



**ASPERS COMMUNITY FIRE DEPARTMENT
RELIEF ASSOCIATION**

ADAMS COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2009 TO DECEMBER 31, 2012

JUNE 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



ASPERS COMMUNITY FIRE DEPARTMENT RELIEF ASSOCIATION

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CONTENTS

Background.....	1
Letter From the Auditor General	3
Cash Balance Reconciliation	7
Report Distribution List	9



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, 2012, (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 Aspers Community Fire Department Relief Association, herein referred to as Aspers Volunteer Firefighters' 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 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 Aspers Volunteer Firefighters' Relief Association was allocated a total of \$13,119 in state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Butler Township	Adams	\$1,673	*	*	*
Huntington Township	Adams	\$3,209	*	*	*
Menallen Township	Adams	\$6,818	*	*	*
Tyrone Township	Adams	\$1,419	*	*	*

* Beginning in 2010, Butler Township, Huntington Township, Menallen Township, and Tyrone Township no longer recognize the Aspers Volunteer Firefighters' Relief Association and ceased providing state aid to the relief association. While it appears the relief association has ceased operations, we found no evidence that the relief association officially disbanded.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The Aspers Volunteer Firefighters' Relief Association is affiliated with the following fire service organization:

Aspers Community Fire Department

Furthermore, beginning in 2010, all of the municipalities listed above no longer recognize the Aspers Community Fire Department as the official fire service organization of these municipalities.



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Ms. Phyllis K. Gilbert, Municipal Secretary
BUTLER TOWNSHIP

Ms. Patricia V. Davis, Municipal Secretary
HUNTINGTON TOWNSHIP

Ms. Nancy C. Cline, Municipal Secretary
MENALLEN TOWNSHIP

Ms. Donna R. Dixon, Municipal Secretary
TYRONE TOWNSHIP

RE: ASPERS VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION, ADAMS COUNTY

We attempted to conduct a compliance audit of the Aspers 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, 2012 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2009 to December 31, 2012.

We attempted to conduct the 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 objective. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objective.

The objective of the audit was to determine if the volunteer firefighters' relief association received 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 objective identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Aspers 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 were to obtain 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 objective, and assess whether those significant controls were properly designed and implemented. Our audit procedures were to also include tests of documentary evidence supporting the Aspers Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Aspers Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of December 31, 2012, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objective. Additionally, we were to perform 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 objective.

We were able to determine, that in 2009, the Aspers Volunteer Firefighters' Relief Association received and deposited state aid distribution checks, totaling \$13,119 as detailed in the Background Section of this report, into a relief association checking account and, in 2010 through 2012, the Aspers Volunteer Firefighters' Relief Association did not receive state aid. As detailed in our prior audit report, as of December 31, 2008, the relief association had a cash balance of \$30,632. We were also able to determine, that in 2009, the relief association received and deposited 2008 state aid totaling \$15,744, \$527 in interest income, and \$601 in other revenue and/or reimbursements. In addition, we were able to determine that the relief association's expenditures, during the years 2009 and 2010, totaled \$59,929. Finally, we were able to reconcile to the relief association's December 31, 2010 cash balance of \$694, as detailed in the Cash Balance Reconciliation Section of this report.

However, because we were unable to locate any officers charged with governance (Management) of the relief association, we were unable to perform our compliance audit as mandated by Act 118 and therefore, precluded from determining whether expenditures totaling \$59,929 made during the 2009 and 2010 years were approved by the relief association board and made in compliance with Act 118. We were also precluded from determining whether the relief association made any expenditures during the 2011 and 2012 years and, if so, whether such expenditures were made in compliance with Act 118. Furthermore, we were precluded from obtaining an understanding of the Aspers Volunteer Firefighters' Relief Association's internal controls related to applicable state laws, contracts, bylaws and administrative procedures and assessing whether significant controls were properly designed and implemented to assess fraud risk. Finally, we found no evidence that the Aspers Volunteer Firefighters' Relief Association was officially closed out and we were precluded from determining whether equipment on hand was transferred to another relief association. **We recommend that future state aid funds be withheld from the Aspers Volunteer Firefighter's Relief Association.**

The contents of this report were not discussed with the management of the Aspers Volunteer Firefighters' Relief Association, since we were unable to identify the officials charged with governance of the relief association. However, copies of this report will be mailed to the municipalities who provided state aid to the relief association in 2009. Also, a copy of this report will be mailed to the Pennsylvania Inspector General with a request that operations of the relief association be investigated.

June 4, 2013

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



ASPERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
CASH BALANCE RECONCILIATION
FROM DECEMBER 31, 2008 TO DECEMBER 31, 2010

December 31, 2008 Cash Balance	\$ 30,632
2008 State Aid Deposited in 2009	15,744
2009 State Aid Deposited in 2009	13,119
2009 Interest Income	527
2009 Other Revenue and/or Reimbursements	<u>601</u>
Total Receipts	<u>\$ 60,623</u>
Total Identified Expenditures	<u>\$ (\$59,929)</u>
December 31, 2010 Cash Balance	<u>\$ 694</u>



ASPERS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

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

Ms. Phyllis K. Gilbert, Municipal Secretary
Butler Township

Ms. Patricia V. Davis, Municipal Secretary
Huntington Township

Ms. Nancy C. Cline, Municipal Secretary
Menallen Township

Ms. Donna R. Dixon, Municipal Secretary
Tyrone Township

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.