

COMPLIANCE AUDIT

Upper Frankford Township Firemen's Relief Association Cumberland County, Pennsylvania For the Period January 1, 2016 to December 31, 2017

June 2018



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



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Donnie Farlling, President
Upper Frankford Township Firemen's
Relief Association
Cumberland County

We have conducted a compliance audit of the Upper Frankford Township Firemen's Relief Association (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, 2016 to December 31, 2017.

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 required to be and was not 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, 2016 to December 31, 2017:

- 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.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with the management of the relief association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

June 4, 2018



EUGENE A. DEPASQUALE
Auditor General

CONTENTS

| | <u>Page</u> |
|---|-------------|
| Background | 1 |
| Status of Prior Findings | 3 |
| Supplementary Financial Information | 4 |
| Report Distribution List | 6 |

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 municipalities:

| <u>Municipality</u> | <u>County</u> | <u>2016</u> | <u>2017</u> |
|--------------------------|---------------|-------------|-------------|
| Lower Frankford Township | Cumberland | \$ 2,628 | \$ 2,611 |
| Lower Mifflin Township | Cumberland | \$ 4,788 | \$ 4,920 |
| Upper Frankford Township | Cumberland | \$12,281 | \$12,362 |
| West Pennsboro Township | Cumberland | * | \$ 3,775 |

* West Pennsboro Township did not allocate state aid to the relief association prior to the year 2017. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

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:

Upper Frankford Township Volunteer Fire Company

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION
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:

- Duplicate Payment

By receiving reimbursement of \$350 from the affiliated fire company for the duplicate payment.

- Inappropriate Ownership Of Rescue Vehicle

By ensuring the title of the rescue vehicle was transferred to the relief association.

- Failure To Secure Ownership Interest In Jointly Purchased Vehicle

By executing a written formal agreement with the affiliated fire company that adequately secures its proportional ownership interest in the jointly purchased vehicle.

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

We commend the relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. The association management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION
SUPPLEMENTARY FINANCIAL INFORMATION
CASH BALANCE
AS OF DECEMBER 31, 2017

| | |
|------|------------------|
| Cash | <u>\$ 50,127</u> |
|------|------------------|

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION
SUPPLEMENTARY FINANCIAL INFORMATION
SUMMARY OF EXPENDITURES
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2017

Expenditures:

Fire Services:

| | |
|-----------------------|------------------|
| Equipment purchased | \$ 2,768 |
| Equipment maintenance | 7,119 |
| Training expenses | <u>5,886</u> |
| Total Fire Services | <u>\$ 15,773</u> |

Administrative Services:

| | |
|-------------------------------|---------------|
| Other administrative expenses | \$ 199 |
| Bond premiums | <u>494</u> |
| Total Administrative Services | <u>\$ 693</u> |

| | |
|--------------------|-------------------------|
| Total Expenditures | <u><u>\$ 16,466</u></u> |
|--------------------|-------------------------|

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Upper Frankford Township Firemen's Relief Association Governing Body:

Mr. Donnie Farling
President

Mr. Matthew T. Stets
Vice President

Ms. Joan Hopler
Secretary

Mr. George Stets
Treasurer

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

Ms. Karen Heishman
Secretary
Lower Frankford Township

Ms. Brandi Lay
Secretary
Lower Mifflin Township

Ms. Dawn E. Grove
Secretary
Upper Frankford Township

Ms. Evelyn M. Swartz
Secretary
West Pennsboro Township

UPPER FRANKFORD TOWNSHIP FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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