

# COMPLIANCE AUDIT

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## Halifax Area Ambulance and Rescue Volunteer Relief Association Dauphin County, Pennsylvania For the Period January 1, 2018 to August 19, 2019

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April 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Ms. Cynthia Carran, President  
Halifax Area Ambulance and Rescue  
Volunteer Relief Association  
Dauphin County

We have conducted a compliance audit of the former Halifax Area Ambulance and Rescue Volunteer 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, 2018 to August 19, 2019.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the former 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, 2018 to August 19, 2019:

- The former relief association took appropriate corrective action to address the findings contained in our prior audit report.
- The former 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.

In addition, as of August 19, 2019, the former relief association completed the process of dissolution and all remaining monetary assets were transferred to the Halifax Fire Department Relief Association. Further, as noted on the Supplementary Financial Information Summary of Expenditures section in this report, our auditors received verification of the final reimbursement of funds due from an unauthorized expenditure by the former relief association on March 2, 2020.

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 former relief association.

March 24, 2020



EUGENE A. DEPASQUALE  
Auditor General

## CONTENTS

	<u>Page</u>
Background .....	1
Status of Prior Findings .....	3
Supplementary Financial Information .....	4
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 former 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 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 former relief association did not receive state allocations from Halifax Township or Halifax Borough in 2018 or 2019. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

\*\*As of August 19, 2019, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations. (See Supplementary Financial Information)

The former relief association and the affiliated emergency service organization were separate, legal entities. The former relief association was affiliated with the following emergency service organization:

Halifax Area Ambulance and Rescue Association

## HALIFAX AREA AMBULANCE AND RESCUE VOLUNTEER RELIEF ASSOCIATION STATUS OF PRIOR FINDINGS

### COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Association May Not Comply With The Requirements of Act 118

By dissolving the relief association.

- Unauthorized Expenditures And/Or Insufficiently Documented Expenditures

By receiving reimbursement of \$6,761 from the affiliated emergency service organization for the unauthorized expenditures made in the prior audit period.

- Failure To Adhere To Or Document Adherence To Relief Association Bylaws

By dissolving the relief association.

We commend the former relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. Since the former relief association dissolved its organization and consequently transferred its monetary assets to the Halifax Fire Department Relief Association, management of the Halifax Fire Department Relief Association should strive to remain in compliance with all applicable state laws, contracts, bylaws, and administrative procedures.

HALIFAX AREA AMBULANCE AND RESCUE VOLUNTEER RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH AND INVESTMENT BALANCES  
AS OF AUGUST 19, 2019

Cash and Investments	<u>\$</u> <u>0</u>
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HALIFAX AREA AMBULANCE AND RESCUE VOLUNTEER RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
SUMMARY OF EXPENDITURES  
FOR THE PERIOD JANUARY 1, 2018 TO AUGUST 19, 2019

Expenditures:

Other Expenditures:	
Transfer of monetary assets *	\$ 11,346
Unauthorized expenditure **	<u>300</u>
Total Other Expenditures	<u>\$ 11,646</u>
 Total Expenditures	 <u><u>\$ 11,646</u></u>

\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of August 19, 2019, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets and equipment were transferred to the Halifax Fire Department Relief Association. Due to the dissolution of the former relief association, we are providing officials of Halifax Fire Department Relief Association copies of this report.

\*\* During 2018, the former relief association made an insignificant disbursement in the amount of \$300 which was not authorized by Act 118. We disclosed this issue to the former relief association officials on December 11, 2019. As a result, the affiliated ambulance organization reimbursed the Halifax Fire Department Relief Association \$300 on January 3, 2020, and we reviewed documentation of this reimbursement on March 2, 2020.

HALIFAX AREA AMBULANCE AND RESCUE VOLUNTEER RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Halifax Area Ambulance and Rescue Volunteer Relief Association Governing Body:

**Ms. Cynthia Carran**  
President

**Ms. Carol Fetterhoff**  
Secretary

**Ms. Amanda Whitebread**  
Treasurer

Halifax Fire Department Relief Association Governing Body:

**Mr. Keith Pottiger**  
President

**Ms. Diane Lower**  
Vice President

**Ms. Kimberly Dagen**  
Secretary

**Mr. Harry I. Frank, Jr.**  
Treasurer

HALIFAX AREA AMBULANCE AND RESCUE VOLUNTEER RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

A report was distributed to the following municipalities:

**Ms. Wendy M. Wentzel**  
Secretary  
Halifax Township

**Mr. David W. Hoover**  
Secretary  
Halifax 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).