

# COMPLIANCE AUDIT

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## Millersburg Area Ambulance Relief Association, Inc. Dauphin County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

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October 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Ms. Darlene M. Roadcap, President  
Millersburg Area Ambulance Relief  
Association, Inc.  
Dauphin County

We have conducted a compliance audit of the Millersburg Area Ambulance Relief Association, Inc. (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, 35 Pa.C.S. § 7411 *et seq.* ("VFRA Act"), as most recently amended by Act 91 of 2020.

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.

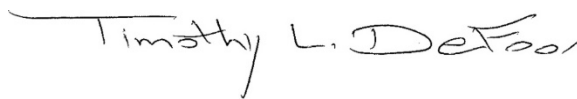
Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2020:

- The relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report.
- Because of the significance of the matter described in Finding No. 2 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 continued withholding of state aid, 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 Volunteer Firefighters Relief Act

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures And/Or Insufficiently Documented Expenditures

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.



September 8, 2021

Timothy L. DeFoor  
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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("the 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 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.

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.

The relief association did not receive a state aid allocation from Upper Paxton Township in 2018. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

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<sup>1</sup> 72 P.S. § 403 (Act 176 of 1929, as amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* (as consolidated by Act 118 of 2010). See specifically, 35 Pa.C.S. § 7418 (as last amended by Act 91 of 2020, effective April 29, 2021).

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

## BACKGROUND – (Continued)

The 2019 and 2020 state aid allocations were withheld from the relief association due to the Order To Show Cause (OTSC) that is currently in place for the issue described in Finding No. 2. Based on the relief association’s records, its total cash and investments as of December 31, 2020 were \$16,027, as illustrated below:

Cash	\$	5,378
Fair Value of Investments		<u>10,649</u>
Total Cash and Investments	\$	<u>16,027</u>

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$5,249, 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>1</sup> **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

### Expenditures:

#### Administrative Services:

Other administrative expenses	\$	4,011
Bond premiums		<u>750</u>
Total Administrative Services	\$	<u>4,761</u>

#### Other Expenditures:

Unauthorized expenditures*	\$	<u>488</u>
Total Expenditures	\$	<u>5,249</u>

\*The unauthorized expenditures are made up of \$325, which was reported in the prior audit Finding No. 2 as subsequent expenditures, and an additional \$163 which is included in Finding No. 2 in this report.

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

Millersburg Area Ambulance Association, Inc.

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<sup>1</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with the following 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 The Requirements Of Act 118<sup>1</sup>
- Unauthorized Expenditures And/Or Insufficiently Documented Expenditures

Although the relief association received reimbursement of \$2,000 from the affiliated ambulance company for unauthorized expenditures made in the prior audit period, the relief association failed to receive reimbursement for the remaining \$5,404 of unauthorized expenditures. Additionally, the relief association expended funds in the current audit period that were not authorized by the Volunteer Firefighters Relief Act as further disclosed in Finding No. 2 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.

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<sup>1</sup> Act 118 was amended by the Volunteer Firefighters' Relief Act.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

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

Condition: The Millersburg Area Ambulance Relief Association, Inc.’s records do not substantiate that its members are volunteer participants in the fire/ambulance service. Subsequent to the last audit of the relief association, the relief association’s bylaws were updated. The update indicates that their purpose is to provide ambulance personnel of Millersburg Borough and Upper Paxton Township with protection from misfortune suffered as a result of their participation in the emergency medical services, and as a secondary purpose, to provide volunteer firefighters of Millersburg Borough and Upper Paxton Township with protection from misfortune suffered as a result of their participation in the fire service, by the provision of rehabilitation services and other fireground support activities, and any other emergency service activities, as requested. The relief association could not provide evidence of such requests or evidence of an agreement between the relief association and the volunteer firefighters of Millersburg Borough and Upper Paxton Township. 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. While the Millersburg Area Ambulance Relief Association, Inc. is affiliated with the Millersburg Area Ambulance Association, the same is an ambulance organization and not a fire company as required under the VFRA Act.

A similar condition was noted in our prior two audit reports.

Criteria: Section 7412 of the VFRA Act defines a “Volunteer Firefighters’ Relief Association” as:

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.)

We are further concerned that the members of the Millersburg Area Ambulance Relief Association, Inc., 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.



MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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.)

A person does not lose status as a volunteer firefighter solely because he or she may also be a paid firefighter, so long as the person is acting within the scope of his or her responsibilities as a member of a volunteer fire company at the pertinent time and not within the scope of his or her responsibilities as a paid firefighter.

When we reviewed the Millersburg Area Ambulance Relief Association, Inc.'s membership rosters as part of our audit, there was no information specifying whether the included members were volunteer or paid members of the Millersburg Area Ambulance Association. As a general rule under the VFRA Act and as is noted above, those providing fire service must be volunteers or be acting in a voluntary capacity in order to qualify to receive benefits under the Act. Relief association officials were unable to provide specific documentation which demonstrated that any of the members listed on its membership roster participated in a voluntary status and not in a paid status when providing fire/ambulance service for the relief association.

A primary purpose of the VFRA Act 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 firefighters' relief associations. Prudent business practice requires that relief association's monitor their status for compliance as a qualifying volunteer firefighters' relief association under the VFRA Act and any requirements pertaining to dissolution.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

As it relates to dissolutions, Section 7419 of the VFRA Act states, in part:

- (a) Withdrawal.--If the voters elect to replace a volunteer fire company with a full-paid fire department or company and the volunteer company which has been replaced ceases to render fire service to any community, the volunteer company shall withdraw from the volunteer firefighters' relief association which had extended protection to its membership.
- (b) Continuation.--Notwithstanding withdrawal of a company under subsection (a), the volunteer firefighters' relief association shall continue granting financial assistance to its remaining members and their families in death, sickness and distress suffered through the unfortunate elements of life.
- (d) Application.--When the membership of a relief association functioning under subsection (b) **diminishes to five members**, the association shall apply to the local common pleas court for dissolution. (Emphasis added.)

Relief association management stated that the relief association is in the process of dissolution. Prudent business practice dictates that relief associations contemplating future dissolutions should consider retaining legal counsel to provide assurance that any form of dissolution complies with applicable laws and regulations governing non-profit charitable organizations and that all benefits owed to active and former association members are maintained and protected. If this is the case, it would also be prudent that the remaining relief association members conduct a meeting to approve any dissolution of the association and the disposition of its assets. In addition, relief association officials should contact this department in preparation of a final audit of the relief association and perform the following:

- Provide full documentation of the monetary assets and equipment being transferred to another relief association. A complete inventory of all equipment should be performed and a listing of the equipment transferred should be completed.
- Upon transfer of the equipment, a signed receipt from the relief association receiving the equipment should be obtained to verify items of equipment transferred. Those items of equipment then become assets to the recipient relief association and should be added to that relief association's equipment roster.

This department will verify the receipt of the equipment and monetary assets transferred through an audit of the recipient association. However, as of the date of this report, the relief association has not provided this department notification that it has made a formal commitment to dissolve.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Cause: Even though notified of this general condition during our two prior audits, relief association officials neglected to sufficiently evaluate their compliance with VFRA Act requirements.

Effect: As a result of the VFRA Act provisions, the Millersburg Area Ambulance Relief Association, Inc. does not meet the statutory definition of a volunteer firefighter's relief association and, therefore, its eligibility to continue to receive and expend state aid under VFRA Act may be adversely impacted or discontinued in the future.

Recommendation: We recommend that the relief 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 or consider dissolving the relief association. The Office of the State Fire Commissioner (OSFC) can assist the 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 agreed with the finding as presented at the audit exit conference and stated that they are in the process of dissolution.

Auditor's Conclusion: We further recommend that the relief association officials contact our department as soon as the process of dissolution is completed so we may perform a close out audit. Full compliance will be subject to verification through our next audit.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures And/Or Insufficiently Documented Expenditures**

Condition: Although the relief association received reimbursement of \$2,000 from the affiliated ambulance company for the unauthorized expenditures that were made in the prior audit period, the relief association failed to receive reimbursement for the remaining \$5,404 of unauthorized expenditures and the relief association officials did not take corrective action to address the remaining unauthorized expenditures prior to the current audit period ending December 31, 2020. In addition, during the current audit period, the relief association made an additional expenditure for the benefit of members who may be considered paid fire/ambulance service personnel which is not authorized by the VFRA Act:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
06/27/2018	631	Maintenance for ambulance’s copier	\$ 163

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

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

- (2) To purchase contracts of insurance which, at a minimum, shall afford financial assistance to active members of the fire service represented by the association against losses due to injury suffered in the fire service and may also provide, in the order named: (i) for payments to the surviving spouse or other dependents of a member in the event of member’s death; (ii) for protection of active firefighters against disease; (iii) for replacement or purchase of prosthetic devices such as visual aids, hearing aids, dentures, braces, crutches and the like, where those devices have been lost or damaged while the owner was engaged in the fire service or where the need for those devices arose because of functional impairment attributable to participation in the fire service; (iv) for repair or replacement, if necessary, of articles of clothing or pocket pagers damaged or lost in the course of participation in the fire service; and (v) for disability incurred after service for a minimum of 20 years as a volunteer firefighter.
  
- (8) To contribute to or to purchase contracts of insurance which will contribute to the cost of rehabilitating and retraining volunteer firefighters who, by reason of their participation in the fire service, have suffered a major impairment of the ability to continue their vocation.
  
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

- (12) To secure insurance against the legal liability of volunteer firefighters for loss and expense from claims arising out of performance of official and authorized duties while going to, returning from or attending fires or performing their duties as special fire police.

The costs associated with purchases for paid fire/ambulance personnel do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements (from the prior and current audit period) are not authorized under the VFRA Act.

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 \$5,567 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 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: Due to the potential for continued withholding 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.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
POTENTIAL WITHHOLD OF STATE AID

A condition of a repeat finding such as that reported by Finding No. 2 contained in this audit report may lead to the continued withholding of state aid unless that finding is 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.

MILLERSBURG AREA AMBULANCE RELIEF ASSOCIATION, INC.  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Millersburg Area Ambulance Relief Association, Inc. Governing Body:

**Ms. Darlene M. Roadcap**  
President

**Ms. Lola Zankiewicz**  
Vice President

**Ms. Sharon K. Young**  
Secretary

**Ms. Vanessa Snyder**  
Treasurer

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

**Ms. Luanna Zimmerman**  
Secretary  
Upper Paxton 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).