prudent business practices dictate that, upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure the funds are deposited in a timely manner.

Cause: The relief association officials stated that this occurred because they were changing financial institutions.

Effect: As a result of the untimely deposit of the state aid allocation, funds were not available to pay general operating expenses or for investment purposes. In addition, an untimely deposit of funds increases the risk that funds could be lost or misappropriated.

Recommendation: We recommend that the relief association officials adopt internal control procedures to ensure the timely deposit of all state aid allocations. 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, in the future, bank accounts will not be closed until new accounts are opened and funds can be deposited timely.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The relief association failed to maintain surety (fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association's surety (fidelity) bond coverage expired on January 10, 2025.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

In addition, Article V, Section 4.6 of the relief association's bylaws states:

The Treasurer shall be bonded.

Cause: The relief association officials stated that a change of insurance providers was the reason the coverage lapsed.

Effect: As a result of the authorized disbursing officer of the relief association not having sufficient surety bond coverage, the relief association's cash balance was not adequately safeguarded in the event the disbursing officer commits a wrongful or fraudulent act. Additionally, without sufficient surety bond coverage, the relief association is not in compliance with the VFRA Act and its bylaws.

Recommendation: We recommend that the relief association officials obtain surety (fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by 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 that in the future previous policies will be provided to the new carrier to ensure identical coverage.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – Unauthorized Expenditure

Condition: During the current audit period, the relief association incurred an expenditure of \$347 for maintenance on a fire company owned vehicle. This expenditure is not authorized under the VFRA Act.

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

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

- (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 maintenance on a fire company owned vehicle do not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this expenditure is not authorized under the VFRA Act.

Cause: The relief association officials indicated that the expenditure was approved for payment by the relief association in error.

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 monies related to the unauthorized expenditure identified in the finding have been reimbursed to the relief association.

Recommendation: We recommend that the relief association be reimbursed \$347 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.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – (Continued)

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated that a review of all bills to be paid by the relief association will be performed by the trustees.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF YORK TOWNSHIP
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Volunteer Firemen's Relief Association of York Township Governing Body:

Mr. Darryl Ehnhart
President

Ms. Pamela Helm
Secretary

Ms. Helen H. Spangler
Treasurer

Mr. Michael Noel
Trustee

Mr. Josiah Noel
Trustee

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

Mr. Gary S. Milbrand
Secretary
York 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.