

COMPLIANCE AUDIT

Yoe Volunteer Firemens' Relief Association York County, Pennsylvania For the Period January 1, 2019, to January 30, 2023

October 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Barry Myers, President
Yoe Volunteer Firemens'
Relief Association
York County

We have conducted a compliance audit of the former Yoe Volunteer Firemens' Relief Association (relief association) for the period January 1, 2019, to January 30, 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 former relief association took appropriate corrective action to address the finding contained in our prior audit report.
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.

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 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 cash balance directly from the financial institution. Therefore, while the former relief association provided bank statements that indicated that, as of January 30, 2023, the relief association had a cash balance of zero, we were not able to verify this cash balance.

Based on our audit procedures, we conclude that, except for the effect, if any, of the matter described in the preceding paragraph, for the period January 1, 2019, to January 30, 2023:

- The former relief association took appropriate corrective action to address the finding contained in our prior audit report.
- The former 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.

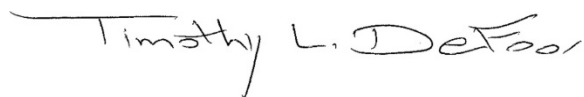
Finding No. 1 – Improper Merger Pertaining To The Transfer Of Equipment

Finding No. 2 – Inadequate Minutes Of Meetings

Finding No. 3 – Failure To Maintain A Complete And Accurate Membership Roster

In addition, as of January 30, 2023, the former relief association completed the process of dissolution and merged with Dallastown Volunteer Firefighters Relief Association to form SAFER Firefighter's Relief Association. Consequently, all remaining monetary assets were transferred to the SAFER Firefighter's Relief Association. However, we were not able to verify the proper transfer of relief association equipment to SAFER.

The contents of this report were discussed with the management of the former relief association and, where appropriate, their responses have been included in the report. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
September 21, 2023

CONTENTS

	<u>Page</u>
Background	1
Status of Prior Finding	4
Findings and Recommendations:	
Finding No. 1 – Improper Merger Pertaining To The Transfer Of Equipment	5
Finding No. 2 – Inadequate Minutes Of Meetings	6
Finding No. 3 – Failure To Maintain A Complete And Accurate Membership Roster	8
Report Distribution List	10

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), 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 Law³ (commonly referred to as Act 205) 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.

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Windsor Township	York	\$19,635	\$19,663	*	*
Yoe Borough	York	\$ 4,309	\$ 4,366	*	*
York Township	York	\$34,645	\$34,769	*	*

* As of 2021, the former relief association did not receive any further state aid distributions.

Based on the former relief association’s records, its total cash as of January 30, 2023, was zero as illustrated below:

Cash \$ 0

BACKGROUND – (Continued)

Based on the former relief association’s records, its total expenditures for the period January 1, 2019, to January 30, 2023, were \$254,856 as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to 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.⁴ **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>\$ 28,731</u>
--------------------	------------------

Fire Services:

Equipment purchased	\$ 87,823
Equipment maintenance	13,664
Training expenses	<u>5,091</u>
Total Fire Services	<u>\$ 106,578</u>

Administrative Services:

Bond premiums	\$ 400
Other administrative expenses	<u>110</u>
Total Administrative Services	<u>\$ 510</u>

Other Expenditures:

Transfer of monetary assets *	<u>\$ 119,037</u>
-------------------------------	-------------------

Total Expenditures	<u><u>\$ 254,856</u></u>
--------------------	--------------------------

* As of January 30, 2023, the former relief association completed the process of dissolution and merged with SAFER Firefighter’s Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the SAFER Firefighter’s Relief Association. Due to the dissolution of the former relief association, we are providing officials of SAFER Firefighter’s Relief Association copies of this report.

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:

Yoe Fire Company

⁴ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The former relief association has complied with the prior audit finding and recommendation, as follows:

- Relief Association Bank Accounts Inappropriately Registered Under Affiliated Fire Service Organization's Name

By closing the bank accounts due to the former relief association's dissolution and merger with SAFER Firefighter's Relief Association.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Improper Merger Pertaining To The Transfer Of Equipment

Condition: The former relief association did not properly document the dissolution of the organization and subsequent merger with Dallastown Volunteer Firefighters Relief Association to form SAFER Firefighter's Relief Association. Specifically, the former relief association did not provide evidence of the transfer of equipment owned by the former relief association to the new entity. In addition, the former relief association did not conduct annual equipment inventories prior to the merger, therefore, we were unable to determine whether all equipment owned by the former relief association was properly transferred to the newly merged relief association.

Criteria: Prudent business practice dictates that the relief association should establish adequate internal control procedures to ensure the maintenance of a cumulative equipment roster of all items purchased by the relief association in order to provide an effective accounting control over the relief association's equipment. Further, prudent practice also dictates that annual inventories are conducted to ensure the accuracy of the relief association's equipment roster.

In addition, the equipment transferred from the former relief association should be documented to evidence the propriety of the relief association equipment actually transferred to SAFER Firefighter's Relief Association.

Cause: The former relief officials explained that this was missed prior to and during the merger. However, the annual physical inventories will be conducted within the SAFER Firefighter's Relief Association.

Effect: The failure to perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association owned equipment. In addition, without evidence of the assets transferred to the newly formed relief association, the former relief association is unable to certify that all the equipment previously purchased with relief association funds was properly transferred to the newly formed relief association.

Recommendation: Due to the dissolution of the former relief association and subsequent transfer of its remaining assets to the SAFER Firefighter's Relief Association, we are providing officials of the SAFER Firefighter's Relief Association copies of this report so that they are aware of the conditions that were detected during the course of the audit of the former relief association. We recommend that the SAFER Firefighter's Relief Association officials maintain detailed minutes of future meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. We also recommend that the relief association officials ensure they perform an annual physical inventory of all operable equipment and that the completion of the inventories be sufficiently documented. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to complete a proper merger as it relates to the transfer of equipment. Since the former relief association dissolved its organization and consequently transferred its monetary and physical assets to the SAFER Firefighter's Relief Association, SAFER Firefighter's Relief Association's management should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 2 – Inadequate Minutes Of Meetings

Condition: The former relief association failed to maintain detailed minutes of meetings as required by the VFRA Act and the former relief association's bylaws. Specifically, the former relief association's minutes did not address all financial-related transactions that occurred during the 2021 audit year. Meetings were only held in three months during calendar year 2021. In addition, the meeting minutes did not include a treasurer's report of the financial transactions that occurred during the audit period, nor were the meeting minutes signed and dated by the recording officer. The existing bylaws of the former relief association contains language to conduct business pertaining to the disbursement, investment, and purchase of funds that is based on Act 84 of June 11, 1968. The former relief association has not updated the bylaws to govern their organization to meet the requirements set forth in the VFRA Act (Act 118 of 2010 and Act 91 of 2020).

Criteria: Section 7415(a) of 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.

The former relief association's bylaws at Article IV, Section 1 states, in part:

The stated meeting of the Yoe Volunteer Firemens' Relief Association shall be held on the second Monday of each month, immediately following the regular monthly meeting of the Yoe Fire Company. Seven members shall constitute a quorum and a majority vote shall be necessary on all business and transactions.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

The former relief association's bylaws at Article VII, Section 2 states:

The secretary shall keep accurate minutes of all meeting, answer all communications addressed to the association, and perform other such duties as may from time to time be enjoined upon him by the association. He shall preserve all records and papers relating to his office and shall guard them so that none are taken from his keeping without a formal note of the association.

Cause: The former relief association officials indicated that they were unaware that maintaining detailed minutes of meetings was required by the VFRA Act and the relief association's bylaws. In addition, the former relief association officials did not provide a reason why financial transactions were not addressed within the meeting minutes, why the Secretary of the relief association did not sign the meeting minutes, why all required meetings were not held, or why the bylaws were not updated to meet the requirements of the VFRA Act.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that are signed and dated, evidence that relief association business was presented before the membership for approval does not exist. As a result of the former relief association not updating the bylaws to meet the appropriate requirements, the former relief association may have conducted its affairs without proper authorization, including meeting quorum requirements.

Recommendation: Due to the dissolution of the former relief association and subsequent transfer of its remaining assets to the SAFER Firefighter's Relief Association, we are providing officials of the SAFER Firefighter's Relief Association copies of this report so that they are aware of the conditions that were detected during the course of the audit of the former relief association. We recommend that the SAFER Firefighter's Relief Association officials hold all required meetings and maintain 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. We also recommend that relief association officials ensure that all meeting minutes are signed and dated by the Relief Association's Secretary to ensure quorum requirements are met and the validity of the meeting minutes. In addition, we recommend that relief association officials remove the language referring to Act 84 by updating the bylaws governing their organization so that the bylaws meet the requirements set forth in the VFRA Act (Act 118 of 2010 and Act 91 of 2020). For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to maintain adequate minutes of meetings. Since the former relief association dissolved its organization and consequently transferred its monetary and physical assets to the SAFER Firefighter's Relief Association, SAFER Firefighter's Relief Association's management should strive to implement the recommendation and corrective action noted in this audit report.

Finding No. 3 – Failure To Maintain A Complete And Accurate Membership Roster

Condition: The former relief association officials did not maintain a complete and accurate roster of relief association members.

Criteria: Relief association officials should maintain a complete and accurate roster of the relief association's membership, as identified by criteria set forth in the relief association's bylaws. A comprehensive roster of all relief association members should include the following:

- Names of each member
- Members' mailing addresses
- Dates of births
- Dates of memberships
- Membership classifications

In addition, when warranted, a notation should be made on the roster identifying the date of a member's resignation or death.

Cause: Former relief association officials indicated that they were unaware that they should maintain a comprehensive roster of relief association members.

Effect: The failure to maintain a comprehensive membership roster could result in the payment of benefits to nonmembers or deprive eligible relief association members from receiving authorized benefit payments.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Recommendation: Due to the dissolution of the former relief association and subsequent transfer of its remaining assets to the SAFER Firefighter's Relief Association, we are providing officials of the SAFER Firefighter's Relief Association copies of this report so that they are aware of the conditions that were detected during the course of the audit of the former relief association. We recommend that the SAFER Firefighter's Relief Association officials compile and maintain a complete and accurate roster of the relief association's membership. For additional guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to maintain a complete and accurate membership roster. Since the former relief association dissolved its organization and consequently transferred its monetary and physical assets to the SAFER Firefighter's Relief Association, SAFER Firefighter's Relief Association's management should strive to implement the recommendation and corrective action noted in this audit report.

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Yoe Volunteer Firemens' Relief Association Governing Body:

Mr. Barry Myers
President

Ms. Teresa Myers
Vice President

Ms. Christina Howett
Secretary

Mr. Charles Strouse
Treasurer

SAFER Firefighter's Relief Association Governing Body:

Mr. George Scheffer
President

Mr. Chad Arnold
Vice President

Ms. Patti Bream
Secretary

Mr. Rodney Ferger
Treasurer

YOE VOLUNTEER FIREMENS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Jennifer L. Gunnet
Secretary
Windsor Township

Ms. Diana Dvorak
Secretary
Yoe Borough

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.