

# COMPLIANCE AUDIT

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## Marple Township Ambulance Corps Volunteer Firemen's Relief Association

Delaware County, Pennsylvania  
For the Period  
January 1, 2010 to December 31, 2014

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January 2015



Commonwealth of Pennsylvania  
Department of the Auditor General  
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Andrew Tucker, President  
MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
Delaware County

We have conducted a compliance audit of the Marple Township Ambulance Corps Volunteer Firemen's 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, 2014.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. To determine if the 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.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Marple Township Ambulance Corps Volunteer Firemen's 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 concluded that, for the period January 1, 2012 to December 31, 2014:

- The Marple Township Ambulance Corps Volunteer Firemen's Relief Association, in all significant respects, received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures, except as noted in the finding listed below and discussed later in this report and the observation included in this report.

Finding – Noncompliance with Prior Audit Recommendation – Unauthorized Expenditures

- The Marple Township Ambulance Corps Volunteer Firemen's Relief Association expended funds as presented in the Accompanying Expenditure Information and, as of December 31, 2014, had a cash balance of \$163,832 and an investment balance with a fair value of \$498,004.
- The Marple Township Ambulance Corps Volunteer Firemen's Relief Association is not affiliated with a volunteer fire company and was not formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in fire service. As further discussed in the Observation in this report, Act 118 provides definitions regarding a relief association's eligibility to receive state aid. Because the relief association is affiliated with the Marple Township Ambulance Corps, not a fire company, and the relief association states in its constitution that its purpose is to administer funds for the relief and safety of the members of the association and all other duties as prescribed by the "Volunteer Firefighters' Relief Association Act," the observation addresses concerns we have with the relief association's eligibility for state aid under these provisions. Therefore, since the Marple Township Ambulance Corps Volunteer Firemen's Relief Association does not meet the statutory definition of a volunteer firefighter's relief association, its eligibility to continue to receive and expend state aid under Act 118 may be adversely impacted or discontinued unless the relief association takes the steps necessary to comply with the provisions of Act 118.

The contents of this report were discussed with the management of the Marple Township Ambulance Corps Volunteer Firemen's Relief Association and, where appropriate, their response has 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.

December 1, 2015



EUGENE A. DEPASQUALE  
Auditor General

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## 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 Marple Township Ambulance Corps Volunteer Firemen's Relief Association is a charitable organization that was established by, and, continues to be affiliated with, the Marple Township Ambulance Corps in order to protect and support the Marple Township Ambulance Corps' members.

Act 118 governs the overall operation of volunteer firefighters' relief associations. The relief association's bylaws define the specific operational procedures by which the 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 volunteer firefighters' relief associations to choose investments in a proper and prudent manner.

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. 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 Marple Township Ambulance Corps Volunteer Firemen’s Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Marple Township	Delaware	\$48,620	\$54,912	\$51,805

The relief association and the affiliated ambulance corps are separate, legal entities. The Marple Township Ambulance Corps Volunteer Firemen’s Relief Association is affiliated with the Marple Township Ambulance Corps.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
STATUS OF PRIOR AUDIT FINDING

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The Marple Township Ambulance Corps Volunteer Firemen's Relief Association has not complied with the prior audit finding and recommendation, as follows:

- Unauthorized Expenditure

Although the relief association received reimbursement from the affiliated ambulance corps in the amount of \$5,848 for the unauthorized expenditure made in the prior audit period, the relief association made additional unauthorized expenditures during the current period as disclosed in the Finding in this report.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: As cited in the Status of Prior Audit section of this report, although the relief association received reimbursement from the affiliated fire service organization for the unauthorized expenditure made during the prior audit period, the relief association again 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>
06-20-12	348	Ambulance Sanitation	\$ 297
07-18-12	356	Ambulance Sterilization	198
10-17-12	374	Sanitation Ambulance Clean	594
Total			\$ 1,089

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 services to sanitize an ambulance do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under Act 118.

Cause: Even though notified of unauthorized expenditures during our prior audit, relief association officials again neglected the fact that the 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.



MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Recommendation: We recommend that the relief association be reimbursed \$1,089 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 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.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
OBSERVATION

**Observation – The Marple Township Ambulance Corps Volunteer Firemen's Relief Association's Stated Primary Purpose Is To Administer Funds For The Relief And Safety Of The Members Of Its Association And All Other Duties As Prescribed By The "Volunteer Firefighters' Relief Association Act." The Association Is Not Affiliated With A Volunteer Fire Company And Does Not Provide Financial Protection To Volunteer Firefighters Against The Consequences Of Misfortune Suffered As A Result Of Their Participation In The Fire Service.**

The Marple Township Ambulance Corps Volunteer Firemen's Relief Association states in its constitution that its purpose is to administer funds for the relief and safety of the members of this association and all other duties as prescribed by the "Volunteer Firefighters' Relief Association Act." Act 118 is very clear in setting specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act. The Marple Township Ambulance Corps Volunteer Firemen's Relief Association is not affiliated with a volunteer fire company nor was the association 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, as demonstrated in their stated purpose in the association's bylaws. While the Marple Township Ambulance Corps Volunteer Firemen's Relief Association is affiliated with the Marple Township Ambulance Corps, the same is an emergency medical services organization and is not a volunteer fire company as required under Act 118.

Act 118 at 35 Pa.C.S. § 7412 states, in part, that the Volunteer Firefighters' Relief Association is:

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. [Emphasis added.]

We are further concerned that the members of the Marple Township Ambulance Corps Volunteer Firemen's Relief Association, who primarily provide services to the general public, do not meet the definition of "Volunteer Firefighter" as defined in the Act. Because the primary purpose does not comport with the requirements of Act 118, we must question their status as a relief association under the Act.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
OBSERVATION

**Observation – (Continued)**

Act 118 at 35 Pa.C.S. § 7412 further states in part, that the 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 [Emphasis added.]
- (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. [Emphasis Added]

The Marple Township Ambulance Corps Volunteer Firemen's Relief Association's does not meet the statutory definition of a volunteer firefighter's relief association and, therefore, its eligibility to continue to receive and expend state aid under Act 118 may be adversely impacted or discontinued. The association should consult with their solicitor and evaluate its state of compliance with the Act 118 requirements stated above and take the steps necessary to meet the requirements. The Pennsylvania Department of Community and Economic Development can assist the Marple Township Ambulance Corps Volunteer Firemen's Relief Association with this determination.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

A condition such as that reported by the observation contained in this audit report may lead to a total withholding of state aid in the future unless that observation is corrected.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
ACCOMPANYING EXPENDITURE INFORMATION  
FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2014

USES OF FUNDS:

Ambulance Services:	
Insurance premiums	\$ 25,337
Relief benefits	9,273
Equipment purchased	144,225
Equipment maintenance	8,814
Training expenses	11,960
Other administrative expenses	831
Total Ambulance Services	<u>\$ 200,440</u>
Total Investments Purchased	<u>\$ 252,164</u>

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S RELIEF  
ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Marple Township Ambulance Corps Volunteer Firemen's Relief Association Governing Body:

<b>Mr. Andrew Tucker</b>	President
<b>Mr. William Downey</b>	Vice President
<b>Mr. Matthew Momjian</b>	Secretary
<b>Ms. Maria Tucker</b>	Treasurer

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

<b>Ms. Sharon L. Angelaccio</b> Marple Township	Secretary
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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).