

# COMPLIANCE AUDIT

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## Volunteer Firemen's Relief Association of the Union Fire & Hose Co. #1 of Dover York County, Pennsylvania For the Period January 1, 2017 to December 31, 2020

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April 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Ms. Louise Yingling, President  
Volunteer Firemen's Relief Association of  
the Union Fire & Hose Co. #1 of Dover  
York County

We have conducted a compliance audit of the Volunteer Firemen's Relief Association of the Union Fire & Hose Co. #1 of Dover (relief association) pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2017 to December 31, 2020.

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 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.

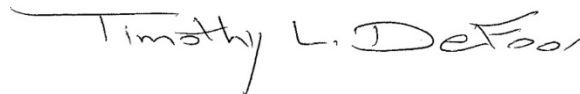
Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2020:

- The relief association took appropriate corrective action to address the findings contained in our prior audit 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 – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 2 – Inadequate Minutes Of Meetings

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.



Timothy L. DeFoor  
Auditor General

March 12, 2021

## CONTENTS

	<u>Page</u>
Background .....	1
Status of Prior Findings .....	4
Findings and Recommendations:	
Finding No. 1 – Failure To Maintain Surety (Fidelity) Bond Coverage.....	5
Finding No. 2 – Inadequate Minutes Of Meetings.....	6
Report Distribution List .....	8

## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, 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, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), 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.

Act 118 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, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, 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 association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the 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.

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Dover Borough	York	\$9,326	\$8,492	\$9,023	\$9,122

Based on the relief association’s records, its total cash as of December 31, 2020 was \$30,339, as illustrated below:

Cash	<u>\$ 30,339</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2017 to December 31, 2020 were \$104,337, 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.<sup>1</sup> **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>\$ 12,343</u>
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Fire Services:

Equipment purchased	\$ 58,609
Equipment maintenance	<u>32,573</u>
Total Fire Services	<u>\$ 91,182</u>

Administrative Services:

Officer compensation	\$ 140
Bond premiums	654
Other administrative expenses	<u>18</u>
Total Administrative Services	<u>\$ 812</u>

Total Expenditures	<u>\$ 104,337</u>
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<sup>1</sup> 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:

Union Fire & Hose Co. #1 of Dover

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE UNION FIRE & HOSE CO. #1  
OF DOVER  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Insufficient Surety (Fidelity) Bond Coverage

By decreasing the relief association's cash assets to an amount below the maximum protection of the Surety (Fidelity) bond coverage.

- Relief Association Financial Accounts Inappropriately Registered Under Affiliated Fire Service Organization's Federal Tax Identification Number

By ensuring that all accounts are registered under the relief association's federal tax identification number.

- Undocumented Expenditure

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



VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE UNION FIRE & HOSE CO. #1  
OF DOVER  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – 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 Act 118. The relief association's Surety (Fidelity) bond coverage expired on January 10, 2020. As of December 31, 2020, the relief association's cash assets totaled \$30,339.

Criteria: Section 7415(c)(4) of Act 118 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.

Cause: Relief association officials indicated that, due to an oversight, the Surety (Fidelity) bond premium was not paid for the period beginning January 10, 2020.

Effect: As a result of the authorized disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

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 Act 118. 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, as a result of our audit, the relief association purchased bond coverage for its disbursing officer in an amount greater than the relief association's maximum cash balance, effective February 10, 2021.

Auditor's Conclusion: We reviewed documentation verifying that bond coverage was obtained, effective February 10, 2021. Compliance for maintaining bond coverage during the next audit period will be subject to verification through our next audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE UNION FIRE & HOSE CO. #1  
OF DOVER  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Inadequate Minutes Of Meetings**

Condition: The relief association failed to maintain detailed minutes of meetings as required by Act 118 and the relief association's bylaws. Specifically, the relief association's minutes did not address all of the financial-related transactions that occurred during the audit period, nor did the relief association meeting minutes submitted by the current relief association treasurer include the written signature of the relief association secretary. Additionally, through a process of meeting minute verification including a review of meeting minutes provided to our auditors by the current relief association treasurer, the relief association secretary stated that the minutes presented to her by our auditors for verification purposes were not the minutes that she prepared of meetings held by the relief association during the audit period. As a result, we determined that there were two books of minutes; one that the former relief association treasurer created and was presented as the official meeting minutes for the audit period and an original book of meeting minutes that the relief association secretary subsequently made available to our auditors during the audit meeting minute verification process. The set of meeting minutes prepared by the former relief association treasurer were more comprehensive and included additional transactions as well as the names of relief association members who were reported to have attended the relief association meetings. It should be noted that during our review of both sets of the relief association's meeting minutes, no other discrepancies were found relating to the relief association's financial transactions, corresponding supporting invoices or equipment inventory during the audit period under review.

Criteria: Section 7415(a) of Act 118 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.

In addition, the relief association's bylaws at Article V, Section 1 states, in part:

All expenditures must be approved by a majority vote at a regular Association meeting and shall be recorded in the minutes.

Cause: Relief association officials indicated that they were unaware of some of the provisions that entail maintaining detailed minutes of meetings as required by Act 118 and the relief association's bylaws. Furthermore, according to the relief association secretary, she was also unaware that the former relief association treasurer was maintaining and presenting to the auditors a different set of meeting minutes than the original meeting minutes that she as the official relief association secretary prepared and signed as approved.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE UNION FIRE & HOSE CO. #1  
OF DOVER  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Effect: Without a signed single set of detailed minutes of meetings prepared and approved by the relief association secretary, sufficient evidence that all relief association business was presented before the membership for approval does not exist.

Recommendation: We recommend that the relief association officials maintain one set of detailed minutes of meetings, signed as approved by the relief association secretary, evidencing the discussion and approval of all financial-related business conducted by the relief association. 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 through our next audit.

VOLUNTEER FIREMEN'S RELIEF ASSOCIATION OF THE UNION FIRE & HOSE CO. #1  
OF DOVER  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

Volunteer Firemen's Relief Association of the Union Fire & Hose Co. #1 of Dover Governing  
Body:

**Ms. Louise Yingling**  
President

**Mr. Jeff Raffensberger**  
Vice President

**Ms. Johnna Ferry**  
Secretary

**Mr. Andrew Kroft**  
Treasurer

**Ms. Katlin Lerew**  
Assistant Treasurer

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

**Ms. Brenda Plowman**  
Secretary  
Dover Borough

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).