

# COMPLIANCE AUDIT

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## West Grove Fireman's Relief Association

Chester County, Pennsylvania

For the Period

January 1, 2012 to December 31, 2015

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September 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Steve Flegal, President  
West Grove Fireman's Relief Association  
Chester County

We have conducted a compliance audit of the West Grove Fireman'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, 2012 to December 31, 2015.

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 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 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, 2012 to December 31, 2015:

- The relief association took appropriate corrective action to address one of the two findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the remaining finding contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matters described in the findings below and discussed later in this report, the 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. Therefore, the 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 –  
Undocumented Or Insufficient Documentation Of Expenditures  
To Ensure Compliance With Act 118

Finding No. 2 – Unauthorized Expenditures

Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased  
Vehicle

Finding No. 4 – Duplicate Payments

Finding No. 5 – Inadequate Minutes of Meetings

We are providing the results of this audit to the Chester County, Pennsylvania District Attorney's Office to be used to determine whether any criminal laws of this Commonwealth have been violated and/or for whatever action it may deem appropriate and necessary.

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 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.

August 2, 2016

  
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 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. 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 the 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 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>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------------|---------------|-------------|-------------|-------------|-------------|
| Franklin Township       | Chester       | \$ 30,204   | \$ 34,323   | \$ 32,190   | \$ 30,903   |
| London Britain Township | Chester       | \$ 19,063   | \$ 21,565   | \$ 20,297   | \$ 19,320   |
| London Grove Township   | Chester       | \$ 32,765   | \$ 37,322   | \$ 36,242   | \$ 35,076   |
| New London Township     | Chester       | \$ 40,628   | \$ 45,837   | \$ 43,041   | \$ 41,178   |
| Penn Township           | Chester       | \$ 45,043   | \$ 52,329   | \$ 49,439   | \$ 48,234   |
| West Grove Borough      | Chester       | \$ 15,752   | \$ 17,819   | \$ 16,848   | \$ 16,130   |

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:

West Grove Fire Company, Inc.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Insufficient Surety (Fidelity) Bond Coverage

By increasing the Surety (Fidelity) bond coverage to an amount greater than the balance of the relief association's cash assets.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with one of the two prior audit findings. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Undocumented Expenditures

Although the relief association received reimbursement of \$3,934 from the affiliated fire company for the undocumented expenditures that were made in the prior audit period, the relief association again failed to provide adequate documentation to support the propriety of all expenditures in the current audit period as further disclosed in Finding No. 1 of this report.

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

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Or Insufficient Documentation Of Expenditures To Ensure Compliance With Act 118**

Condition: As disclosed in the Status of Prior Findings section of this report, although the relief association received reimbursement from the affiliated fire company for the undocumented expenditures made in the prior audit period, the relief association again failed to provide adequate documentation to support the following expenditures made during the current audit period:

**Schedule 1:**

| <u>Date</u> | <u>Check No.</u> | <u>Payee Description</u>  | <u>Amount</u> |
|-------------|------------------|---------------------------|---------------|
| 01/02/12    | 3460             | Individual member         | \$ 26         |
| 01/23/12    | 3465             | Individual member         | 32            |
| 01/23/12    | 3466             | Training vendor           | 200           |
| 01/30/12    | 3468             | * Affiliated fire company | 94            |
| 02/07/12    | 3476             | Individual member         | 19            |
| 02/07/12    | 3477             | Training vendor           | 500           |
| 02/22/12    | 3492             | Individual member         | 17            |
| 03/05/12    | 3494             | Food merchant             | 455           |
| 04/21/12    | 3513             | Training vendor           | 135           |
| 05/07/12    | 3519             | * Individual member       | 250           |
| 05/07/12    | 3522             | Training vendor           | 191           |
| 05/07/12    | 3528             | Food merchant             | 691           |
| 06/13/12    | 3541             | * Individual member       | 115           |
| 07/09/12    | 3553             | Food merchant             | 450           |
| 07/23/12    | 3558             | Individual member         | 34            |
| 07/25/12    | 3562             | Individual member         | 1,701         |
| 08/03/12    | 3564             | ** Individual member      | 69            |
| 08/03/12    | 3566             | Training vendor           | 1,600         |
| 08/20/12    | 3575             | * Individual member       | 445           |
| 09/10/12    | 3580             | Individual member         | 15            |
| 09/10/12    | 3582             | Individual member         | 1,088         |
| 10/03/12    | 3591             | * Affiliated fire company | 1,613         |
| 10/19/12    | 3606             | ** Individual member      | 307           |
| 11/20/12    | 3618             | Individual member         | 17            |
| 12/10/12    | 3619             | Individual member         | 45            |
| 01/08/13    | 3630             | Individual member         | 470           |
| 02/11/13    | 3653             | Individual member         | 200           |
| 03/12/13    | 3670             | Training vendor           | 542           |
| 04/08/13    | 3684             | Food merchant             | 584           |

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

| <u>Date</u> | <u>Check No.</u> |   | <u>Payee Description</u> | <u>Amount</u> |
|-------------|------------------|---|--------------------------|---------------|
| 05/08/13    | 3698             | * | Individual member        | 582           |
| 05/20/13    | 3701             | * | Individual member        | 64            |
| 05/20/13    | 3702             |   | Training vendor          | 30            |
| 06/17/13    | 3716             | * | Individual member        | 98            |
| 07/23/13    | 3731             |   | Individual member        | 710           |
| 08/12/13    | 3734             |   | Individual member        | 396           |
| 08/12/13    | 3735             |   | Individual member        | 17            |
| 08/12/13    | 3736             |   | Individual member        | 97            |
| 08/27/13    | 3743             |   | Individual member        | 192           |
| 09/16/13    | 3749             |   | Affiliated fire company  | 160           |
| 10/22/13    | 3763             |   | Training institute       | 300           |
| 10/30/13    | 3768             |   | Training vendor          | 450           |
| 10/30/13    | 3769             |   | Individual member        | 174           |
| 11/25/13    | 3776             |   | Individual member        | 27            |
| 11/28/13    | 3781             |   | Individual member        | 83            |
| 12/17/13    | 3788             |   | Individual member        | 143           |
| 01/02/14    | 3794             |   | Individual member        | 414           |
| 01/10/14    | 3800             |   | Individual member        | 54            |
| 01/13/14    | 3803             |   | Individual member        | 101           |
| 01/27/14    | 3812             |   | Individual member        | 269           |
| 02/11/14    | 3821             |   | Individual member        | 6             |
| 03/31/14    | 3847             |   | Food merchant            | 885           |
| 03/31/14    | 3849             |   | Individual member        | 26            |
| 04/25/14    | 3866             |   | Training vendor          | 250           |
| 04/28/14    | 3867             |   | Individual member        | 370           |
| 05/05/14    | 3874             |   | Individual member        | 29            |
| 05/19/14    | 3879             |   | Affiliated fire company  | 321           |
| 06/03/14    | 3881             |   | Individual member        | 105           |
| 06/16/14    | 3893             | * | Individual member        | 185           |
| 07/23/14    | 3909             |   | Food merchant            | 46            |
| 07/23/14    | 3912             |   | Individual member        | 41            |
| 08/18/14    | 3923             |   | Individual member        | 16            |
| 09/08/14    | 3924             |   | Individual member        | 923           |
| 09/08/14    | 3929             | * | Individual member        | 261           |
| 10/10/14    | 3941             |   | Individual member        | 89            |
| 10/17/14    | 3943             |   | Training institute       | 300           |
| 11/10/14    | 3953             |   | Food merchant            | 58            |
| 12/15/14    | 3971             |   | Individual member        | 374           |

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

| <u>Date</u> | <u>Check No.</u> | <u>Payee Description</u>  | <u>Amount</u>    |
|-------------|------------------|---------------------------|------------------|
| 01/15/15    | 3988             | Individual member         | 99               |
| 01/21/15    | 3995             | Affiliated fire company   | 250              |
| 01/22/15    | 3997             | Unaffiliated fire company | 200              |
| 01/22/15    | 3998             | Unaffiliated fire company | 50               |
| 01/29/15    | 4000             | Equipment vendor          | 2,970            |
| 02/06/15    | 4006             | Individual member         | 198              |
| 02/16/15    | 4007             | * Affiliated fire company | 6,379            |
| 04/13/15    | 4032             | Individual member         | 42               |
| 04/20/15    | 4033             | Individual member         | 14               |
| 04/28/15    | 4038             | Individual member         | 16               |
| 04/28/15    | 4039             | * Individual member       | 102              |
| 04/28/15    | 4040             | Individual member         | 232              |
| 05/05/15    | 4042             | Food merchant             | 736              |
| 05/05/15    | 4047             | Individual member         | 122              |
| 06/06/15    | 4055             | Individual member         | 104              |
| 06/30/15    | 4069             | Individual member         | 227              |
| 08/10/15    | 4080             | Individual member         | 157              |
| 08/10/15    | 4081             | Individual member         | 96               |
| 08/10/15    | 4082             | Individual member         | 28               |
| 08/10/15    | 4085             | Individual member         | 348              |
| 09/15/15    | 4098             | * Individual member       | 388              |
| 09/29/15    | 4104             | Individual member         | 234              |
| 10/13/15    | 4110             | Food merchant             | 632              |
| Total       |                  |                           | <u>\$ 34,175</u> |

\* Denotes the check disbursement also included additional amounts of money paid that we were also unable to determine whether amounts were for permissible training in accordance with Act 118 based on the limited documentation provided (see Schedule 2 on page 7).

\*\* Denotes disbursement also included amounts that we were unable to determine whether amounts were authorized, reasonable and/or necessary as disclosed in Finding No. 2 in this report based on documentation provided (See Schedule on page 10).

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

In addition, as noted above, relief association officials failed to provide sufficient, detailed documentation to evidence the propriety of the following expenditures recorded as training expenditures by relief association officials during the current audit period. Although bona fide fire fighter training is an authorized expenditure under Act 118, we were unable to ensure the propriety of these expenditures due to the documentation provided being insufficient for that determination:

**Schedule 2:**

| Date     | Check No. | Payee Description  | Amount      |
|----------|-----------|--|-------------|
| 01/30/12 | 3468      | Expenses related to a symposium in Clearwater FL - (total check amount \$1,331 less undocumented above \$94 - Certificate of attendance only, no training credits)                               | \$<br>1,237 |
| 03/05/12 | 3495      | Expenses related to a conference in Denver, CO – (No certificate of attendance, no training credits)   | 394         |
| 05/07/12 | 3519      | Expenses related to a seminar in Washington, DC - (total check amount \$1,434 less undocumented above \$250 – No certificate of attendance, no training credits)                                 | 1,184       |
| 06/13/12 | 3541      | Expenses related to a conference in Baltimore, MD - (total check amount \$622 less undocumented above \$115 - Certificate of attendance only, no training credits)                               | 507         |
| 06/13/12 | 3542      | Expenses related to a conference in Denver, CO– (No certificate of attendance, no training credits)  | 209         |
| 08/20/12 | 3575      | Expenses related to a conference in Denver, CO – (total check amount \$1,355 less undocumented above \$445 and \$209 (duplicate payment noted in Finding 4) – 4 days, 4.5 training hour credits) | 701         |
| 10/03/12 | 3591      | Expenses related to a seminar in Tampa, FL – (total check amount \$3,226 less undocumented above \$1,613 – No certificate, no training credit)   | 1,613       |
| 02/25/13 | 3660      | Expenses related to a symposium in Clearwater FL - (total check amount \$5,688 less duplicate payment \$1,613 disclosed in Finding No. 4, Certificate of attendance only, no training credits)   | 4,075       |
| 05/08/13 | 3698      | Expenses related to a conference in Chicago, IL – (No certificate, no training credit)   | 394         |
| 05/20/13 | 3701      | Expenses related to a conference in Washington DC – (total check amount \$1,266 less undocumented above \$64 – No certificate, no training credit)   | 1,202       |

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

| Date     | Check No. | Payee Description  | Amount |
|----------|-----------|--|--------|
| 06/03/13 | 3706      | Expenses related to a conference in Chicago, IL –<br>(No certificate, no training credits)   | 411    |
| 06/17/13 | 3716      | Expenses related to a conference in Baltimore, MD –<br>(total check amount \$254 less undocumented above<br>\$98 – Certificate of attendance only, no training<br>credits) | 156    |
| 08/27/13 | 3743      | Expenses related to a conference in Chicago, IL –<br>(total check amount \$900 less undocumented above<br>\$192 – No certificate, no training credits)                     | 708    |
| 06/11/14 | 3888      | Expenses related to a conference in Washington DC –<br>(No certificate, no training credits)   | 909    |
| 06/16/14 | 3893      | Expenses related to a conference in Baltimore, MD –<br>(total check amount \$315 less undocumented above<br>\$185 – No certificate, no training credits)                   | 130    |
| 06/30/14 | 3894      | Expenses related to a conference in Dallas, TX –<br>(No certificate, no training credits)  | 1,105  |
| 07/14/14 | 3902      | Expenses related to a symposium in Clearwater FL –<br>(No certificate, no training credits)  | 116    |
| 09/18/14 | 3928      | Expenses related to a conference in Verona, NY –<br>(No certificate, no training credits)  | 100    |
| 09/08/14 | 3929      | Expenses related to a conference in Dallas, TX –<br>(total check amount \$1,309 less undocumented above<br>\$261 – No certificate, no training credits)                    | 1,048  |
| 12/15/14 | 3970      | Expenses related to a symposium in Clearwater FL –<br>(No certificate, no training credits)  | 93     |
| 12/22/14 | 3975      | Expenses related to a symposium in Clearwater FL –<br>(No certificate, no training credits)  | 806    |
| 02/16/15 | 4007      | Expenses related to a symposium in Clearwater FL –<br>(total check amount \$8,194 less undocumented above<br>\$6,379 – No certificate, no training credits)                | 1,815  |
| 03/10/15 | 4021      | Expenses related to a symposium/dinner –<br>(No certificate, no training credits)  | 325    |
| 03/30/15 | 4026      | Expenses related to a conference in Atlanta, GA –<br>(No certificate, no training credits)   | 447    |
| 04/28/15 | 4039      | Expenses related to a symposium in Washington DC –<br>(total check amount \$1,255 less undocumented above<br>\$102 – No certificate, no training credits)                  | 1,153  |

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

| Date     | Check No. | Payee Description   | Amount           |
|----------|-----------|---|------------------|
| 09/15/15 | 4098      | Expenses related to a conference in Atlanta, GA – (total check amount \$1,900 less undocumented above \$388 – 5 days, 1.5 hours training credits) | 1,512            |
| 11/24/15 | 4129      | Expenses related to a symposium in Clearwater FL – (No certificate, no training credits)  | 1,156            |
| 12/15/15 | 4139      | Expenses related to a symposium in Clearwater FL – (No certificate, no training credits)  | 144              |
| Total    |           |   | <u>\$ 23,650</u> |

Finally, documentation provided by relief association officials was not sufficient to ensure that the following expenditures recorded as training expenditures during the current audit period were authorized, reasonable and necessary in accordance with Act 118.

**Schedule 3:**

| Date     | Check No. | Description  | Amount          |
|----------|-----------|--|-----------------|
| 05/14/12 | 3531      | Individual member - first class airfare                                    | \$ 938          |
| 08/03/12 | 3564      | Individual member – overnight accommodations – (37.5 miles from residence) | 102             |
| 10/19/12 | 3606      | Individual member – overnight accommodations – (40 miles from residence)   | 250             |
| 02/11/13 | 3655      | Individual member – airfare seating upgrade                                | 50              |
| 02/21/14 | 3831      | Individual members - first class airfare for 4                             | 2,934           |
| Total    |           |  | <u>\$ 4,274</u> |

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

In addition, Act 118 at 35 Pa.C.S. § 7416(f)(10) states:

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

To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.

Moreover, a volunteer firefighters' relief association may pay expenses incurred by members to attend conferences, both inside and outside the Commonwealth, that provide training associated with firefighting skills and safety related subjects. The following criteria must be met to justify these expenditures:

- The minutes of the relief association meetings must clearly state the approval of the expenditure of funds for the conference and the name of the member attending the conference.
- A copy of conference registration or other documentation identifying the specific costs must be maintained as supporting documentation.
- Receipts for lodging and transportation must be maintained for reimbursement.
- The amount of reimbursement for subsistence must be clearly identified in the bylaws, the minutes of the meetings, or actual receipts and the amount of reimbursement must be limited to the IRS subsistence allowance.
- Training certificates or written proof of training completion must be maintained by the VFRA to verify attendance and justify those portions of the conference, which are allowed to be paid by the relief association.

Without adequate supporting documentation, such as invoices, detailed training certificates, etc., this department is unable to determine whether relief association funds were expended for purposes authorized by Act 118. Furthermore, prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

While the relief association is permitted to pay for reasonable expenses incurred for attending bona fide firefighters' training schools, the lodging expenses and airline tickets for various trainings noted in the above schedule appear unreasonable and unnecessary due to the short distance traveled by the individual each way to attend the training and the fact that the airline tickets were for first class travel.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Cause: Even though notified of this condition during our prior audit, relief association officials again neglected to establish adequate internal control procedures to ensure supporting documentation is maintained for all expenditures.

Effect: Lack of supporting documentation, such as invoices, authorization in detailed meeting minutes and detailed training certificates, made it impossible to determine if the expenditures were made in accordance with Act 118 at 35 Pa.C.S. § 7416(f). In addition, the continued failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices, meeting minutes, and/or training certificates to ensure the propriety of the expenditures or that the relief association be reimbursed \$62,099 for the undocumented and insufficiently documented expenditures. We also again recommend that the relief association officials maintain supporting documentation for all 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: 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.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Unauthorized Expenditures**

**Condition:** The relief association expended funds for the following items during the current audit period that are not authorized by Act 118:

| Date     | Check No. | Description   | Amount           |
|----------|-----------|---|------------------|
| 11/05/12 | 3612      | Expense related to Commercial Driver's License training | \$ 50            |
| 11/05/12 | 3613      | Expense related to Commercial Driver's License training | 65               |
| 11/05/12 | 3614      | Expense related to Commercial Driver's License training | 49               |
| 12/10/12 | 3623      | Contribution towards an ambulance                       | 23,110           |
| 03/07/14 | 3832      | Equipment for an ambulance                              | 15,876           |
| 12/29/14 | 3977      | Contribution towards an ambulance                       | 15,263           |
| Total    |           |   | <u>\$ 54,413</u> |

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

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

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 expenses related to commercial driver's license training and contributions towards ambulances do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under Act 118.

**Cause:** 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.

**Recommendation:** We recommend that the relief association be reimbursed \$54,413 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.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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: 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.

**Finding No. 3 – Failure To Secure Ownership Interest In Jointly Purchased Vehicle**

Condition: On January 29, 2015, the relief association expended \$14,198 for the purpose of jointly purchasing a vehicle with the affiliated fire company. However, the relief association did not adequately secure its ownership interest in this jointly purchased vehicle as the vehicle was titled solely in the name of affiliated fire company.

Criteria: Act 118 at 35 Pa.C.S. § 7418(a) states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased vehicle by executing a formal written agreement that enumerates the relief association's proportional share of financing. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the vehicle, in the event the vehicle is ever sold.

Cause: Relief association officials failed to adequately secure its proportional ownership interest in the jointly purchased vehicle.

Effect: The failure to adequately secure the proportional share of ownership interest in the jointly purchased vehicle places the relief association's ownership interest at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Recommendation: We recommend that the relief association officials execute a formal written agreement with the fire company that enumerates the relief association's proportional ownership interest in the jointly purchased vehicle as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the vehicle is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$14,198. 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: 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.

**Finding No. 4 – Duplicate Payments**

Condition: The relief association erroneously made the following duplicate payments for training related expenses:

| <u>Original Date</u> | <u>Original Check No.</u> | <u>Duplicate Date</u> | <u>Duplicate Check No.</u> | <u>Payee Description</u> | <u>Amount</u> |
|----------------------|---------------------------|-----------------------|----------------------------|--------------------------|---------------|
| 08/20/12             | 3542                      | 08/20/12              | 3575                       | Individual member        | \$ 209        |
| 10/08/12             | 3598                      | 10/08/12              | *                          | Individual member        | 27            |
| 02/25/13             | 3591                      | 02/25/13              | 3660                       | Affiliated fire company  | 1,613         |
| 11/10/15             | 4085                      | 11/10/15              | 4122                       | Individual member        | 300           |
| Total \$             |                           |                       |                            |                          | <u>2,149</u>  |

*\*Denotes duplicate reimbursement requested/paid through the same check number.*

As such, the second payment is considered an unauthorized disbursement because no goods or services were received for the payment.

Criteria: Adequate accounting and internal control procedures should be implemented to prevent duplicate payment of invoices.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Cause: The volunteer firefighters' relief association failed to establish adequate internal control procedures that require all invoices or other billing documents to be canceled or otherwise effectively marked to prevent duplicate payments.

Effect: As a result of these erroneous payments, the relief association was unable to use these funds for other general operating expenses or for investment purposes. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association be reimbursed \$2,149 for the erroneous duplicate payments. In addition, the relief association officials should establish accounting and internal control procedures to monitor future relief association 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: 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.

**Finding No. 5 – Inadequate Minutes Of Meetings**

Condition: The relief association failed to maintain detailed minutes of meetings as required by Act 118. Specifically, the relief association's minutes did not address all of the financial-related transactions that occurred during the audit period.

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.

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

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued):**

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

Recommendation: We recommend that the relief association officials maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

Conditions such as that reported by Finding Nos. 1, 2, 3 and 4, may lead to a total withholding of state aid in the future unless those findings are 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 relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH AND INVESTMENT BALANCES  
AS OF DECEMBER 31, 2015

|                            |                   |
|----------------------------|-------------------|
| Cash                       | \$ 185,556        |
| Fair Value of Investments  | <u>22,297</u>     |
| Total Cash and Investments | <u>\$ 207,853</u> |

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2015

Expenditures:

Benefit Services:

|                        |                   |
|------------------------|-------------------|
| Insurance premiums     | \$ 82,363         |
| Death benefits         | 12,316            |
| Relief benefits        | 71,292            |
| Total Benefit Services | <u>\$ 165,971</u> |

Fire Services:

|                           |                   |
|---------------------------|-------------------|
| Equipment purchased       | \$ 516,756        |
| Equipment maintenance     | 156,277           |
| Training expenses         | 117,753           |
| Fire prevention materials | 30,461            |
| Total Fire Services       | <u>\$ 821,247</u> |

Administrative Services:

|                               |                 |
|-------------------------------|-----------------|
| Other administrative expenses | \$ 2,872        |
| Bond premiums                 | 1,386           |
| Total Administrative Services | <u>\$ 4,258</u> |

Other Expenditures:

|   |                   |
|---|-------------------|
| Payments on loan                        | \$ 65,000         |
| Undocumented expenditures               | 62,099            |
| Unauthorized expenditures/disbursements | 56,562            |
| Total Other Expenditures                | <u>\$ 183,661</u> |

|                    |                            |
|--------------------|----------------------------|
| Total Expenditures | <u><u>\$ 1,175,137</u></u> |
|--------------------|----------------------------|

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**Thomas P. Hogan, District Attorney**  
Chester County District Attorney

West Grove Fireman's Relief Association Governing Body:

**Mr. Steve Flegal**  
President

**Mr. Tom Glass**  
Vice President

**Ms. Lisa Glass**  
Secretary

**Mr. Scott Mclimans**  
Treasurer

**Mr. Daniel Edward O'Connell I**  
Trustee

**Mr. Robert Hannan**  
Trustee

**Mr. Jeffrey Simpson**  
Trustee

WEST GROVE FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Ms. Sharon K. Norris**  
Secretary  
Franklin Township

**Ms. Carolyn Matalon**  
Secretary  
London Britain Township

**Mr. Steven C. Brown**  
Secretary  
London Grove Township

**Ms. Trish Fagan**  
Secretary  
New London Township

**Ms. Caitlin A. Ianni**  
Secretary  
Penn Township

**Ms. Sharon B. Nesbitt**  
Secretary  
West Grove Borough

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).