

# COMPLIANCE AUDIT

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Marple Township Ambulance Corps  
Volunteer Firemen's Relief Association  
Delaware County, Pennsylvania  
For the Period  
January 1, 2018 to December 31, 2020

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February 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Andrew Tucker, President  
Marple Township Ambulance Corps  
Volunteer Firemen's Relief Association  
Delaware County

We have conducted a compliance audit of the Marple Township Ambulance Corps Volunteer Firemen's Relief Association (relief association) for the period January 1, 2018 to December 31, 2020. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

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, nor was it required to be, 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 December 31, 2020:

- The relief association took appropriate corrective action to address one of the four findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the three remaining findings contained in our prior audit report, as listed below and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matters described in Finding Nos. 2, 3, 4 and 8 below and discussed later in this report, the relief association did not, in all significant respects, comply 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, collectively as a whole. Therefore, the relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Association May Not Comply With The Requirements Of The VFRA Act

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Finding No. 4 – Inappropriate Use Of Relief Association-Owned Vehicles

Finding No. 5 – Duplicate Payments

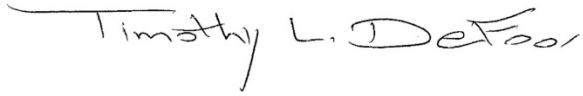
Finding No. 6 – Inadequate Financial Record-Keeping System

Finding No. 7 – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 8 – Unsecured Loan

Three of the eight audit findings contained in this report cite conditions that existed in the operation of the relief association during the prior audit period and were not corrected during the current audit period. We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have 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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
February 3, 2022

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), 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<sup>3</sup> (commonly referred to as Act 205) are properly expended.

The relief association has been established for the purpose of providing volunteer firefighters of a designated fire company and other county volunteer fire companies with protection from misfortune suffered as a result of their participation in the fire service, by the provision of rehabilitation services and other fire ground support activities, and any other emergency service activities, as requested.

The VFRA Act 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, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, 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.

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<sup>1</sup> 72 P.S. § 403 (as last amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

<sup>3</sup> 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Marple Township	Delaware	\$41,154	\$44,462	\$43,907

Based on the relief association’s records, its total cash and investments as of December 31, 2020 were \$737,384, as illustrated below:

Cash	\$ 319,979
Fair Value of Investments	239,361
Book Value of Other Investments	<u>178,044</u>
Total Cash and Investments	<u><u>\$ 737,384</u></u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$390,636, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance 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.<sup>4</sup> **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Benefit Services:

Insurance premiums	\$	6,106
Relief benefits		4,022
Total Benefit Services	\$	<u>10,128</u>

#### Fire Services:

Equipment purchased	\$	61,020
Equipment maintenance		30,086
Training expenses		358
Total Fire Services	\$	<u>91,464</u>

#### Administrative Services:

Other administrative expenses*	\$	4,110
Bond premiums		910
Total Administrative Services	\$	<u>5,020</u>

Total Investments Purchased	\$	<u>243,000</u>
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#### Other Expenditures:

Undocumented expenditures	\$	13,147
Unauthorized expenditures		27,008
Duplicate expenditures		869
Total Other Expenditures	\$	<u>41,024</u>

Total Expenditures	\$	<u><u>390,636</u></u>
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\*A majority of the other administrative expenses include \$2,043 for legal fees and \$1,652 for a fleet management monitoring system.

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<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.



**BACKGROUND – (Continued)**

The relief association and the affiliated ambulance service organization are separate, legal entities. The relief association is affiliated with the following ambulance service organization:

Marple Township Ambulance Corps

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Untimely Deposit Of State Aid

By timely depositing all income received.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with three of the four prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Association May Not Comply With Requirements Of The VFRA Act
- Unauthorized Expenditures

Although the relief association received reimbursement of \$68,805 from the affiliated ambulance corps for the unauthorized expenditures that were made in the prior audit period, the relief association again expended funds in the current audit period that were not authorized by the VFRA Act as further disclosed in Finding No. 2 of this report.

- Undocumented Expenditures

Although the relief association received reimbursement of \$1,898 from the affiliated ambulance corps for the undocumented expenditures that were made in the prior audit period, the relief association again failed to provide adequate documentation to support all expenditures in the current audit period as further disclosed in Finding No. 3 of this report.

We are concerned by the relief association's failure to correct those previously reported audit findings. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Association May Not Comply With The Requirements Of The VFRA Act**

Condition: Although Marple Township Ambulance Corps Volunteer Firemen's Relief Association updated its bylaws to state that its purpose is to provide volunteer firefighters of The Broomall Fire Company and other county volunteer fire companies with protection from misfortune suffered as a result of their participation in the fire service, by the provision of rehabilitation services and other fire ground support activities, and any other emergency service activities, as requested, we received documentation directly from a fire company officer stating that Marple Township Ambulance Corps Volunteer Firemen's Relief Association remains unaffiliated with the Broomall Fire Company or any other county volunteer fire company. The VFRA Act is very clear in setting specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act.

The Marple Township Ambulance Corps Volunteer Firemen's Relief Association is not affiliated with a volunteer fire company nor was the association formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. This fact is evidenced in the relief association's bylaws stating that medical and surgical expenses, insurance benefits, and financial assistance are available to members when injuries arise while engaged in EMS activities on behalf of Marple Township Ambulance Corps. The bylaws define EMS activities as any activities with or for the Marple Township Ambulance Corps that are authorized or directed by Marple Township Ambulance Corps. The relief association's cited purpose of providing rehabilitation services and other fire ground support activities, and any other emergency service activities request, are not stipulated or a limitation in the bylaws definition of EMS activities. While the Marple Township Ambulance Corps Volunteer Firemen's Relief Association is affiliated with the Marple Township Ambulance Corps, the same is an ambulance organization and not a fire company as required under the VFRA Act.

Criteria: Section 7412 of the VFRA Act states, in part, that the Volunteer Firefighters' Relief Association is:

An organization formed primarily to afford 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. (Emphasis added.)

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

We are further concerned that the members of the Marple Township Ambulance Corps Volunteer Firemen's Relief Association, who primarily provide services to the general public, do not meet the definition of "Volunteer Firefighter" as defined in the Act. Because the primary purpose does not comport with the requirements of the VFRA Act, we must question their status as a relief association under the Act.

In addition, Section 7412 of the VFRA Act further states, in part, that a Volunteer Firefighter is:

A person who is a member of:

- (1) a fire company organized and existing under the laws of this Commonwealth;
- (2) a fire police unit, rescue squad, ambulance corps or other like organization affiliated with one or more fire companies; or (Emphasis added.)
- (3) a fire company or affiliated organization which participates in the fire service but does not look to that service as his or her primary means of livelihood. (Emphasis added.)

Cause: The relief association amended their bylaws and believes they are in compliance with the provisions of the VFRA Act.

Effect: Although the relief association provided revised bylaws, the relief association continues to remain unaffiliated with the Broomall Fire Company or any other county volunteer fire company and primarily provide services to the general public. As a result of the VFRA Act provisions, the Marple Township Ambulance Corps Volunteer Firemen's Relief Association doesn't meet the statutory definition of a volunteer firefighter's relief association and, therefore, its eligibility to continue to receive and expend state aid under the VFRA Act may be adversely impacted or discontinued in the future.

Recommendation: We again recommend that the association officials consult with their solicitor and evaluate its state of compliance with the VFRA Act requirements stated above and take the steps necessary to meet the requirements. The Office of the State Fire Commissioner can assist the Marple Township Ambulance Corps Volunteer Firemen's Relief Association with this determination. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management did not agree with the finding as presented at the audit exit conference and stated they would have their legal counsel respond; however, no response was provided for Finding No. 1.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Auditor's Conclusion: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures**

Condition: Although the relief association received reimbursement from the affiliated ambulance corps for the unauthorized expenditures that were made in the prior audit period, the relief association again expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
02/21/18	848	Insurance premiums – Accident & Sickness**	\$ 3,903
04/18/18	858	Medical expense for non-member*	813
04/30/18	859	Insurance premiums – AD&D**	2,238
12/12/18	1014	Inoculation for non-member*	33
01/16/19	1030	Training for non-member*	99
02/17/19	1035	Insurance premiums – Accident & Sickness **	3,903
02/17/19	1036	Insurance premiums – AD&D **	2,238
04/10/19	1046	Medical supplies for use on the public	245
02/12/20	1113	Training for non-member*	450
02/12/20	1116	Insurance premiums – AD&D **	2,228
02/12/20	1117	Insurance premiums – Accident & Sickness **	4,125
04/15/20	1128	Sanitation supplies for ambulance	496
Total			<u>\$ 20,771</u>

\* Non-member – individual was not included on relief association's membership roster.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

\*\*The basis for determining the amount of the unauthorized expenditure portion for Accidental Death and Dismemberment (AD&D) insurance in the table above was calculated by using the total number of volunteer personnel each year divided by the total number of active personnel each year to arrive at a percentage. Based upon the information provided with the management's response, 14 volunteer personnel were insured at the time the premium was paid in 2018 and 2019, and 11 volunteer personnel at the time the premium was paid in 2020. The premiums were based on insuring 54 active personnel in 2018 and 2019, and 51 active personnel in 2020. When rounded to the closest percentage, 14 is 26% of 54 in 2018 and 2019, and 11 is 22% of 51 in 2020. Consequently, the unauthorized portion of the \$3,024 premiums in 2018 and 2019 is 74% of \$3,024, or \$2,238 for 2018 and 2019. In 2020, the unauthorized portion of the \$2,856 premiums is 78% of \$2,856, or \$2,228. The same percentages were used to determine the unauthorized portion for the Accident & Sickness insurance. In 2018 and 2019, the unauthorized portion of the \$5,274 premiums are 74% of \$5,274, or \$3,903. In 2020, the unauthorized portion of the \$5,289 premiums are 78% of \$5,289, or \$4,125.

In addition, the relief association expended funds for the purchase of gas for the chief and command vehicles owned by the relief association in the amount of \$6,237; however, there was no evidence presented supporting that these expenditures were a result of services provided on behalf of the relief association. The personal use of vehicles are not permissible as further discussed in Finding No. 4 and, therefore, official use must be sufficiently documented to support this expenditure.

Criteria: Section 7416(f) of the VFRA Act states:

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

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.
- (10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

- (18) To pay for expenses for cleaning, sanitizing and disinfecting of equipment and property, or other expenses incurred to prevent the spread of communicable illnesses.

Costs associated with the purchase of inoculations and training of non-members, insurance for paid personnel, medical supplies for use on the public and ambulance sanitization stemming from services provided to the public do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act. To the extent the relief association provides these services to the public and not for the primary benefit of an affiliated fire company, these expenditures are non-reimbursable and must be segregated accordingly.

Cause: The relief association officials did not provide a reason for why this occurred despite the relief association being notified of this condition during our prior audit.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association be reimbursed \$27,008 (\$20,771 + \$6,237) for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act 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 did not agree with the finding as presented and stated, in part:

For the list of items, the Relief Association acknowledges that two of the items, medical supplies for use on the public in the amount of \$245 and sanitation supplies for ambulance in the amount of \$496, for a total of \$741, were unauthorized. The Relief Association will invoice the Marple Township Ambulance Corps (Ambulance Corps) to refund the \$741 to the Relief Association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

The Relief Association responds as follows to the remaining expenditures:

Insurance Premiums

The Updated Exit Conference Memo rejects these expenditures, amounting to \$24,741, based on the finding that the premiums were paid for non-members. That finding is incorrect in part. The listed premiums were paid for two types of insurance policies—a 24-Hour Accidental Death and Dismemberment Insurance Policy, and a Blanket Accident Insurance Policy. The Relief Association disagrees that any of the \$15,837 in premiums for the Blanket Accident Insurance Policies are unauthorized expenditures of Relief Association funds.

Unlike the premiums for the 24-Hour Accidental Death and Dismemberment Insurance policies, the Blanket Accident Insurance policies are not based upon the number of active personnel insured. Rather, the premiums are based upon considerations of factors such as the number of vehicles that will be operated, the square mileage of the Ambulance Corps service area, the ZIP Codes included in the service area, and the number of projected 9-1-1 calls to which the Ambulance Corps is dispatched to respond. The collective premiums of \$15,837 for these policies, therefore, cannot be apportioned between active volunteer and active career personnel. The full amount of the premiums were paid to insure volunteer personnel for the insurance benefits under the Blanket Accident Insurance Policies. Consequently, the Relief Association disagrees with the finding that the amount of those collective premiums, \$15,837, were unauthorized expenditures of Relief Association funds that need to be refunded to the Relief Association by the Ambulance Corps.

Medical Expense

The Updated Exit Conference Memo rejects the April 18, 2018 expenditure of \$813 for medical services, based on the finding that the expenditure was made for a non-member. That finding is incorrect. It was made for a member who was an active volunteer member of the Relief Association from April 20, 2016, until October 31, 2017. The medical service was provided on May 26, 2017, for an injury that the member suffered while providing volunteer service for the Ambulance Corps. The \$813.25 was the balance due of the \$1,355.42 bill after payment of \$542.17 was made by insurance.



MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Training

The Updated Exit Conference Memo rejects the expenditures for training, amounting to \$549, dated January 16, 2019 and February 12, 2020, based on the finding that the expenditures were made for non-members. That finding is incorrect. The \$450 expenditure was for training received by a volunteer member on 1/6/20. See invoice reflecting that the \$450 training charge was made for the training of the volunteer, and the documentation that shows he was an active volunteer on 1/6/20. The \$99 expenditure was for training received by a volunteer on 5/6/19. See the record of the payment by the volunteer and the documentation that shows he was an active volunteer 5/6/19.

Inoculation

The Updated Exit Conference Memo rejects the 12/12/18 expenditure for inoculation of \$33, based on the finding that the expenditure was made for a non-member. That finding is incorrect. It was made for an active volunteer member of the Relief Association when she received the inoculation. See documentation for \$66 issued to pay for the inoculations of one volunteer on 10/5/18 and one volunteer on 10/3/18. The \$33 expenditure for the inoculation of one individual was deemed by the auditor during the 7/1/21 audit to be an expenditure for a non-member because the personnel roster inadvertently did not list this individual. However, that has been corrected. As shown on the documentation provided, the individual was an active volunteer member of the Relief Association from 6/26/18 to 8/1/19.

*Other Expenditures*

Gasoline – The Updated Exit Conference Memo rejects the expenditure of \$6,277 for gasoline for the Chief and Command vehicles. As the Relief Association is unable to document the percentage of gasoline costs attributable to the use of those vehicles in responding and returning from 911 dispatches when volunteer fire departments are also dispatched, the Relief Association agrees to invoice the Ambulance Corps to refund the \$6,277 to the Relief Association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Auditor's Conclusion: The VFRA Act authorizes the funds of any volunteer firefighters' relief association to purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service. As stated in Finding No. 1, we are concerned that the members of the relief association, who primarily provide services to the general public, do not meet the definition of a "Volunteer Firefighter" as defined in the Act. Because the primary purpose does not comport with the requirements of the VFRA Act, we continue to question their status as a relief association under the VFRA Act. Moreover, and despite the relief association's assertion to the contrary, the Broomall Fire Company has denied any affiliation with the relief association and there is no other supporting documentation identified that indicates otherwise. The VFRA Act is very clear in setting specific requirements for what constitutes a Volunteer Firefighters' Relief Association and when such an organization can receive aid funds under that Act. In this instance, the relief association is not affiliated with a volunteer fire company, nor is the association formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service and, accordingly, their status as a relief association does not meet the parameters under the VFRA Act.

After consideration of management's response, we applied the same percentage used for the AD&D insurance towards the Accident & Sickness insurance to reduce the unauthorized insurance expenditures from \$15,837 to \$11,931 for Accident & Sickness insurance, as noted in the Condition. In regards to the medical expenses (Check No. 858), training (Check Nos. 1030 and 1113) and inoculation (Check No. 1014), the individuals' names did not appear on the relief association's membership roster as required. In addition, the medical expenses (Check No. 858) were paid for the individual after injured while responding to a call to the general public. In regards to the gas expenditures, covered expenses under the Act must be attributed to business related to aiding the affiliated fire company. The relief association must enact policies and protocols to properly document when vehicles are being used for these reimbursable purposes by keeping a simple mileage log that is verified by a second person, such as the Treasurer. Therefore, these expenditures are not acceptable.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

The finding remains as stated above and we continue to recommend that the relief association be reimbursed \$27,008 for the unauthorized expenditures. From the management's response, it appears that the relief association plans to invoice the ambulance corps to refund \$13,682 to the relief association; however, no documentation has been provided as of yet and the relief association officials continue to disagree with the remaining \$13,326 of unauthorized expenditures. While the relief association indicates that it cannot separate members from non-members for purposes of the Blanket Accident Insurance policies, the VFRA Act only entitles reimbursement for covered members and, accordingly, the department must ensure that only expenditures made for covered members are reimbursed. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures**

Condition: Although the relief association received reimbursement from the affiliated ambulance corps for the undocumented expenditures that were made in the prior audit period, the relief association again was unable to provide adequate supporting documentation for the following expenditures made during the current audit period:

Date	Check No.	Payee Description	Amount
01/05/18	Debit	Gasoline	\$ 43
01/12/18	Debit	Gasoline	39
01/17/18	839	Equipment vendor	95
01/17/18	840	Member benefits vendor	77
01/17/18	842	Legal expenditure	244
01/17/18	843	Affiliated ambulance corps	184
01/17/18	844	Exterminator vendor	2,900
01/17/18	845	Affiliated ambulance corps	79
01/17/18	847	Equipment maintenance vendor	104
01/21/18	Debit	Gasoline	45
01/28/18	Debit	Gasoline	40
02/03/18	Debit	Gasoline	42
02/10/18	Debit	Gasoline	43
02/11/18	Debit	Training vendor	95
02/11/18	Debit	Training vendor	20
02/11/18	Debit	Training vendor	42
02/14/18	849	Equipment maintenance vendor	390
02/15/18	Debit	Gasoline	43
02/21/18	852	Member reimbursement	337
02/23/18	Debit	Gasoline	41
02/27/18	850	Equipment vendor	812
02/28/18	851	Equipment vendor	429
03/05/18	Debit	Gasoline	42
03/13/18	Debit	Gasoline	40
03/19/18	Debit	Equipment maintenance vendor	34
03/25/18	Debit	Gasoline	35
04/01/18	Debit	Gasoline	42
04/08/18	Debit	Gasoline	44
04/16/18	Debit	Gasoline	40

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Date	Check No.	Payee Description	Amount
04/23/18	Debit	Gasoline	\$ 44
05/03/18	Debit	Gasoline	47
05/14/18	Debit	Gasoline	46
05/20/18	Debit	Gasoline	47
05/31/18	Debit	Gasoline	47
06/08/18	Debit	Gasoline	47
06/14/18	Debit	Gasoline	45
06/26/18	Debit	Gasoline	46
07/11/18	Debit	Gasoline	47
07/19/18	Debit	Gasoline	49
07/26/18	Debit	Training vendor	99
07/30/18	Debit	Gasoline	48
08/05/18	Debit	Gasoline	47
08/21/18	Debit	Gasoline	47
08/29/18	Debit	Gasoline	47
09/07/18	Debit	Gasoline	53
09/15/18	Debit	Gasoline	49
09/24/18	Debit	Gasoline	40
09/29/18	Debit	Gasoline	47
10/05/18	Debit	Gasoline	50
10/15/18	Debit	Gasoline	49
10/21/18	Debit	Gasoline	49
10/25/18	Debit	Gasoline	32
10/29/18	1004	Affiliated ambulance corps	184
10/29/18	1006	Equipment vendor	172
10/30/18	Debit	Gasoline	44
11/04/18	Debit	Gasoline	43
11/09/18	Debit	Pet supply vendor	156
11/09/18	Debit	Gasoline	44
11/16/18	Debit	Gasoline	43
11/21/18	Debit	Gasoline	43
11/27/18	Debit	Training vendor	99
12/02/18	Debit	Gasoline	41
12/09/18	Debit	Gasoline	42
12/14/18	Debit	Gasoline	42

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
12/15/18	Debit	Pet supply vendor	\$ 130
01/16/19	1025	Equipment maintenance vendor	85
07/12/19	1065	Affiliated ambulance corps	367
08/27/19	1080	Member reimbursement	213
07/15/20	1151	Affiliated ambulance corps	350
Total			<u>\$ 9,641</u>

The relief association offers reimbursements for gym memberships provided that the member submits a record of monthly activity as well as a receipt that their membership was paid. Once the documentation is provided, the member will be reimbursed up to \$100 a month; however, for the member reimbursements in the chart below that are noted with an asterisk, the member either did not provide both the receipt for payment and evidence of attendance\*, a copy of receipt of payment\*\* or evidence of attendance\*\*\*, as required by the Health and Fitness Expense Reimbursement Program:

<u>Date</u>	<u>Check No.</u>	<u>Payee Description</u>	<u>Amount</u>
01/17/18	841	Member reimbursement*	\$ 81
04/30/18	865	Member reimbursement**	210
05/17/18	871	Member reimbursement*	324
09/25/18	894	Member reimbursement*	175
10/29/18	1002	Member reimbursement***	65
11/14/18	1010	Member reimbursement***	65
01/16/19	1024	Member reimbursement*	259
05/05/19	1055	Member reimbursement*	236
07/12/19	1069	Member reimbursement*	81
11/20/19	1095	Member reimbursement*	810
03/17/20	1124	Member reimbursement**	300
06/17/20	1146	Member reimbursement***	200
08/19/20	1162	Member reimbursement*	200
12/20/20	1172	Member reimbursement***	500
Total			<u>\$ 3,506</u>

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Subsequent to our audit period, the following post audit expenditures are also considered undocumented for lack of attendance records for gym membership:

Date	Check No.	Payee Description	Amount
01/24/21	1175	Member reimbursement	\$ 499
01/24/21	1177	Member reimbursement	100
04/28/21	1198	Member reimbursement	300
Unknown	1202	Member reimbursement	300
Unknown	1209	Member reimbursement	180
Total			<u>\$ 1,379</u>

Criteria: Section 7418(a) of the VFRA Act 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), 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.

Prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

In addition, the relief association's Health and Fitness Expense Reimbursement Program at Section I, B(2) states:

Reimbursement Procedure

- a. The volunteer will obtain a record of monthly activity from the fitness center.
- b. Volunteers submit their receipts and their monthly activity report to the President of the Relief Assoc for approval. [*Sic*]
- c. Volunteers will be reimbursed monthly.

Cause: The relief association officials stated that some of the expenditures listed are for expenditures that occurred during the first quarter of 2018 for which supporting documentation was mistakenly destroyed during a move from one location to another.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Effect: Lack of supporting documentation, such as invoices, itemized receipts and detailed minutes of meetings, made it impossible to determine if the expenditures were made in accordance with Section 7416(f) of the VFRA Act. 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. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We again recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices, attendance records and/or itemized receipts, to ensure the propriety of the expenditures or that the relief association be reimbursed \$14,526 for the undocumented expenditures. We also recommend that the relief association 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: Relief association management did not agree with the finding as presented and stated, in part:

Gym Membership—The Relief Association disagrees with the finding alleging the unauthorized expenditure of \$1,379 for gym memberships based upon a finding in the prior Exit Conference Memo that there was no evidence of attendance. The challenged expenditures are for expenditures in 2021 and are not expenditures of Relief Association funds that are properly addressed in an audit covering a period from January 1, 2018, through December 31, 2020.

The Relief Association also disagrees with the finding alleging the unauthorized expenditure of \$1,340 for gym membership reimbursement to its members. The Updated Audit Report does not identify the reimbursements comprising the \$1,340 amount. The Relief Association also notes that the Chart for which Finding 3 asserts an amount of \$9,861 in unauthorized expenditures lists a number of expenditures for gym membership which it alleges are unauthorized because there is no receipt for payment by the member or a record of the member's attendance. Perhaps the alleged unauthorized expenditure of \$1,340 for gym membership reimbursement is a duplicate assertion of unauthorized expenditures for gym membership already alleged in the Chart.



MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Expenditures Listed in the Chart

The Relief Association disagrees in part with the finding. It has documents supporting the use of Relief Association funds for the expenditure of \$587.60 of those expenditures for reimbursement for gym membership and attendance. For Check Nos. 1024 and 1055, the Relief Association was only able to find supporting documentation for reimbursement of \$412.65 of the 494.63 total of the two checks, leaving a difference of \$81.98.

Due to documentation supporting the expenditure of \$587.60 of the \$9,861 of the alleged unauthorized expenditures, the Relief Association will invoice the Ambulance Corps for the refund of the remaining \$9,273.40 expenditures.

Auditor's Conclusion: The finding is not intended for unauthorized expenditures as referenced in the management's response. Instead, Finding No. 3 was issued for undocumented expenditures. It therefore follows that the finding does not speak to whether the expenditures were properly authorized, as suggested by the relief association, but it merely states that the association failed to keep and provide documentation of these expenditures for purposes of this audit. In addition, our engagement letter/record request clearly states, "please make arrangements to allow for the physical inspection of selected equipment and ensure the auditor's accessibility to all financial transactions and records from January 1, 2018 to the present date." The relief association did not, apparently, comply with this direction and the audit results were affected accordingly. However, after review of the documentation provided, we will accept the documentation received for Check Nos. 1024 and 1055, totaling \$495, as appropriately documented. Regarding the expenditures made after the end of the audit period, it is our policy to review expenditures beyond the current audit period to identify any additional undocumented expenditures when the results of our audit indicate a high risk of such expenditures occurring. This is done to identify additional expenditures requiring corrective action to allow corrective action to be taken in a timely manner. We continue to recommend that the relief association officials provide this department with adequate supporting documentation, such as invoices and/or itemized receipts, to ensure the propriety of the remaining expenditures or that the relief association be reimbursed \$14,031 for the remaining undocumented expenditures. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – Inappropriate Use Of Relief Association-Owned Vehicles**

Condition: The relief association owns two vehicles that are assigned to ambulance personnel, namely the chief and command vehicles, who along with the ambulance corps submitted excessive gas reimbursements (as noted in Finding No. 2). The chief and command vehicles are assigned to personnel who in addition to using these vehicles to respond to incidents, also drive these vehicles for personal use. During the audit period, the relief association paid \$6,237 in gas for the vehicles that represents 100% of the gas purchased. The relief association was not able to provide supporting documentation to establish that the two vehicles were used solely for authorized relief association purposes, even though personal use of these two vehicles and/or use that is not related to relief association business is not in accordance with the purpose set forth by the VFRA Act.

Criteria: Section 7413 Statement of purpose of the VFRA Act states in part:

The purpose of this subchapter is to encourage individuals to take part in the fire service as volunteer firefighters by establishing criteria and standards for orderly administration and conduct of affairs of firefighter's relief associations to ensure, as far as circumstance will reasonably permit, that funds shall be available for the protection for volunteer firefighters and their heirs...

Cause: During the conduct of our audit, the relief association officials did not provide a reason for why this occurred.

Effect: As a result of these inappropriate uses, unreasonable costs were incurred by the relief association, and the equipment was not available for the purposes authorized by the VFRA Act. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the current inappropriate uses of the relief association-owned vehicles cease immediately. The relief association should seek reimbursement for all costs associated with the noncompliant use of the vehicles including accumulated non-relief association business incurred during the audit period or be reimbursed for the total cost of the vehicles in the amount of \$61,996 plus the maintenance costs of \$11,599 incurred during the audit period. Any future use of this equipment should be strictly in accordance with the purpose set forth by the VFRA Act.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Management's Response: Relief association management did not agree with the finding as presented and stated, in part:

The Chief Vehicle and the Command Vehicle are used by the Volunteer Chief and Deputy Chief of the Ambulance Corps when the Ambulance Corps is dispatched to respond to fire scenes. Upon arrival, the Chief and Deputy Chief provide assistance to volunteer firefighters. They carry out the purpose of the Relief Association, which, pursuant to the Relief Association's Bylaws is:

The Marple Township Ambulance Corps Relief Association has been established for the purpose of providing volunteer firefighters of The Broomall Fire Company and other county volunteer fire companies with protection from misfortune suffered as a result of their participation in the fire service, by the provision of rehabilitation services and other fire ground support activities, and any other emergency service activities, as requested.

The Ambulance Corps is dispatched by the 911 communications center whenever the Broomall Fire Company is dispatched by the 911 communication center. The Ambulance corps responds to each of those dispatches with a Chief Vehicle and Command Vehicle if the Chief and Deputy Chief are available. Services they either direct or provide for the volunteer firefighters include monitoring their health while they are engaged in firefighting activities, directing their removal from firefighting activities as needed, monitoring their vital signs, ensuring that they are adequately hydrated, cooling them off with a mister as needed, and providing them with EMS as needed, including ambulance transport of a firefighter to a hospital when medically necessary. As noted in the response to Finding 2, under Gasoline, the Relief Association will invoice the Ambulance Corps for the refund of all gasoline expenditures for its use of these two vehicles.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – (Continued)**

Auditor's Conclusion: The VFRA Act authorizes the funds of any volunteer firefighters' relief association to purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service. As stated in Finding No. 1, we are concerned that the members of the relief association, who primarily provide services to the general public, do not meet the definition of a "Volunteer Firefighter" as defined in the Act. Moreover, the Broomall Fire Company has expressly indicated that it is not affiliated with the relief association and, accordingly, services purported to being provided are not attributed to an affiliated fire company as required under the VFRA Act. Because the primary purpose does not comport with the requirements of the VFRA Act, we continue to question their status as a relief association under the Act. Furthermore, in addition to questioning whether the expenses of the vehicles are authorized, the relief association is responsible for providing adequate and appropriate documentation to support expenditures for covered expenses. Here again, the relief association failed to provide any documentation to establish a verifiable record of the use of the vehicles. Therefore, the finding remains as stated and we continue to recommend that the current inappropriate uses of the relief association-owned vehicles cease immediately. We also recommend that the relief association should seek reimbursement for all costs associated with the noncompliant use of the vehicles including accumulated non-relief association business incurred during the audit period or be reimbursed for the total cost of the vehicles in the amount of \$61,996 plus the maintenance costs of \$11,599 incurred during the audit period. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – Duplicate Payments**

Condition: The relief association erroneously made four duplicate payments in the total amount of \$869 during the audit period, as noted below:

1. On February 17, 2019, the relief association expended \$86 for equipment. On April 10, 2019, the relief association erroneously made a duplicate payment for the same equipment expenditure.
2. On August 26, 2019, the relief association expended \$313 for insurance premiums. On September 25, 2019, the relief association erroneously made a duplicate payment for the same insurance premiums.
3. On June 17, 2020, the relief association expended \$302 for gym reimbursements. On July 15, 2020, the relief association erroneously made a duplicate payment for the same gym reimbursements.
4. On November 18, 2020, the relief association expended \$168 for gasoline. On December 20, 2020, the relief association erroneously made a duplicate payment for the same gasoline expenditure.

As such, the second payments were considered unauthorized disbursements because no goods or services were received for the payments.

Criteria: Adequate accounting and internal control procedures should be implemented to prevent duplicate payment of invoices and to ensure duplicate payments are recouped.

Cause: The relief association officials stated that this occurred due to an accounting error.

Effect: As a result of failing to obtain reimbursement for the erroneous payments, the relief association was unable to use these funds for other general operating expenses or for investment purposes.

Recommendation: We recommend that the relief association be reimbursed \$869 for the erroneous duplicate payments. The relief association officials should consider contacting the vendors to recover the duplicate payments. In addition, the relief association officials should establish accounting and internal control procedures to monitor future relief association expenditures. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – (Continued)**

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.

**Finding No. 6 – Inadequate Financial Record-Keeping System**

Condition: The relief association's financial record-keeping system did not establish adequate accounting procedures to allow the membership to effectively monitor the relief association's financial operations. 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.
- Documentation to support various expenditures was not available for examination at the time of the audit. (See Finding No. 3)

Criteria: Section 7415(a) of the VFRA Act 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: The relief association officials stated that they did not maintain a continuing record of expenditures and the purposes for which they were used. A reason was not provided for why this occurred.

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

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 6 – (Continued)**

Recommendation: We recommend that the relief association officials establish and maintain a financial record-keeping system that allows the membership to effectively monitor the relief association's financial operations. 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.

**Finding No. 7 – Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: As cited as a verbal observation in our prior audit, 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, it was incomplete because it did not contain the dates of purchase, cost of equipment and vendors to accurately identify equipment owned by the relief association. In addition, the roster provided was not updated to include all equipment purchased during the prior and current audit periods. Furthermore, there was no indication that a physical inventory of equipment was conducted on an annual basis to account for the equipment owned by the relief association.

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 inventor

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 7 – (Continued)**

Cause: The relief association officials did not provide a reason for why this occurred.

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.

Recommendation: We recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association. Furthermore, the relief association should ensure it performs an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. 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.

**Finding No. 8 – Unsecured Loan**

Condition: On June 20, 2018, the relief association made a loan to the Marple Township Ambulance Corps (MTAC), in the amount of \$243,000, to purchase Stryker stretchers installed in existing MTAC ambulances and to purchase a 2018 Ford Horton ambulance. According to the loan agreement, the loan's collateral is secured with a 2018 Ford Horton ambulance and with the MTAC property; however, the relief association was unable to provide evidence that the loan is sufficiently secured and that the relief association is listed in the first lien position on either collateral.

In addition, the ambulance corps is one payment behind their schedule as of December 31, 2020.

Criteria: Section 7416(c)(3) of the VFRA Act requires that loans be:

. . . (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.



MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 8 – (Continued)**

The loan agreement with Marple Township Ambulance Corps states, in part:

The loan shall be for 96 months with a simple loan interest rate of 3.00%. MTAC agrees to make payments starting August 1, 2018, at a minimum of \$2,850.00 (inclusive of interest) per month for 95 months.

Collateral for the loan shall be: (1) the purchase vehicle as described above, valued at \$200,000 (collateral value: \$160,000); (2) the MTAC property at 115 S Sproul Rd, Marple Township, which has an appraised value of \$225,000 (collateral value: \$180,000)...Once the value of the loan reaches an amount that can be covered by only one piece of collateral, MTAC is free to reclaim the other piece as they see fit.

Cause: Relief association officials indicated that they were unaware that the vehicle title and MTAC property used as collateral needed to list the relief association in first lien position. Relief association officials did not provide documentation for sufficient collateral for the loan and did not provide a reason for why the ambulance corps is behind one payment.

Effect: Failure to obtain adequate security for the loan places the investment at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials ensure there is sufficient collateral for the loan by providing adequate evidence of the appraised value for the vehicle and property, and that the relief association is listed in first lien position on the title to the 2018 Ford Horton and the MTAC property. We also recommend that all loan payments are received on time and according to the loan agreement. 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: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the relief association received the delinquent loan payment on July 25, 2021 and the ambulance corps provided the vehicle title with the relief association listed in the first lien position on October 18, 2021.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 8 – (Continued)**

Auditor's Conclusion: We reviewed documentation verifying that the loan payment of \$2,850 was received and the first lien position on the vehicle title is in the name of the relief association; however, we continue to recommend that the relief association officials ensure there is sufficient collateral on the loan and that they provide appropriate documentation to secure the loan's collateral on the MTAC property. Due to the potential withhold of state aid, the relief association's full compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
POTENTIAL WITHHOLD OF STATE AID

Conditions such as that reported by Finding Nos. 2, 3, 4 and 8 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**Mr. Thomas Cook**  
Acting State Fire Commissioner

Marple Township Ambulance Corps Volunteer Firemen's Relief Association Governing Body:

**Mr. Andrew Tucker**  
President

**Mr. William Downey**  
Vice President

**Mr. Matthew Momjian**  
Secretary

**Ms. Anne Phillips**  
Treasurer

**Ms. Gabriela Downey**  
Member at Large

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

**Ms. Sharon L. Angelaccio**  
Secretary  
Marple Township

MARPLE TOWNSHIP AMBULANCE CORPS VOLUNTEER FIREMEN'S  
RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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