

# COMPLIANCE AUDIT

---

## Wakefield Ambulance Relief Association Lancaster County, Pennsylvania For the Period January 1, 2010 to December 31, 2013

---

August 2015



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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

EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Kevin Brown, President  
WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION  
Lancaster County

We have conducted a compliance audit of the Wakefield Ambulance Volunteer Firefighters' 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, 2010 to December 31, 2013.

We conducted this compliance audit in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Wakefield Ambulance Volunteer Firefighters' 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. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with those requirements and that we considered to be significant within the context of the audit objectives, and assessed whether those significant controls were properly designed and implemented. Our audit procedures also included tests of documentary evidence supporting the Wakefield Ambulance Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Wakefield Ambulance Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of December 31, 2013, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objectives. Additionally, we performed procedures to provide a reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts that are significant within the context of the audit objectives.

The results of our audit, for the period January 1, 2010 to December 31, 2013, found the Wakefield Ambulance Volunteer Firefighters' Relief Association took appropriate corrective action to address one of the three findings contained in our prior audit report. However, the Wakefield Ambulance Volunteer Firefighters' 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 Audit Findings section of this report. In addition, the results of our audit found the Wakefield Ambulance Volunteer Firefighters' Relief Association did not, in all significant respects, receive state aid and expend state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures, as noted in the findings and observation listed below and discussed later in this report. Therefore, the Wakefield Ambulance Volunteer Firefighters' Relief Association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

- Finding No. 1 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures
- Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster
- Finding No. 3 – Untimely Deposit Of State Aid
- Finding No. 4 – Failure To Maintain Minutes Of Meetings
- Observation – Wakefield Ambulance Association's Primary Purpose Is to Provide Emergency Medical Services and Transport the General Public

The results of our tests also indicated the Wakefield Ambulance Volunteer Firefighters' Relief Association expended funds as presented in the Accompanying Expenditure Information and, as of December 31, 2013, had a cash balance of \$21,211 and an investment balance with a fair value of \$10,817.

The contents of this report were discussed with the management of the Wakefield Ambulance Volunteer Firefighters' 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.

January 30, 2015

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eugene A. DePasquale  
Auditor General

## CONTENTS

	<u>Page</u>
Background .....	1
Status of Prior Findings .....	3
Findings and Recommendations:	
Finding No. 1 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures .....	4
Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster .....	13
Finding No. 3 – Untimely Deposit Of State Aid .....	14
Finding No. 4 – Failure To Maintain Minutes Of Meetings .....	15
Observation:	
Observation – Wakefield Ambulance Association’s Primary Purpose Is to Provide Emergency Medical Services and Transport the General Public.....	17
Potential Withhold of State Aid .....	19
Accompanying Expenditure Information .....	20
Report Distribution List .....	21

## 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 Wakefield Ambulance Relief Association, herein referred to as the Wakefield Ambulance Volunteer Firefighters' Relief Association, is a charitable organization that was formed primarily to provide emergency medical services and transport the general public.

Act 118 governs the overall operation of the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts 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 the volunteer firefighters' relief association 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, which is or are recognized as providing the service to the municipality.

**BACKGROUND – (Continued)**

The Wakefield Ambulance Volunteer Firefighters’ Relief Association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Drumore Township	Lancaster	\$4,877	\$ 6,663	\$6,236	\$6,711*
Fulton Township	Lancaster	\$7,108	\$12,000	\$6,883	\$5,000
Little Britain Township	Lancaster	\$2,572	\$ 4,338	\$2,484	\$2,799

\*The 2013 state aid allocation received from Drumore Township was not deposited by the Wakefield Ambulance Volunteer Firefighters’ Relief Association until January 6, 2014 as disclosed in Finding No. 3 in this report.

The volunteer firefighters’ relief association and the affiliated service organization are separate, legal entities. The Wakefield Ambulance Volunteer Firefighters’ Relief Association is affiliated with the following ambulance service organization:

Wakefield Ambulance Association

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The Wakefield Ambulance Volunteer Firefighters' Relief Association has complied with one of the three prior audit findings and recommendations, as follows:

- Inadequate Surety (Fidelity) Bond Coverage

By ensuring their name-scheduled bond policy is in the name of the current treasurer.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The Wakefield Ambulance Volunteer Firefighters' 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:

- Unauthorized Expenditures

Although the relief association received reimbursement amounting to \$8,738 on August 17, 2010 for the unauthorized expenditures identified in the prior audit report, a similar condition occurred during the current audit period as disclosed in Finding No. 1 contained in this report.

- Failure To Maintain A Complete And Accurate Equipment Roster

We are concerned by the relief association's failure to correct those previously reported audit findings. The association management should strive to implement the recommendations and corrective actions noted in this audit report.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: Although the relief association received reimbursement amounting to \$8,738 on August 17, 2010 for the unauthorized expenditures identified in the prior audit report, a similar condition occurred during the current audit period. The relief association expended funds for the following items during the current audit period that are not authorized by Act 118:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
01/15/10	774	Cell phone service	\$ 184
01/15/10	775	Pager repairs	68
02/26/10	900	Cell phone service	184
03/12/10	901	Cell phone service	186
03/19/10	902	Radio/pager parts	42
03/26/10	903	Radio repairs	206
04/09/10	904	Docking station for computer	867
04/09/10	905	Low band radio	1,425
04/09/10	906	Motorola talkabouts	120
04/16/10	907	Cell phone service	184
04/16/10	908	Radio repairs	288
04/23/10	909	Radio parts	90
04/30/10	910	Lightboxes, console, flashlight	662
04/30/10	911	Mounting hardware for computer-ambulance 5-13-2	287
05/14/10	913	Cell phone service	184
05/26/10	914	Radio repairs	153
05/28/10	915	Radio parts	72
06/04/10	916	Purchase/installation of rear view camera system	455
06/11/10	917	Radio repairs	200
06/16/10	918	Cell phone service	186
06/16/10	919	Labor/installation for equipment in ambulance	2,092
06/25/10	920	Wi-fi modem and antenna for ambulance	1,550
07/15/10	921	Cell phone service	187
08/10/10	922	Cell phone service	436
08/26/10	923	Installation of wi-fi modem and antenna	125
08/26/10	924	2 phones with cases, sd cards, and cables	374
08/26/10	925	29 embroidered polo shirts	709
08/31/10	926	Training for water rescue for the first responder class	275
09/13/10	927	Cell phone service	278
10/05/10	928	Radio repairs	78
10/19/10	930	Embroidery digitizing fee	45
10/19/10	931	Cell phone service	279

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
10/19/10	932	Tablet	\$ 1,850
10/25/10	933	EMT re-certification	75
11/02/10	934	19 tactical shirts	1,072
11/08/10	935	Purchase and installation of siren	840
11/12/10	936	4 cotton t-shirts, 8 polo shirts	268
11/12/10	937	Portable radio and desk charger	683
11/12/10	938	3 tactical shirts	185
11/19/10	939	Cell phone service	279
11/19/10	940	Radio parts	87
12/03/10	941	Radio repairs	78
12/14/10	942	Cell phone service	278
12/14/10	944	Repairs to pagers	72
01/17/11	946	Cell phone service	279
01/17/11	947	UHF antenna	10
02/08/11	948	Mounting brackets, docking stations, phone spring clip	210
02/22/11	949	Cell phone service	279
03/11/11	950	Ship pagers for warranty repair	10
03/16/11	951	Cell phone service	419
03/29/11	953	Repairs to repeater	190
04/12/11	955	Remove/install communications equipment into ambulance and rearview camera system/set-up	2,402
04/18/11	956	Cell phone service	341
04/21/11	957	Interface plate and universal vehicle docking station	448
05/14/11	958	21 station short sleeve shirts	650
05/14/11	959	Cell phone service	341
05/27/11	960	Radio repairs	180
06/13/11	961	Cell phone service	340
07/12/11	962	Cell phone service	340
08/12/11	964	Cell phone service	344
08/13/11	965	CPR class and Emergency Responder class	294
08/16/11	966	Pager repairs	68
09/02/11	967	EMS conference	200
08/26/11	968	6 shirts	129
09/02/11	969	EMS conference	200
09/13/11	970	Cell phone service	340
10/11/11	972	7 short sleeve station shirts	198
10/12/11	973	Cell phone service	337
10/18/11	974	Purchase/installation of lightbar and various lights	6,774

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
11/08/11	975	3 reflective vests	\$ 102
11/12/11	976	Cell phone service	340
12/12/11	977	Cell phone service	342
12/12/11	978	20 KW generator (partial payment)	5,000
01/10/12	979	Cell phone service	345
01/10/12	980	24 EMS commander jackets	2,564
01/12/12	981	2 gas alert clips	395
02/10/12	982	Mini light bar	661
02/14/12	983	Cell phone service	341
02/29/12	984	Portable radio	575
02/29/12	985	Speaker	20
03/13/12	986	Parts and repairs to ambulance; lights	3,105
03/13/12	987	Final payment for 20 KW generator	4,450
03/13/12	988	Repairs to air horn on ambulance	66
03/20/12	989	Training for emergency medical response review	266
03/20/12	990	Radio repairs	160
03/20/12	991	Cell phone service	341
04/13/12	993	Cell phone service	341
04/18/12	994	4 shirts	94
05/30/12	995	Cell phone service	341
06/18/12	996	Cell phone service	346
07/25/12	997	Cell phone service	341
08/01/12	998	Radio repairs	52
08/16/12	999	Cell phone service	686
10/23/12	1000	Cell phone service	342
10/23/12	1001	Cell phone service	78
10/23/12	1002	Pager repairs	93
10/23/12	1003	Radio repairs and parts	106
10/23/12	1004	19 shirts	577
11/07/12	1005	ALS Assist Class	1,296
11/28/12	1006	Cell phone service	341
02/07/13	ACH	Cell phone service	1,034
02/13/13	1008	12 EMS commander jackets	1,279
03/15/13	1009	Cell phone service	385
05/26/13	ACH	Cell phone service	894
06/18/13	1011	Radio repairs	78
06/18/13	1012	Cell phone service	430
07/01/13	1013	Cell phone service	377

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
09/04/13	1014	Cell phone service	\$ 405
09/27/13	1015	Cell phone service	405
11/06/13	1016	Cell phone service	402
11/06/13	1017	Charger for pager	117
11/11/13	1018	2 shirts	64
12/19/13	1019	Cell phone service	810
12/19/13	1020	6 battery packs for pagers	145
12/19/13	1021	Pager repairs	47
Total			<u>\$ 64,540</u>

Criteria: Act 118 at 35 Pa.C.S. § 7416(f)(10 and 11) states:

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

- (10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.

Costs associated with the purchase of equipment and services associated with an ambulance association do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under Act 118.

Cause: Even though notified of this condition during our prior audit, relief association officials indicated that they were unaware that the aforementioned expenditures were not authorized by Act 118.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes or to pay for expenditures authorized by Act 118.

Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

**Recommendation:** We recommend the relief association be reimbursed \$64,540 for the unauthorized expenditures and that relief association officials become familiar with Act 118 at 35 Pa.C.S. § 7416(f) 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.

**Management's Response:** Relief association management did not agree with the finding as presented at the audit exit conference, and their response is stated below:

On behalf of Wakefield Ambulance Volunteer Firefighters' Relief Association ("WAVFRA") we are submitting a response to Finding No. 1. WAVFRA disagrees with the finding (actually a conclusion of law) that WAVFRA's expenditure of volunteer fire relief association ("VFRA") funds to purchase the items listed in the Exit Conference Addendum for its affiliated ambulance service provider, Wakefield Ambulance Association ("WAA"), was not permitted. The factual justification the Exit Conference Memorandum gives for this conclusion (which we believe is a flawed conclusion) is that WAA provides ambulance transports for members of the general public and generates revenue from those transports.

WAVFRA acknowledges that WAA provides ambulance transports for members of the general public and generates revenue from those transports. It disagrees with the conclusion in the Exit Conference Memorandum that this disqualifies WAA from having VFRA funds spent on items for WAA to enhance its fire service activities. There is no basis in law whatsoever for that conclusion.

The permitted use of VFRA funds (foreign fire insurance tax distributions) is governed by Title 35, Part V, Chapter 74, Subchapter B of the Pennsylvania Consolidated Statutes, 35 Pa.C.S. §§ 7411-7419. Those funds are to be available for the protection of volunteer firefighters and their heirs as provided in 35 Pa.C.S. § 7413(1)-(7) and for additional fire service uses as provided in 35 Pa.C.S. § 7416.

VFRA funds are provided to municipalities for further distribution to VFRA's. For an association to be accepted by the Auditor General as a VFRA, at least one political subdivision must certify to the Auditor General that the association is a VFRA affiliated with a fire company that affords protection against fire for all or a portion of the political subdivision. 35 Pa.C.S. § 7416(a). WAVFRA satisfies this requirement. The Auditor General's Office has received certifications from three political subdivisions in Lancaster County, Drumore Township, Fulton Township, and Little Britain Township which certify that WAVFRA is a VFRA affiliated with a fire company that affords protection against fire in their townships.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

However, the issue here is whether WAA, the ambulance service provider affiliated with WAVFRA, qualifies as a fire service for whom WAVFRA may use VFRA funds to purchase items and services in support of WAA's fire service activities. A "fire service," by definition, includes the service of an organized group of individuals not only in training for and in active duty in the protection of the public against fire, but also in the training and the performance of other activities as are commonly undertaken by fire companies and their affiliated organizations, including, but not limited to, ambulance service. 35 Pa.C.S. § 7412. Therefore, by statutory definition, a fire service includes an ambulance service provider if it is affiliated with a fire department or company that provides protection against fire for a certifying political subdivision.

The Auditor General has addressed this in its Management Guidelines for Volunteer Firefighters' Relief Associations, 2012 edition, revised May 29, 2013. Those Guidelines provide that volunteer members of an independently incorporated ambulance service provider may be included in the membership of a VFRA if the ambulance service provider is affiliated with a fire company or fire department. Management Guidelines, p. 21, Item 9. It goes on further to state that the affiliation need not be a direct organizational tie and that the members of the ambulance service provider can be included within the VFRA if the ambulance service provider is recognized by municipal officials as forming part of the fire service for their municipality. *Id.*

Municipal officials of Drumore, Fulton and Little Britain Townships recognize WAA as forming part of the fire services for their townships provided by the Robert Fulton Fire Company and the Rawlinsville Fire Company. WAA is jointly dispatched by the 911 communications center with those fire companies when they are dispatched to sites within those townships. WAA responds to those dispatches and provides ambulance and other services to the fire company and its firefighters at those sites. Some of these other services include rehabilitation services (e.g., monitoring the health of firefighters while engaged in firefighting activities, directing their removal from firefighting activities as needed, monitoring their vital signs, ensuring that they are adequately hydrated, and cooling them off with a mister as needed). The municipal officials of the three townships are aware that WAVFRA uses VFRA funds that they allocate to WAVFRA exclusively to purchase items and services for WAA and its members (except for \$500 annually for WAVFRA treasurer expenses). Therefore, their certifications to the Auditor General certifying that WAVFRA is a VFRA also certifies that the entity for whom WAVFRA expends VFRA funds to purchase fire service items and services, WAA, is affiliated with their local fire companies. The inquiry as to whether VFRA funds were permitted to be expended to purchase items and services for WAA in furtherance of its support of the local fire companies should have begun and ended with the recognition that the Auditor General's records contain those certifications.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

As the Auditor General is statutorily prohibited from giving pre-audit advice, it entered into an interagency agreement with the Department of Community and Economic Development (“DCED”) to provide interpretation of the former Volunteer Firefighters’ Relief Association Act” (Act 84 of 1968), and its continuation in the Pennsylvania Consolidated Statutes, 35 Pa.C.S. §§ 7411-7419. DCED has purportedly interpreted these statutory provisions to prohibit the use of VFRA monies for the acquisition of items and services for an ambulance service provider that provides fire service if the provider also uses those items or services to transport members of the general public and generates revenue from those transports, regardless of whether those items and services are also used to advance fire protection. However, notwithstanding this assistance it has obtained from DCED, as the government agency empowered to administer the VFRA statutory provisions, the Auditor General cannot delegate to another government agency preemptive authority to interpret those provisions in their implementation by the Auditor General. This is recognized by DCED in its VFRA Online Database, in which it states “In those instances where DCED’s position differs from the Auditor General Department’s position, the Auditor General Department’s position is final....”

Moreover, the purported DCED interpretation that an ambulance service provider does not qualify to receive items and services purchased with VFRA funds if it transports the public, would exclude all Pennsylvania ambulance service providers from qualifying to receive VFRA funds. That is because, as a matter of law, all ambulance service providers **must** respond to 911 calls for emergency assistance and provide needed emergency medical services, which may require ambulance transport of members of the general public to a hospital. *See* 28 Pa. Code § 1027.3(g)(4) and 35 Pa.C.S. § 8142(a)(1)). Also, virtually no Pennsylvania ambulance service provider, if any, provides ambulance services for the public for which it does not bill. Excluding all ambulance service providers from receiving VFRA funds was clearly not the intent of the General Assembly. Otherwise, it would not have expressly allowed for those funds to be spent on behalf of fire company affiliated organizations that provide ambulance services.

Excluding ambulance service providers that are affiliated with a fire company from receiving items and services purchased with VFRA funds cannot be supported on the ground that they also transport the public and generate revenue from those transports. If the General Assembly intended to make that a disqualifying factor it would have expressly done so in statute. It did not. Only those powers within the legislative grant, either express or necessarily implied, may be exercised by an administrative agency. *Pennsylvania Human Relations Commission v. St. Joe Minerals Corporation*, 382 A.2d 731, 736 (Pa. 1978). Finding No. 1 in the Exit Conference Memorandum exceeds the permitted authority of the Department of Auditor General by interpreting the VFRA statutory provisions to include language those provisions do not contain or necessarily imply.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

To be clear, WAVFRA is not advocating an interpretation of the relevant statutory provisions that would allow it to expend funds to purchase just any item or service for its affiliated ambulance service provider. Nor is it, in this response, taking issue with the list of items and services that has been developed by DCED for which the expenditure of VFRA funds is permitted. But it does take issue with the Exit Conference Memorandum rejecting the expenditure of VFRA funds for the acquisition of such items and services for its affiliated ambulance service provider simply because that provider can use some of them not only to provide services that support a local fire company, but also to facilitate its provision of emergency medical services to members of the public.

Therefore, WAVFRA requests that Finding No. 1 of the Exit Conference Memorandum be rejected, that WAA be accepted as a “fire service” as that term is statutorily defined, and that each expenditure listed in the Exit Conference Addendum be approved or disapproved on its own merit.

Nevertheless, assuming, *arguendo*, that WAVFRA’s argument and the relief it seeks is denied, WAVFRA requests that it not be required to document reimbursement of the amount listed in Finding No. 1, \$64,539.64, as directed by that finding, and that no reimbursement of that amount by WAA to WAVFRA be required.

The \$64,539.64, as noted by the Exit Conference Memorandum, has been expended. That amount cannot easily be raised and reimbursed to WAVFRA by WAA. Moreover, even if it was reimbursed to WAVFRA, there is nothing WAVFRA could do with it if the finding in the Exit Conference Memorandum is not reversed. WAVFRA would put the reimbursed funds in an interest bearing account, but it could not withdraw funds from that account to purchase items or services to support the fire service. The only organization with which WAVFRA is affiliated is WAA. By rejecting WAVFRA’s argument, the Department of the Auditor General would also ostensibly be disallowing WAVFRA’s future use of those funds to purchase for WAA items and services on the Auditor General’s approved list.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Also, the doctrine of equitable estoppels, reinforced by provisions in the VFRA statutes, demand that the Auditor General not require reimbursement to WAVFRA of the \$64,539.64. The three elements of equitable estoppels are 1) misleading words, conduct, or silence by the party against whom estoppels is claimed, 2) unambiguous proof of reasonable reliance by the party asserting estoppels upon such misleading words, conduct, or silence, and 3) the lack of duty to inquire by the party claiming estoppels. *Chester Extended Day Care Center v. Department of Public Welfare*, 586 A.2d 379 (Pa. 1991). Those elements are satisfied here. For 30 or so years, at three-year intervals, the Auditor General has been conducting audits of WAVFRA's use of VFRA funds. This audit is the first time that the Department of Auditor General has communicated to WAVFRA in an Audit Report of Exit Conference Memorandum its assessment that the VFRA statutes prohibit the expenditure of VFRA funds for the purchase of permitted items and services for an ambulance service provider if the provider transports the public and generates revenues from those transports. Furthermore, 35 Pa.C.S. § 7414 directs that the VFRA statutory provisions are to be applied and interpreted as justifying an action taken by the officers of a VFRA when the action appears to have been taken in good faith and in a bona fide belief that it was taken in furtherance of the purposes of the VFRA statutory provisions.

Equitable estoppel estops the Auditor General from requiring reimbursement of the \$64,539.64 to WAVFRA. WAVFRA expended those funds in good faith and in a bona fide belief that those expenditures were acceptable. That belief was justified not only by the language in the VFRA statutes, but by years of audits in which the Auditor General approved WAVFRA's purchase of items and services for WAA with VFRA funds in support of WAA's fire service activities. In those Audits the Auditor General never asserted that the use of those funds to purchase items and services for an ambulance service provider is not permitted if that provider transports the public and generates revenues from those transports.

Auditor's Conclusion: Refer to the observation included on page 17 of this report for information related to the Management Response. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Maintain  
A Complete And Accurate Equipment Roster**

Condition: As cited in the prior four audit reports, the relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a listing of relief association owned equipment was provided during the current audit period, it was incomplete since it did not contain the names of suppliers (vendors), dates of purchase, cost of equipment and serial numbers to accurately identify equipment owned by the relief association. As such, it was impossible to determine if all equipment purchased during the audit period in the amount of \$32,483 was recorded. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the relief association's owned equipment.

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. A cumulative equipment roster of all relief association equipment should include the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers
- Serial numbers, if applicable
- Current locations of items
- Final dispositions of sold or damaged equipment
- Evidence of the performance and results of an annual physical inventory

Cause: Even though notified of this condition in the prior four audit reports, relief association officials again failed to establish adequate internal control procedures over equipment requiring the maintenance of a cumulative equipment roster and the performance of an annual physical inventory of equipment.

Effect: The continued failure to properly record equipment purchases in a detailed equipment roster prevents officials from effectively monitoring the relief association's equipment purchases. In addition, the failure to maintain a detailed equipment roster and perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association equipment.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

**Recommendation:** We again recommend the relief association officials maintain a cumulative equipment roster of all relief association owned equipment. Furthermore, the relief association should ensure it performs an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. 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:** 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.

**Finding No. 3 – Untimely Deposit Of State Aid**

**Condition:** The volunteer firefighters' relief association did not deposit the 2013 state aid allocation it received from Drumore Township, in the amount of \$6,711, until January 6, 2014. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 17, 2013, who forwarded this state aid to the volunteer firefighters' relief association on November 13, 2013, which is within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). Upon receipt of the state aid allocation, the relief association should ensure the funds are deposited in a timely manner.

**Criteria:** Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205), states:

The foreign fire insurance premium tax amount applicable to a municipality served solely by volunteer firefighters shall be paid to the municipality, which shall within 60 days of the date of the receipt of the moneys from the State Treasurer pay the amount received to the relief association fund of the fire department or departments, or fire company or companies, now existing or hereafter organized, inside or outside of the municipality, which is or are actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.

Furthermore, prudent business practices dictate that the relief association should establish adequate internal control procedures to ensure that funds are deposited in a timely manner.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Cause: The relief association failed to establish internal control procedures which require that all income received be recorded and deposited in a timely manner.

Effect: As a result of the untimely deposit, funds were not available to pay general operating expenses as it relates to fire service participation or authorized by Act 118. In addition, an untimely deposit of receipts increases the risk that funds could be lost or misappropriated.

Recommendation: We recommend the relief association officials adopt internal control procedures to ensure the timely deposit of all income received. 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.

**Finding No. 4 – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings as required by Act 118.

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) 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 relief association's bylaws at Article 2, Section 1, states:

Regular meetings shall be held on the second Sunday of each month following the regular meeting of the Wakefield Ambulance Association.

In addition, the relief association's bylaws at Article 3, Section 3 states, in part:

Secretary: Keep true record of proceedings in minutes, of all financial transactions and pertinent business, available for review by all members. They are responsible to provide Auditor General with minutes/bylaws.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Cause: Relief association officials were unaware that maintaining minutes of meetings was required by Act 118.

Effect: Without detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist.

Recommendation: We recommend relief association officials maintain a permanent record of all relief association meetings as required by Act 118. The minutes should include an adequate record 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.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
OBSERVATION

**Observation – Wakefield Ambulance Association's Primary Purpose Is to Provide  
Emergency Medical Services and Transport the General Public**

The Wakefield Ambulance Association is not affiliated with a volunteer fire company and the association was not formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The Wakefield Ambulance Association is an emergency medical services organization. The Wakefield Ambulance Relief Association was established with and continues to be affiliated with the Wakefield Ambulance Association in order to protect and support the Wakefield Ambulance Association's members. Based on the unaudited data provided by the Wakefield Ambulance Relief Association, only 18 percent of the approximate 500 calls responded to by Wakefield Ambulance Association during 2013 involved partnering with local fire companies. We are concerned that the primary purpose of the Wakefield Ambulance Association is to provide services to the general public and not to volunteer firefighters as required by Act 118. Furthermore, Wakefield Ambulance Association charges the general public a monetary fee for services that it provides.

Act 118 at 35 Pa.C.S. § 7412 defines a Volunteer Firefighters' Relief Association as follows:

An organization formed **primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service.** The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, **but only if adequate provisions have been first made to serve the primary purpose.**

We are similarly concerned that the members of the Wakefield Ambulance Association, who primarily provide services to the general public, do not meet the definition of "Volunteer Firefighter" as defined in the Act.

Act 118 at 35 Pa.C.S. § 7412 further states, in part, that a Volunteer Firefighter is:

A person who is a member of:

- (1) a fire company organized and existing under the laws of this Commonwealth;
- (2) a fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies; or
- (3) a fire company or affiliated organization which participates in the fire service but does not look to that service as his or her primary means of livelihood.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
OBSERVATION

**Observation – (Continued)**

Act 118 at 35 Pa. C.S. § 7413 further states, in part, “the purpose of this subchapter is to encourage individuals to take part in the fire service as volunteer firefighters by establishing criteria and standards for orderly administration and conduct of affairs of firefighters’ relief associations to ensure, as far as circumstances will reasonably permit, that funds shall be available for the protection of volunteer firefighters and their heirs...”

The Wakefield Ambulance Relief Association’s eligibility to receive and expend state aid under Act 118 requirements is questionable because its primary purpose is not to provide for the protection of volunteer firefighters and their heirs as required by section 7413 of Act 118, but rather to provide ambulance service to the general public. The Pennsylvania Department of Community and Economic Development can assist the Wakefield Ambulance Relief Association with this determination.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 1 may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action will not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the volunteer firefighters' relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2013

Act 118 at 35 Pa.C.S. § 7412 states: a volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose.

Act 118 at 35 Pa.C.S. § 7416 authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds.

Furthermore, all expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 357
Tokens of sympathy and goodwill	1,353
Total Benefit Services	\$ 1,710
Ambulance Services:	
Equipment purchased	\$ 32,483
Equipment maintenance	29,965
Training expenses	2,606
Total Ambulance Services	\$ 65,054
Administrative Services:	
Officer compensation	\$ 1,000
Other administrative expenses	197
Total Administrative Services	\$ 1,197
Total Investments Purchased	\$ 2,134

WAKEFIELD AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf  
Governor  
Commonwealth of Pennsylvania

Wakefield Ambulance Volunteer Firefighters' Relief Association Governing Body:

Mr. Kevin Brown	President
Mr. Neil Uniacke	Vice President
Ms. Mary Ann Mahan	Secretary
Ms. Brenda Slauch	Treasurer

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

Ms. Sharon H. Roth Drumore Township	Secretary
Ms. Margaret G. Gordon Fulton Township	Secretary
Ms. Margaret DeCarolis Little Britain Township	Secretary

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).