



**RELIEF ASSOCIATION OF THE WEST LANCASTER
FIRE COMPANY NO. 1**

LANCASTER COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2010 TO NOVEMBER 28, 2011

RELEASED FEBRUARY 2014

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Miguel Cruz, President
WEST LANCASTER VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
Lancaster County

We have conducted a compliance audit of the former West Lancaster 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 November 28, 2011.

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 former West Lancaster 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 former West Lancaster Volunteer Firefighters' Relief Association's recorded financial transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the former West Lancaster Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of November 28, 2011, 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 November 28, 2011, found the former West Lancaster Volunteer Firefighters' Relief Association did not take appropriate corrective action to address the four findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report. In addition, the results of our audit found the former West Lancaster 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 listed below and discussed in detail in the Findings and Recommendations section of this report. The results of our tests also indicated the former West Lancaster Volunteer Firefighters' Relief Association expended funds as presented in the Accompanying Expenditure Information. However, as of November 28, 2011, the West Lancaster Volunteer Firefighters' Relief Association dissolved and transferred all monetary assets and equipment to the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association.

Finding No. 1 – Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

Finding No. 2 – Noncompliance With Prior Audit Recommendation –
Failure to Maintain Surety (Fidelity) Bond Coverage

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Inadequate Minutes of Meetings

Finding No. 4 – Noncompliance With Prior Audit Recommendation –
Inadequate Financial Record-Keeping System

Finding No. 5 – Undocumented Loan

Finding No. 6 – Inappropriate Ownership of Rescue Vehicle

Finding No. 7 – Failure to Maintain a Complete and Accurate Equipment Roster

Finding No. 8 – Untimely Deposit of State Aid

The contents of this report were discussed with the management of the former West Lancaster Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

May 22, 2013



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 former Relief Association of the West Lancaster Fire Company No. 1, herein referred to as West Lancaster Volunteer Firefighters' Relief Association, was 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 former West Lancaster Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2010</u>	<u>2011</u>
East Hempfield Township	Lancaster	\$ 4,187*	**
Manor Township	Lancaster	\$44,959	**

*The 2010 state aid from East Hempfield Township was not deposited timely. See Finding No. 8 in the Findings and Recommendations section of this report.

**As of November 28, 2011, the former West Lancaster Volunteer Firefighters' Relief Association dissolved its organization. Thereafter, it did not receive any further state aid allocations. (See Accompanying Expenditure Information on page 15).

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

West Lancaster Fire Company

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The West Lancaster Volunteer Firefighters' Relief Association has not complied with the following four prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

Even though the relief association provided documentation evidence for the prior audit undocumented expenditures made during the prior audit period, relief association officials again failed to maintain documentation for expenditures made during the current audit period.

- Noncompliance With Prior Audit Recommendation –
Insufficient Surety (Fidelity) Bond Coverage

Even though the relief association maintained adequate Surety (Fidelity) bond coverage during a portion of the current audit period, relief association officials allowed the bond coverage to lapse for a period of time prior to dissolution (see Finding No. 2 contained in this report).

- Noncompliance With Prior Audit Recommendation –
Inadequate Minutes of Meetings

- Noncompliance With Prior Audit Recommendation –
Inadequate Financial Record Keeping System

We are concerned with the former volunteer firefighters' relief association's failure to correct the previously reported audit finding. Since the former West Lancaster Volunteer Firefighters' Relief Association dissolved its organization and consequently transferred its monetary assets to the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association, Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association's management should strive to implement the recommendation and corrective action noted in this audit report.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation –
Undocumented Expenditures

Condition: As disclosed in the status of findings section of this report, although former relief association officials provided documentation evidence for the prior audit undocumented expenditures made during the prior audit period, a similar condition occurred during the current audit period. The relief association was unable to provide adequate supporting documentation for the following expenditures made during the current audit period:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
07/08/10	Courtesy check	Check made out to cash	\$ 570
08/25/10	799	Vendor	85
12/13/10	818	Training facility	50
02/07/11	822	Training vendor	75
02/25/11	824	Member	90
04/14/11	833	Insurance company	187
		Total	<u>\$ 1,057</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), [FN1] 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.

Without adequate supporting documentation, such as invoices and detailed minutes of meetings, 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.

Cause: Relief association officials failed to establish adequate internal control procedures to ensure supporting documentation is maintained for all expenditures.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Effect: Lack of supporting documentation, such as invoices and detailed minutes of meetings, 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 failure to maintain adequate supporting documentation for relief association expenditures can lead to an increased risk of errors occurring and funds being misappropriated.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association's officials attempt to obtain supporting documentation for the above expenditures or seek reimbursement for \$1,057 for the undocumented expenditures. We also recommend Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association's 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: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Noncompliance With Prior Audit Recommendation –
Failure to Maintain Surety (Fidelity) Bond Coverage

Condition: As cited in our prior audit report, the relief association failed to maintain adequate Surety (Fidelity) bond coverage. A similar condition occurred during the current audit period. The relief association again failed to continuously maintain Surety (Fidelity) bond coverage on the disbursing officer as required by Act 118. The relief association's bond coverage lapsed on August 20, 2011; however, the relief association did not transfer all monetary assets to Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association until November 29, 2011, resulting in the relief association being without adequate bond coverage for the period August 20, 2011, to November 28, 2011.

Criteria: Act 118 at 35 Pa.C.S. § 7415(c)(4) states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

Cause: Relief association officials were unaware of the Act 118 provisions regarding the maintenance of officer's bond coverage.

Effect: As a result of the disbursing officer of the relief association not being bonded, the relief association's cash assets are not adequately safeguarded.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend that the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association maintain Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by Act 118. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Noncompliance With Prior Audit Recommendation –
Inadequate Minutes of Meetings

Condition: As cited in our prior audit report, 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. Furthermore, minutes for 12 out of 23 months of the audit period were not available for review.

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: Even though notified of this condition in our prior audit report, relief association officials failed to maintain detailed minutes of meetings as required by Act 118.

Effect: The failure to maintain detailed minutes of meetings prevented the verification as to whether all relief association business was presented before the membership for approval.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association ensure that the relief association maintains 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: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Noncompliance With Prior Audit Recommendation –
Inadequate Financial Record-Keeping System

Condition: As cited in our prior audit report, the relief association's financial record-keeping system failed to provide effective control over cash receipts, disbursements, and monetary assets, and did not meet the minimum requirements of maintaining financial records established by this department. The following are the noted deficiencies:

- A journal was not maintained to record the receipts and disbursements of the relief association;
- Ledgers were not utilized to record the transactions of the relief association accounts; and
- Documentation to support various expenditures was not available for examination at the time of the audit as previously disclosed in Finding No. 1 contained in this report.

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) states:

A volunteer firefighters' relief association may be a body corporate, governed by a charter and bylaws or an unincorporated association of individuals governed by bylaws and a constitution. In either case, it 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.

In addition, an adequate system of accounting and record keeping is a prerequisite for sound administration of relief association assets.

Cause: While notified of this condition during our prior audit, relief association officials, again, neglected their various record-keeping responsibilities.

Effect: The failure of relief association officials to maintain adequate records prohibits the membership from effectively monitoring the relief association's financial operations.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend that the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association establish and maintain a financial record-keeping system that meets the minimum record-keeping requirements of this department. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 (Continued)

Management's Response: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 5 – Undocumented Loan

Condition: On June 21, 2011, the relief association made a loan to the West Lancaster Fire Company, in the amount of \$30,000, without a formal written loan agreement.

Criteria: Act 118 at 35 Pa.C.S. § 7416(c)(3) states:

All, or any part of the funds of a volunteer firefighters' relief association may be invested:

In any obligation of an incorporated fire company, provided that the obligation is: (i) secured by assets of the company having capital value equal to at least 150% of the amount of the obligation at the time it is made; (ii) subject to provisions which amortize the loan at a rate ensuring that the depreciated value of the assets pledged shall continue to be at least 150% of the balance due.

In addition, prudent business practice dictates that such terms of the obligation be placed into a written loan agreement.

Cause: Relief association officials were unaware that the loan to the fire company must be documented to ensure compliance with Act 118 provisions.

Effect: Failure to adequately document the loan through a formal written agreement places the investment at greater risk.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend that the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association and West Lancaster Fire Company prepare a formal written loan agreement, signed by both parties, specifying the payment schedule and the interest rate. The loan agreement must also specifically identify the collateral to protect the investment as required by Act 118 at 35 Pa.C.S. § 7416(c)(3). If such action is not taken, we recommend that the loan be immediately liquidated. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – Inappropriate Ownership of Rescue Vehicle

Condition: The relief association expended \$24,000 on May 4, 2010, and \$96,000 on July 13, 2010, to purchase a rescue vehicle. However, ownership of the vehicle could not be determined because former relief association officials failed to provide our auditors with a vehicle title.

Criteria: Sound business practice dictates that the relief association should maintain sole ownership of all equipment purchased by the relief association. As such, rescue vehicles purchased by the relief association are to be titled in the name of the relief association.

Cause: The relief association failed to establish adequate internal control procedures to ensure that the rescue vehicle purchased was titled in the name of the relief association.

Effect: As a result of not providing a title for the vehicle, ownership of the vehicle is not documented and therefore the relief association asset was not properly safeguarded.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend that the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association ensure that the rescue vehicle is properly titled in the name of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association.

Management's Response: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – Failure to Maintain a Complete and Accurate Equipment Roster

Condition: The relief association officials failed to maintain a complete and accurate roster of equipment owned by the relief association. Specifically, the roster provided did not detail date of purchase, cost, vendor, nor current location of items. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all of the relief association's owned equipment. Equipment purchased during the current audit period totaled \$187,303.

Criteria: 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 fixed assets. 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; and
- Evidence of the performance and results of an annual physical inventory.

Furthermore, sound business practice requires the performance of an annual physical inventory of all relief association owned equipment.

Cause: Relief association officials 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 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – (Continued)

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association officials ensure that all West Lancaster Volunteer Firefighters' Relief Association owned equipment is properly transferred to, and adequately recorded on, the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association equipment roster. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 8 – Untimely Deposit of State Aid

Condition: The former relief association did not deposit the 2010 state aid allocation it received from East Hempfield Township, in the amount of \$4,187, until February 7, 2011.

Criteria: The foreign fire insurance tax allocation was distributed on September 20, 2010 to the municipal treasurer, who forwarded this state aid to the volunteer firefighters' relief association on November 5, 2010 that 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.

Furthermore, prudent business practice dictates that, upon receipt of its state aid allocation, the relief association should ensure the funds are deposited in a timely manner.

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

Effect: As a result of the untimely deposit, funds were not available to pay general operating expenses or for investment purposes. In addition, an untimely deposit of receipts increases the risk that funds could be lost or misappropriated.

Recommendation: Due to the dissolution of the former West Lancaster Volunteer Firefighters' Relief Association, we are providing officials of the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association with copies of this report so they are aware of conditions that were detected during the audit. We recommend that the Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association officials ensure that internal control procedures are in place 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: Blue Rock Fire and Rescue Volunteer Firefighters' 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.

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
 ACCOMPANYING EXPENDITURE INFORMATION
 FOR THE PERIOD JANUARY 1, 2010 TO NOVEMBER 28, 2011

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	\$ 365
Relief benefits	327
Total Benefit Services	\$ 692
Fire Services:	
Equipment purchased	\$ 187,218
Equipment maintenance	13,578
Training expenses	7,568
Fire prevention materials	152
Total Fire Services	\$ 208,516
Administrative Services:	
Miscellaneous administrative expenses	\$ 156
Total Administrative Services	\$ 156
Total Investments Purchased:	\$ 52,499
Other Expenditures:	
Undocumented expenditure	\$ 1,057
Total Other Expenditures	\$ 1,057

WEST LANCASTER VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

West Lancaster Volunteer Firefighters' Relief Association Governing Body:

Mr. Miguel Cruz, President

Mr. Jimmy Woome, Secretary

Mr. David Zeigler, Treasurer

Blue Rock Fire and Rescue Volunteer Firefighters' Relief Association Governing Body:

Mr. Amos Hess, President

Mr. James F. Knapp, Vice President

Mr. Roy E. Keagy, Jr., Secretary

Ms. Kathy Fry, Treasurer

Mr. Richard L. Schock, Assistant Treasurer

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

Mr. Robert S. Krimmel, Secretary
East Hempfield Township

Mr. Barry L. Smith, Secretary
Manor 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.