

# COMPLIANCE AUDIT

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## Doylestown Firefighters' Relief Association

Bucks County, Pennsylvania  
For the Period  
January 1, 2017 to December 31, 2018

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July 2019



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



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Lawrence Brown, President  
Doylestown Firefighters'  
Relief Association  
Bucks County

We have conducted a compliance audit of the Doylestown Firefighters' 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, 2017 to December 31, 2018.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not required to be and was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2017 to December 31, 2018:

- The relief association took appropriate corrective action to address two of the three findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report.
- The relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the finding listed below and discussed later in this report.

Finding – Noncompliance With Prior Audit Recommendation –  
Unauthorized Expenditures

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.

July 25, 2019



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. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

**BACKGROUND – (Continued)**

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2017</u>	<u>2018</u>
Buckingham Township	Bucks	\$ 26,458	\$ 24,038
Doylestown Borough	Bucks	\$ 77,650	\$ 71,120
Doylestown Township	Bucks	\$133,626	\$122,427
New Britain Borough	Bucks	\$ 8,549	\$ 7,858
New Britain Township	Bucks	\$ 1,899	\$ 1,732

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:

Doylestown Fire Company No. 1

DOYLESTOWN FIREFIGHTER'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Failure To Secure Ownership Interest In Jointly Purchased Vehicle

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

- Failure To Define Discretionary Benefits

By amending the association's bylaws to reflect the amount of benefits to be paid.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

- Unauthorized Expenditures

Although the relief association received reimbursement of \$120 from the affiliated fire company for a portion of the unauthorized expenditures that were made in the prior audit period, the relief association disagreed with a portion of the finding and after further review, the relief association's explanation was accepted for the remaining expenditure. However, the relief association expended funds in the current audit period that were not authorized by Act 118 as further disclosed in the finding contained in this report.

DOYLESTOWN FIREFIGHTER'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: The relief association expended \$400 for Animal Emergency Care training during the current audit period that is not authorized by Act 118.

A similar condition was noted in our prior audit report.

Criteria: Section 7416(f) of Act 118 states:

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

- (10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.
  
- (17) To pay reasonable expenses actually and necessarily incurred for attending bona fide emergency medical technician or paramedic training schools.

The cost associated with the Animal Emergency Care training does not qualify as an authorized volunteer firefighters' relief association expenditure; consequently, this disbursement is not authorized under Act 118.

Cause: Even though notified of this type of condition during our prior audit, relief association officials again neglected to ensure all expenditures were authorized by Act 118.

Effect: As a result of this improper expenditure, relief association funds were not available for investment purposes or to pay for expenditures authorized by Act 118.

Recommendation: We recommend that the relief association be reimbursed \$400 for the unauthorized expenditure and that relief association officials become familiar with Section 7416(f) of Act 118 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.

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.



DOYLESTOWN FIREFIGHTER'S RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH AND INVESTMENT BALANCES  
AS OF DECEMBER 31, 2018

Cash	\$ 565,393
Fair Value of Investments	1,360,312
Book Value of Other Investments	<u>400,000</u>
Total Cash and Investments	<u><u>\$ 2,325,705</u></u>

DOYLESTOWN FIREFIGHTER'S RELIEF ASSOCIATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 3, 2018

Expenditures:

Benefit Services:	
Insurance premiums	\$ 149,714
Relief benefits	34,781
Tokens of sympathy and goodwill	1,673
Total Benefit Services	<u>\$ 186,168</u>
Fire Services:	
Equipment purchased	\$ 96,303
Equipment maintenance	103,158
Training expenses	7,571
Fire prevention materials	5,256
Total Fire Services	<u>\$ 212,288</u>
Administrative Services:	
Officer compensation	\$ 5,600
Other administrative expenses	39,399
Bond premiums	1,223
Total Administrative Services	<u>\$ 46,222</u>
Total Investments Purchased	<u>\$ 110,000</u>
Other Expenditures:	
Payments on loan	\$ 514,417
Unauthorized expenditure	400
Total Other Expenditures	<u>\$ 514,817</u>
Total Expenditures	<u><u>\$ 1,069,495</u></u>

DOYLESTOWN FIREFIGHTER'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Doylestown Firefighters' Relief Association Governing Body:

**Mr. Lawrence Brown**  
President

**Mr. Stephen Walther**  
Vice President

**Mr. F. William Cope**  
Secretary

**Ms. Barbarajean Wood**  
Treasurer

**Mr. Stephen Downs**  
Assistant Secretary

**Mr. Joseph Stough**  
Assistant Treasurer

**Mr. Jay Fetterolf**  
Director

**Mr. Tom Kirk**  
Director

**Mr. James Hampton**  
Director

**Ms. Lori Westover**  
Director

**Mr. Michael Wood**  
Director

DOYLESTOWN FIREFIGHTER'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. Dana S. Cozza, Esq.**  
Manager  
Buckingham Township

**Mr. John Davis**  
Secretary  
Doylestown Borough

**Ms. Stephanie J. Mason**  
Secretary  
Doylestown Township

**Ms. Dawn Tremmel**  
Secretary  
New Britain Borough

**Ms. Eileen M. Bradley**  
Secretary  
New Britain 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).