



CONTROLLER OF DELAWARE COUNTY
GOVERNMENT CENTER BUILDING
201 W. FRONT STREET
MEDIA, PENNSYLVANIA 19063

Joanne Phillips, Esq.
CONTROLLER

PHONE 610-891-4441
FAX NUMBER 610-566-3256

Winifred M. Branton, Esq.
SOLICITOR

Jeffrey J. Powers, C.P.A.
FIRST DEPUTY CONTROLLER

Rick Megaro, C.P.P.
DEPUTY CONTROLLER

MEMORANDUM

Date: September 20, 2024

To: Dr. Monica Taylor, County Council Chairperson

Barbara O'Malley, Executive Director

From: Joanne Phillips, Esq. 
Controller, Delaware County

Subject: Review of American Rescue Plan Act (ARPA) Grant Awards to Delaware County Fire Companies

The Controller's Office is pleased to present this report to provide County Council and Management with a summary of its findings related to a review of ARPA awards to County volunteer fire companies. This report includes details related to expenditures, rate of responses, total amounts awarded, and the efforts of the Controller's internal audit staff to obtain and gather relevant information to inform Council and County residents as to the effectiveness of the grants.

cc: Members of County Council
Jeff Powers, First Deputy Controller
Tony Aguirre, Audit Manager
George McKinley, Internal Auditor

Internal Review: American Rescue Plan Grant Awards to Fire Companies

I. Summary

On October 4, 2022, the Delaware County Council approved a grant program to benefit active fire companies that serve the residents, businesses, and communities of Delaware County. The grant program was funded with \$1,750,000 of funds granted to the County pursuant to the American Rescue Plan Act of 2021 (ARPA). Like many other service organizations, fire companies suffered economic losses due to the COVID-19 pandemic. Through the grant program, each organization registered with the County's Emergency Services Department (Department) was eligible to receive a grant up to \$25,000 to help offset the effects of increased costs and restricted fundraising opportunities caused by the COVID-19 pandemic. As determined by the Department, there were 70 eligible fire companies approved for funding. A form of grant agreement, subject to Solicitor's approval, was approved by Council.

Working through the Department, the County ultimately awarded grants to 63 fire companies, totaling \$1,564,974.15. In accordance with the terms of the grant agreement and the authority vested in the Delaware County Controller, the Controller requested information related to the grant from each recipient. Although it took some time to receive all the available information, 56 of the 63 fire companies or 89% provided information and assurance demonstrating how they spent, or intend to spend, the grant funds. Based on responses received as of September 9, 2024 the Controller's Office was able to categorize \$1,303,533.94 of the total amount distributed, or 83%, and determine that those grant funds were reported to have been used in accordance with the grant requirements. The internal review of documents provided found no evidence of misuse of funds by the fire companies that responded. Internal audit staff did note that seven companies failed to respond to requests for records and a report, despite the terms of the grant. The Controller's Office is unable to draw any conclusions regarding the use of funds awarded to the seven fire companies who did not respond.

In summary, we concluded that the fire companies reporting back to the County used these funds in accordance with the grant to recoup economic losses due to the pandemic and to strengthen their capacity as envisioned by County Council when it created this program.

II. Background

To apply for the grants, fire companies were required to submit an application to the County's Office of Emergency Services. A copy of the Application for County Grant Form is attached as Exhibit I.

Sixty-three of the seventy eligible fire companies received the grant. Sixty-two completed grant applications were made available to the Controller's office by the Department. As of early 2023, the County had awarded the funds to 63 fire companies, totaling \$1,564,974.15.¹ All grant awards

¹ Data on the grant awards was gathered from SAP records extracted by the Controller's Internal Audit staff (IA) during the first quarter of calendar year 2024.

were in the amount of \$25,000, with the exception of two awards: Upper Darby Township Fire Company (\$24,896.15); and Tinicum Township Fire Company (\$15,078). Both organizations were informed that they were entitled to receive \$25,000 but reported that they chose to apply specifically for the above-mentioned amounts. Approximately \$185,026 of the ARPA grant funds allotted to this program remains unspent. The County will have an opportunity to determine how to best allocate the unspent funds in accordance with ARPA regulations.

Representatives of the fire companies accepted these grants under the condition that they would only be used for authorized purposes as specified by County Council's approval and as set forth in the County Grant Application Form. The grant form allowed for broad use of the funds, specifically providing as follows:

“By signing below, the Fire Company agrees that: (1) the uses of the funds are restricted to general operating expenses, including but not limited to maintenance and repair of equipment (including protective clothing) and facilities, the purchase of supplies and materials, utilities, fuels, training and other uses necessary to remain in a state of readiness and responsiveness; (2) the funds shall not be used for staff or volunteer incentives or recognition; (3) it will provide any records or other information as to the uses of the funds as reasonably requested by Delaware County; and (4) the County reserves all rights, including without limitation, requiring the return of funds granted pursuant to this application, in the event the County reasonably determines the Applicant has misused funds granted hereunder.”

In accordance with this provision, the Controller's Office made the request for records and other information regarding the use of the grant funds by the fire companies. Recognizing that most of the fire companies are operated by volunteers, the Controller proposed relatively simple and minimal documentation to not overburden the organizations, and accepted documentation that the Controller's office deemed reasonably satisfied the request.

III. Review by Controller's Office

The Controller's Office undertook the review of the grant funds awarded to the fire companies to assure County Council and the public that the funds were utilized appropriately. In February 2024, the Controller's Office started contacting the fire companies, advising them of the review, and requesting information and documents supporting their use of the grant funds awarded. The first request from the Controller was mailed to each grant recipient in February 2024, along with a simple Grant Use & Expense Report form (Report Form) to be used to provide the requested information. A copy of the Controller's February 9, 2024, letter and Report Form is attached as Exhibit II. Fire company representatives were to submit the information, and to sign the Report Form, and attest to the accuracy of the summary of expenditures and expenses under penalty of perjury. Forms were to be returned by March 2024.

As of March 12, 2024, 32 fire companies had responded, and a second request was made to non-responding fire companies. The Controller's Office followed up with multiple additional requests to the fire companies who did not respond. See the table below for details on these efforts by the Controller's Office.

Outreach to Fire Companies

February 2024	Office of the Controller sent letters via U.S. mail to each fire company grant recipient requesting information regarding use of the grant funds. (See Exhibit II attached)
March 2024	March 12, 2024: Office of the Controller sent a second letter via U.S. mail to each fire company grant recipient that failed to respond. The Controller’s letter asked for a response by April 2, 2024. The Controller’s letter noted the Controller’s right to subpoena organizations if they failed to respond in a timely fashion. (See Exhibit III attached).
May 2024	The Solicitor to the Controller reached out by phone and email to contact fire companies that had not responded and coordinated with IAD in this effort.
June 2024	The Office of the Executive Director was advised of the non-responsive organizations and sought assistance from the Department. The Controller also reached out to via means of telephone calls, discussion, or email to certain grantees.

Non-responsive Grantees

By the end of August, 55 fire companies had fully responded, one fire company partially responded, and seven fire companies failed to respond. The companies that accepted the grants but failed to respond are as follows:

Cardington Fire Company
Clifton Heights Fire Company
Chester Township Fire Company
Goodwill Fire Company #77
Leedom Fire Company #1 ²
Parkside Fire Company ³
Yeadon Fire Company

² An article published in Delco Today on May 10, 2024 indicates that Leedom Fire Company had merged with S. M. Vauclain Fire Company to create Ridley Township Fire Company Number 1. S.M. Vauclain provided a satisfactory response, however: this merger does not preclude Leedom from submitting appropriate documentation. These two organizations were awarded a total of \$50,000.

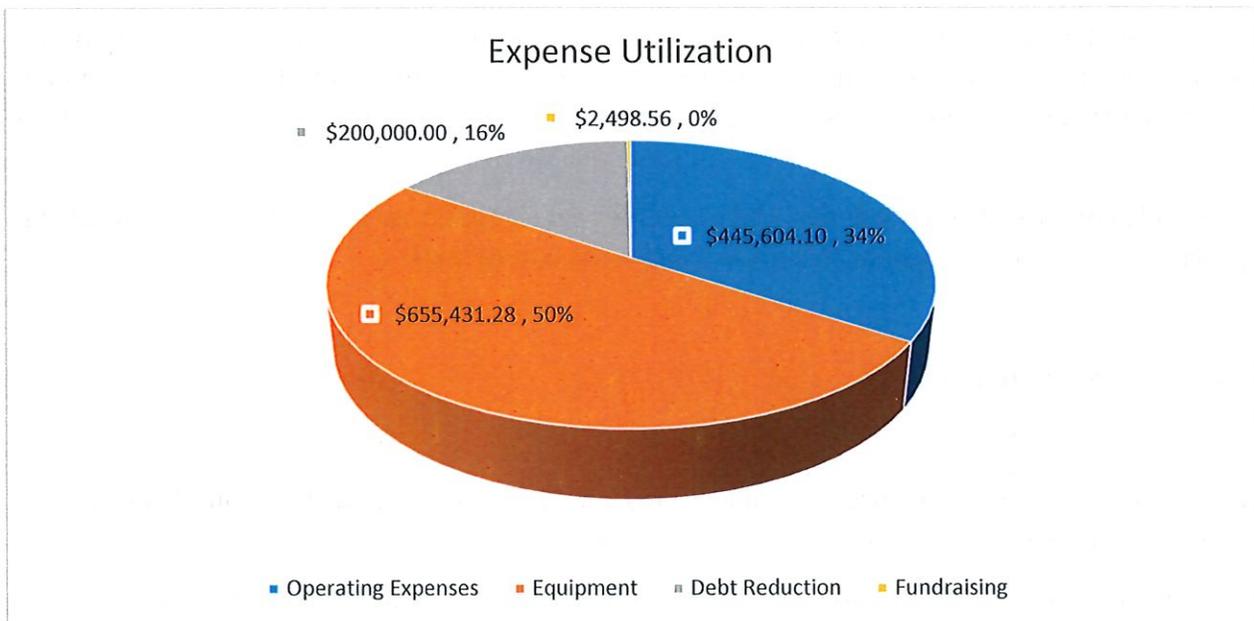
Source: <https://delco.today/2024/05/ridley-township-merger-fire-company/>

³ Delco Times published an article on August 2, 2024 indicating that ‘a forensic audit of Parkside Fire Company for the years 2021-2023 found grossly deficient record keeping resulting in the inability of auditors to confidently state whether the volunteer fire company properly spent borough funds’

Source: <https://www.delcotimes.com/2024/08/02/parkside-fire-company-audit-reveals-grossly-deficient-record-keeping-from-2021-into-2023/>

Expense Utilization

Using the information provided by the grantees, the Controller's Internal Audit staff analyzed usage and created a spreadsheet tracking the following four categories of permitted expenditures. These categories were broadly designated, and consist of 1) operational expenses, 2) investments in equipment, 3) debt-reduction efforts, and 4) fundraising expenses. Operational expenses include, but are not limited to, payroll expenses for non-volunteer career firefighters, repair and maintenance, utilities, fuel for trucks and transport, upgrades to stations, insurance policy premiums on vehicles and real estate, vehicle inspections, labor and materials utilized for upgrades, tax expense, and emergency supplies. The chart below illustrates the use of the accounted-for expenditures (based on receipt of Grant Use & Expense Forms submitted to the Office of the Controller by fire companies).



Based on responses as of August 2024, internal audit staff was able to categorize \$1,303,533.94 of the \$1,564,974.15 awarded (83%).^{4 5 6 7}

The information sent to the Controller required an authorized person to certify the accuracy of the information submitted. The Controller's office did not investigate the authenticity of documentation or confirm the spending with any third parties. Staff did review cancelled checks and proof of deposits.

IV. Conclusions

Based on information provided by the responding fire companies, almost 90% of the grant funds awarded under this program have been or will be spent in accordance with the grant requirements and for authorized uses.

Subject to the limitations of the review as stated herein, the review found no evidence of any misuse of funds by the fire companies that responded. The Controller's Office is unable to draw any conclusions regarding the use of funds awarded to the seven fire companies who did not respond.

In conclusion, we determined that these awards were granted as the County envisioned and provided relief to organizations that protect and serve constituents.

V. Recommendations

Following the review of documents and our work on this assignment, the Controller's Office has several recommendations for consideration by Management.

1. A County grant administrator should be identified in grant forms and should follow up with grant recipients. The applications should identify a responsible recipient representative as a point of contact with complete contact information.

⁴ Only one organization utilized their funds for fundraising purposes (Folcroft Volunteer Fire Company).

⁵ Two organizations provided a signed statement indicating they have yet to utilize their funds in the amount of \$50,000 in the aggregate and as a result staff was not able to categorize these funds. IA staff instructed these organizations to provide documentation to the Controller's Office when the funds have been expended.

⁶ Five respondents under-utilized their funds by a total of \$11,440.22 in the aggregate and as a result these funds could not be categorized. Under-utilization indicates that the organization was awarded \$25,000 and subsequently provided documentation indicating that they spent less than the amount awarded. These organizations remain responsible for the utilization of their awarded funds and the Controller's office intends to follow up with these organizations to obtain assurance that their awards have been fully utilized. See reconciliation statement attached as Exhibit IV.

⁷ Organizations that accounted for more than the amount awarded \$25,000 were included by category in the above chart after IA staff applied usage by percentages. E.g. if a recipient accounted for \$50,000 and spent \$25,000 on both operating expenses and on equipment, IAD applied the ratio of 50% equipment and 50% operating expenses to the awarded amount of \$25,000.

2. The grant forms should be reviewed for implementation of best practices to further protect the County in the event of future audits; at a minimum the forms should outline procedures to a) have recipients submit documentation as of a date certain, and b) provide for stipulations regarding use of funds, internal record-keeping and reporting, as these awards represent restricted funds.
3. The County should re-purpose the ARPA funds designated for this program that are unspent.
4. Fire companies that have yet to spend the accepted grant funds should do so as soon as possible and submit documentation to the Controller's Office.
5. County Council should consider available remedies to address the companies that failed to respond to protect the restricted ARPA funds, including making a demand for the return of funds. The Controller reserves the right to take further action and provide the results of the audit to other authorities.

The Controller appreciates the efforts of the organizations that responded to the audit requests and thanks the internal audit staff for their work on this project.

Appendix

Exhibit I: Application for County Grant Form

Exhibit II: Grant Use and Expense Report Form and, Controller's letter dated February 9, 2024

Exhibit III: Controller's letter dated March 12, 2024

Exhibit IV: Reconciliation Statement

Grant Use and Expense Report

Organization Name: _____

Organization Address: _____

Organization Banking Institution and name of account: _____

Name and Title of Organization Contact: _____

Email: _____ Phone: _____

Provide a Brief Description of how Grant was used:

List and attach supporting receipts, invoices, purchase orders related to Grant award

Date	Invoice Number, P.O. Number, Receipt date	Particulars and details of expenditure	Amount (\$)

I hereby declare under penalty of perjury under the law of the Commonwealth of Pennsylvania that, to the best of my knowledge, the information being provided is true and correct.

Authorized Signature(s): _____

Name: (print) _____

Title : _____



CONTROLLER OF DELAWARE COUNTY
GOVERNMENT CENTER BUILDING
201 W. FRONT STREET
MEDIA, PENNSYLVANIA 19063

Joanne Phillips, Esq.
CONTROLLER

PHONE 610-891-4441
FAX NUMBER 610-566-3256

Winifred M. Branton, Esq.
SOLICITOR

Jeffrey J. Powers, C.P.A.
FIRST DEPUTY CONTROLLER

Rick Megaro, C.P.P.
DEPUTY CONTROLLER

Date: February 9, 2024

To: <Addressee- (signature / authorized officer on grant)>
<Name of Firehouse>,
<Address of Firehouse>
<email address>

From: Joanne Phillips, Esq.
Controller, Delaware County

Subject: American Rescue Plan Act Grant- Use of Funds

On October 4, 2022, Delaware County Council authorized the grant of up to \$25,000 to each active volunteer fire company located in Delaware County as part of the County's administration and use of American Rescue Plan Act funds that were granted to the County. Your organization accepted the grant. Use of the grant was restricted by Council's approval and grant documentation. At this time, the County Controller's office is reviewing the grant program.

Accordingly, we are requesting information on how the funds were utilized by your organization. We are hereby requesting information, documents, and other relevant records as follows:

- Name of organization and list of officers in the organization.
- An expense report supported with receipts and invoices.
- The name of your banking institution and the account where the funds were deposited, the name associated with the account, and proof of deposit into the account
- A brief narrative of how the grant was used.

Please see Attachment A for your easy reference in responding to this request. Kindly provide these documents on or before March 9, 2024.

If you have any questions, please contact Mr. George McKinley, Internal Auditor (email: McKinleyG@co.delaware.pa.us).

Cc: Mr. James Hayes, Budget Director, County of Delaware
Mr. Timothy Boyce, Director of Emergency Services



CONTROLLER OF DELAWARE COUNTY
GOVERNMENT CENTER BUILDING
201 W. FRONT STREET
MEDIA, PENNSYLVANIA 19063

Joanne Phillips, Esq.
CONTROLLER

PHONE 610-891-4441
FAX NUMBER 610-566-3256

Winifred M. Branton, Esq.
SOLICITOR

Jeffrey J. Powers, C.P.A.
FIRST DEPUTY CONTROLLER

Rick Megaro, C.P.P.
DEPUTY CONTROLLER

Date: 12 March 2024

To: <Addressee- (signature / authorized officer on grant)>
<Name of Firehouse>,
<Address of Firehouse>
<email address>

From: Joanne Phillips, Esq.
Controller, Delaware County

Second Notice

Subject: American Rescue Plan Act Grant- Use of Funds

On October 4, 2022, Delaware County Council authorized the grant of up to \$25,000 to each active volunteer fire company located in Delaware County as part of the County's administration and use of American Rescue Plan Act funds that were granted to the County. Your organization accepted the grant. Use of the grant was restricted by Council's approval and grant documentation. At this time, the County Controller's office is reviewing the grant program.

Please see the enclosed letter initially sent to your organization from the Office of the Controller on March 9, 2024 along with an blank attachment for your use in documenting expenditures of grant monies for our review.

Our records indicate that as of today, March 12, 2024, you did not respond to this request.

We request that you provide this information by April 2nd, 2024. Please note that the controller is empowered under Section 1007 of the Delaware County Home Rule Charter and under Section 1725 of the Pennsylvania Count Code to issue subpoenas and compel the production of documents relating to accounts subject to the audit of the Controller.

If you have any questions, please contact Mr. George McKinley, Internal Auditor (email: McKinleyG@co.delaware.pa.us).

Cc: Mr. James Hayes, Budget Director, County of Delaware
Mr. Timothy Boyce, Director of Emergency Services

Reconciliation Statement for Awards to Fire Companies: 9/9/24
 Reconciliation Statement of Funds Awarded

	Total funds awarded:		\$ 1,564,974.15
	Delinquent Fire Companies		\$ (175,000.00)
(Note 1)	Funds Set Aside for Future Use		\$ (75,000.00)
	Awarded Funds Fully Expended (\$25,000)		\$ (1,025,000.00)
(Note 2)	Awarded Funds Fully Expended And Exceeding Awarded Amount per documentation		\$ (150,000.00)
(Note 3)	Partial Award Requested & Fully Utilized- Organization I		\$ (24,896.15)
	Partial Award Requested & Fully Utilized- Organization II		\$ (15,078.00)
(Note 4)	Awarded Funds Under-Utilized Total	\$ 11,440.19	
	(Less) Awarded Funds To Be Utilized	\$ (11,440.19)	
	(Total)		
		\$ -	
(Note 4)	Awarded Funds To Organizations that Under-Utilized Funds		\$ (100,000.00)
	Remaining Balance		\$ -

- 1 Organizations have set aside their full award of \$25,000 for future use (3 in total)
- 2 Organizations spent more than the awarded \$25,000; Internal Audit broke the total amount spent into categories by percentage and applied percentages to categories in report (operating, equipment, debt reduction, fundraising) and applied to \$25,000 for statistical accuracy in terms of reporting spending categories accurately. (6 in total)
- 3 These organizations requested less than \$25,000 on their application to Delaware County's Emergency Service office and utilized the awarded amount in full- two organizations applied for less than \$25,000. (2 in total)
- 4 Organizations partially under-utilized awarded funds by this amount in the aggregate per Grant Use & Expenses Report submitted to Internal Audit. The Controller's Office reserves the right to obtain assurance of full utilization after the publication of this report. (4 in total)

