

# COMPLIANCE AUDIT

---

## Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania

For the Period  
January 1, 2012 to December 31, 2014

---

February 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
[www.PaAuditor.gov](http://www.PaAuditor.gov)

EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Wayne Harper, President  
Fireman's Relief Fund Association of West Manchester Township,  
York County, Pennsylvania

We have conducted a compliance audit of the Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania (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, 2014.

The objective of the audit was 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 objective 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 objective. We believe that our audit provides a reasonable basis for our conclusions.

We were not able to obtain an independent confirmation of a portion of the investment balance directly from the financial institution. Therefore, while the relief association provided copies of investment statements that indicated that, as of December 31, 2014, the relief association had an investment balance with a fair value of \$383,522, we were not able to verify a portion of this investment balance.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2012 to December 31, 2014, the relief association, in all significant respects, received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures, except as noted in the finding listed below and discussed later in this report.

Finding – Failure To Maintain A Complete And Accurate Equipment Roster

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 response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

February 17, 2016



EUGENE A. DEPASQUALE  
Auditor General

## CONTENTS

	<u>Page</u>
Background .....	1
Finding and Recommendation:	
Finding – Failure To Maintain A Complete And Accurate Equipment Roster.....	3
Supplementary Financial Information .....	5
Report Distribution List .....	6

## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

Act 118 governs the overall operation of volunteer firefighters' relief associations. 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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
West Manchester Township	York	\$130,110	\$147,780	\$139,355

The volunteer firefighters' relief association and the affiliated fire service organizations are separate, legal entities. The relief association is affiliated with the following fire service organizations:

Lincolnway Fire Company

Shiloh Fire Company

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP,  
YORK COUNTY, PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a listing of relief association owned equipment was provided during the current audit period, this listing was incomplete because it did not contain the names of suppliers (vendors), dates of purchase, and cost of equipment to accurately identify all of the equipment owned by the relief association. As such, it was impossible to determine if all equipment purchased during the audit period in the amount of \$216,185 was recorded.

Criteria: Prudent business practice dictates that 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 equipment. A cumulative equipment roster of all relief association equipment should include all of 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
- Evidence of the performance and results of an annual physical inventory

Cause: Relief association officials failed to establish adequate internal control procedures over equipment by requiring the maintenance of a cumulative equipment roster.

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 prevents adequate accountability for, and safeguarding of, relief association equipment.

Recommendation: We recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP,  
YORK COUNTY, PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Management's Response: According to relief association officials, the report provided to the auditor included equipment purchased dates for all equipment in the current audit period. Some of the older equipment does not include purchase dates because the relief association was advised in prior audits that there was not a need to go back and enter the dates and that the relief association only needed to enter the equipment information going forward. This was numerous years ago. The relief association also indicated that the VFRA doesn't include any equipment less than \$100 or consumables based on advice received during a prior audit. After further discussion with the individuals currently responsible for maintaining the equipment roster, relief association officials discovered that an individual no longer with the fire department indicated that he would keep the roster up to date; however, based on the finding noted during this audit, it appears that he was not maintaining it. However, the individuals currently responsible for the maintenance of the equipment roster stated that they will update the report and keep it maintained on a regular basis.

Auditor's Conclusion: Based on the response provided by officials, it appears that the relief association intends to comply with the finding recommendation. Compliance will be subject to verification through our next audit.



FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP,  
 YORK COUNTY, PENNSYLVANIA  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2014

Cash Balance:	\$	299,468
Fair Value of Investments Balance:	\$	383,522
Expenditures:		
Benefit Services:		
Insurance premiums	\$	<u>60,870</u>
Fire Services:		
Equipment purchased	\$	216,185
Equipment maintenance		106,300
Training expenses		<u>41,044</u>
Total Fire Services	\$	<u><u>363,529</u></u>
Administrative Services:		
Other administrative expenses	\$	894
Bond premiums		<u>997</u>
Total Administrative Services	\$	<u>1,891</u>
Total Investments Purchased	\$	<u><u>42,026</u></u>

FIREMAN'S RELIEF FUND ASSOCIATION OF WEST MANCHESTER TOWNSHIP,  
YORK COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Fireman's Relief Fund Association of West Manchester Township, York County, Pennsylvania  
Governing Body:

<b>Mr. Wayne Harper</b>	President
<b>Mr. George Boyer, Jr.</b>	Vice President
<b>Mr. Bob Sells</b>	Secretary
<b>Ms. Michele Rife</b>	Treasurer
<b>Mr. Gene Williams</b>	Assistant Secretary
<b>Ms. Wendy S. Hildebrand</b>	Assistant Treasurer
<b>Mr. Dave Markle</b>	Director
<b>Mr. Mike Messinger</b>	Director
<b>Mr. William Lawver</b>	Director
<b>Mr. Neil Irwin</b>	Director

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

<b>Ms. Kelly Kelch</b>	Secretary
West Manchester Township	

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).