

COMPLIANCE AUDIT

Plains Volunteer Ambulance Relief Association

Luzerne County, Pennsylvania

For the Period

January 1, 2020, to December 31, 2022

April 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Ron Remsky, President
Plains Volunteer Ambulance
Relief Association
Luzerne County

We have conducted a compliance audit of the Plains Volunteer Ambulance Relief Association (relief association) for the period January 1, 2020, to December 31, 2022. 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 association 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.

We were not able to obtain an independent confirmation of the cash balance directly from the financial institution. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2022, the relief association had a cash balance of \$17,509, we were not able to verify this cash balance.

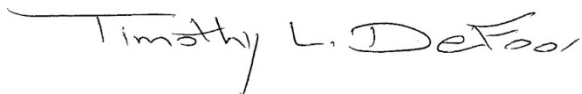
Based on our audit procedures, we conclude that, for the period January 1, 2020, to December 31, 2022:

- The relief association took appropriate corrective action to address one of the ten findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the nine 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 and 4 below and discussed later in this report and the effects, if any, of the matter described in the preceding paragraph, 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 – Undocumented Expenditures
- Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle
- Finding No. 3 – Noncompliance With Prior Audit Recommendation – Unauthorized Expenditures
- Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure To Secure Ownership Interest In Purchased Equipment
- Finding No. 5 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Equipment Roster
- Finding No. 6 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Surety (Fidelity) Bond Coverage
- Finding No. 7 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meetings
- Finding No. 8 – Noncompliance With Prior Audit Recommendation – Inadequate Financial Record-Keeping System
- Finding No. 9 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster
- Finding No. 10 – Failure To Adhere To Relief Association Bylaws

Nine of the ten 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.



Timothy L. DeFoor
Auditor General
March 1, 2024

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("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 Law³ (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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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.

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

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

³ 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:

Municipality	County	2020	2021	2022
Plains Township	Luzerne	*	*	*

* The 2020, 2021 and 2022 state aid allocations from Plain Township were withheld due to the Order To Show Cause (OTSC) that has been in place since September 16, 2020. Once the relief association is in compliance with Finding Nos. 2 and 4 in this report, the OTSC will be withdrawn.

Based on the relief association’s records, its total cash as of December 31, 2022, was \$17,509, as illustrated below:

Cash	\$ 17,509
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Based on the relief association’s records, its total expenditures for the period January 1, 2020, to December 31, 2022, were \$4,619, 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.⁴ **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	\$ 41
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Other Expenditures:

Payments on lease-financing	\$ 4,578
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Total Expenditures	\$ 4,619
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The volunteer ambulance relief association and the affiliated ambulance service organization are separate, legal entities. The relief association is affiliated with the following ambulance service organization:

Plains Volunteer Ambulance Association

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

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

The relief association is no longer out of compliance with the VFRA Act's requirement that they be affiliated with a fire company.

- Association Does Not Comply With The Requirements Of Act 118

Subsequent to the release of the prior audit, Act 91 of 2020,⁵ amended portions of the VFRA Act, becoming effective on October 29, 2020. Section 7416 of the amended Act, states "This section shall include any non-fire-company-affiliated relief association in existence and receiving funds as provided for under this subchapter prior to November 23, 2010."⁶ The prior finding resulted from the requirement in the VFRA Act at that time, that the relief association be affiliated with a fire company.

As a result of the amendment to the VFRA Act, the relief association may be eligible for such funds as of the effective date of the Act. Although the relief association's eligibility for a distribution of funds also requires that they be in compliance with all other requirements of the VFRA Act.

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:

- Undocumented Expenditures
- Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle
- Unauthorized Expenditures
- Failure To Secure Ownership Interest In Purchased Equipment
- Failure To Maintain A Complete And Accurate Equipment Roster
- Failure To Maintain Surety (Fidelity) Bond Coverage

⁵ 35 Pa.C.S. § 7411 *et seq.*

⁶ 35 Pa.C.S. § 7416 (amended by Act 91 of 2020).

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

- Failure To Maintain Minutes Of Meetings
- Inadequate Financial Record-Keeping System
- Failure To Maintain A Complete And Accurate Membership Roster

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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Undocumented Expenditures

Condition: During the two prior audit periods, the relief association was unable to provide adequate supporting documentation or receive reimbursement for \$4,210 of undocumented expenditures, and the relief association officials did not take corrective action to address the undocumented expenditures prior to the end of the current audit period ending December 31, 2022.

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.

Without adequate supporting documentation, such as invoices and/or itemized receipts, this department is unable to determine whether relief association funds were expended for purposes authorized by the VFRA Act. Furthermore, prudent business practice dictates that supporting documentation be maintained to evidence the propriety of all financial transactions.

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

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.

Recommendation: We again 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 expenditures or that the relief association be reimbursed \$4,210 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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (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: 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 – Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle

Condition: As disclosed in the prior audit, in 2013, the relief association finished paying approximately 50% towards the joint purchase of a 2003 KME vehicle with the affiliated ambulance association. The vehicle had a total cost of \$342,266. The relief association entered into an agreement with the affiliated ambulance association dated June 14, 2006, where the relief association would receive the pro-rata share percentage of 50% if the vehicle was ever sold. Although relief association officials indicated that the vehicle was sold on May 1, 2018, for \$125,000, there is no documentation to support the sale of the vehicle, and the relief association did not receive and deposit its proportional ownership interest of the proceeds from the sale of the jointly purchased vehicle. The relief association officials did not take corrective action to address this issue prior to the end of the current audit period ending December 31, 2022.

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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased vehicle by executing a formal written agreement that enumerates the relief association's proportional share of financing. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the vehicle, in the event the vehicle is ever sold. Once the vehicle is sold, the relief association officials should closely monitor all sales to ensure proceeds are received and timely deposited into a relief association account.

Cause: Relief association officials did execute a formal written agreement with the ambulance association; however, they failed to ensure the relief association received and deposited its proportional ownership interest due from the proceeds of the sale of a jointly purchased vehicle with the affiliated ambulance association into a relief association account and did not provide a reason why this occurred.

Effect: The continued failure to receive and deposit the proceeds from the sale of a jointly purchased vehicle with the affiliated ambulance association places the relief association's ownership interest at greater risk. As a result, the relief association was unable to use the funds for general operating expenses or for investment purposes. Furthermore, the relief association's future state aid allocations will be withheld until the finding recommendation is complied with.

Recommendation: We again recommend that the relief association officials seek proper documentation to verify the sale price of the jointly purchased vehicle to be reimbursed for its pro-rata share of the proceeds from the sale of the jointly purchased vehicle or be reimbursed the total amount contributed for the vehicle in the amount of \$171,133. We also recommend the relief association officials establish accounting and internal control procedures to ensure that all future proceeds resulting from the sale of a jointly purchased vehicle are timely deposited in a relief association account. 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 withhold of state aid, the relief association's compliance with the finding recommendation continues to be monitored and the relief association should make every effort to comply with the finding recommendation as soon as possible.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

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

Condition: During the prior audit period, the relief association made \$1,837 of unauthorized expenditures, and the relief association officials did not take corrective action to address the unauthorized expenditures prior to the end of the current audit period ending December 31, 2022.

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.
- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with state inspections and services for vehicles and equipment owned by the Plains Volunteer Ambulance Association do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act. Furthermore, due to the failure of the relief association to maintain a complete and accurate equipment roster, as disclosed in Finding No. 5, it was impossible to determine if the relief association owned any fire extinguishers and gas meters; therefore, these disbursements are not authorized under the VFRA Act.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Cause: The relief association officials did not provide a reason 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.

Recommendation: We again recommend that the relief association be reimbursed \$1,837 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. All supporting documentation verifying the receipt of reimbursement for the unauthorized expenditures should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316-E Finance Building, Harrisburg, PA 17120. 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: 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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 4 – Noncompliance With Prior Audit Recommendation – Failure To Secure
Ownership Interest In Purchased Equipment**

Condition: The relief association failed to provide a lease-purchase agreement for a LIFEPAK monitor/defibrillator that was purchased by the affiliated ambulance association in 2015 but for which the relief association has been making monthly payments to the financial institution holding the loan for the equipment. In addition, relief association officials failed to provide a signed agreement between the relief association and the affiliated ambulance association recognizing that the relief association will own the equipment after all payments have been made by the relief association. During the two prior and current audit periods, the relief association made a total of 55 payments, in the total amount of \$31,583, toward the lease-purchase agreement, as illustrated in the table below:

	<u>Prior Audit Periods</u>	<u>Current Audit Period</u>	<u>Prior And Current Audit Period Totals</u>
Monthly payment amount	\$ 533.51	\$ 533.51	
Number of monthly payments	<u>47</u>	<u>8</u>	
Payments During Period	<u>\$ 25,075</u>	<u>\$ 4,268</u>	<u>\$ 29,343</u>
Unauthorized sales tax paid per month	\$ 32.01	\$ 32.01	
Number of monthly payments	<u>47</u>	<u>8</u>	
Total Unauthorized Sales Tax Paid	<u>\$ 1,504</u>	<u>\$ 256</u>	<u>\$ 1,760</u>
Late fees paid	<u>\$ 427</u>	<u>\$ 53</u>	<u>\$ 480</u>
Total Payments On Equipment	<u><u>\$ 27,006</u></u>	<u><u>\$ 4,577</u></u>	<u><u>\$ 31,583</u></u>

As noted above, the relief association paid a total of \$1,760 of Pennsylvania sales tax to the financial institution concerning the lease-purchase agreement for the LIFEPAK monitor/defibrillator as part of the monthly installment payments. These payments would not have been required if the ambulance association and/or relief association had provided its sales tax exemption number to the financial institution.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Despite the relief association paying all the monthly payments for the equipment, the relief association did not provide any documentation to show that it obtained legal ownership of the equipment, and the equipment was not included on the relief association’s equipment roster (See Finding No. 5).

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.

In addition, Section 7416(f) of the VFRA Act states:

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

- (11) To purchase safeguards for preserving life, health and safety of volunteer firefighters to ensure their availability to participate in the volunteer fire service, including necessary training.

In addition, Section 7415(e) of the VFRA Act states:

A volunteer firefighters’ relief association organized or conducted in accordance with the requirements of this section shall be regarded as a charitable corporation for all purposes, including the right to establish exemption from the operation of certain taxes.

Prudent business practice also dictates that the relief association maintain ownership of all equipment purchased by the relief association in order to provide protection over all relief association assets.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

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

Effect: Due to a lack of a lease-purchase agreement, the relief association may be making payments on equipment that is legally owned by the ambulance association. Although payments to finance the LIFEPAK monitor/defibrillator are considered authorized expenditures, the relief association must be named as the lessee in an agreement to ensure that the relief association is documented as the owner of the equipment. Additionally, as a result of the relief association's failure to provide its sales tax exemption number to the financial institution or inform the ambulance association of their responsibility to do so, the relief association was required to pay Pennsylvania sales tax on its monthly installment payments, which reduced the funds otherwise available for general operating expenditures and for investment purposes. Furthermore, the relief association's future state aid allocations will be withheld until the finding recommendation is complied with.

Recommendation: We again recommend that the relief association officials take appropriate action to obtain a lease-purchase agreement for the equipment being financed by the relief association and, if the lease-purchase agreement is in the name of the ambulance association, the relief association and ambulance association must execute a formal written agreement that recognizes the relief association will take ownership of the equipment after all the monetary obligations have been settled or that the relief association be reimbursed \$31,583 for lease-purchase payments paid and any payments paid after December 31, 2022.

If the relief association and ambulance association execute a formal written agreement stating that the relief association has 100 percent ownership of the LIFEPAK monitor/defibrillator, we also recommend that the relief association officials seek a refund of the sales tax paid, in the amount of \$1,760, by filing an appeal form (REV-65BA) with the Pennsylvania Department of Revenue's Board of Appeals and cease paying sales tax on the monthly payments or be reimbursed \$1,760 by the ambulance association. In addition, we recommend that the relief association officials include the LIFEPAK monitor/defibrillator on the relief association's equipment roster. We further recommend that the relief association officials refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS, for further guidance in administering the operations of the relief association.

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 withhold of state aid, the relief association's compliance with the finding recommendation continues to be monitored and the relief association should make every effort to comply with the finding recommendation as soon as possible.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

**Finding No. 5 – Noncompliance With Prior Audit Recommendation – Failure To Maintain
A Complete And Accurate Equipment Roster**

Condition: The relief association did not maintain a complete and accurate roster of equipment owned by the relief association. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all equipment owned by the relief association.

A similar condition was noted in our prior audit report.

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 and perform and document an annual physical inventory of all operable equipment in order to provide an effective accounting control over the relief association's equipment. A cumulative equipment roster of all relief association equipment should include all of the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers
- Serial numbers, if applicable
- Current locations of items
- Final dispositions of sold or damaged equipment
- Evidence of the performance and results of an annual physical inventory

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

Effect: The continued 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 again 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.

PLAINS VOLUNTEER AMBULANCE 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: 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. 6 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The relief association failed to maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association's Surety (Fidelity) bond coverage expired on January 1, 2018. As of December 31, 2022, the relief association's cash assets totaled \$17,509.

A similar condition was noted in our prior audit report.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against the funds of the association.

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

Effect: As a result of the authorized disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: We again recommend that the relief association officials obtain Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 6 – (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: 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. 7 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meetings

Condition: The relief association did not maintain and/or provide minutes of meetings as required by the VFRA Act and the relief association's bylaws for the current audit period.

A similar condition was noted in our prior audit report.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . 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, the relief association's bylaws at Article V, Section III states, in part:

The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all association financial transactions and all other pertinent business discussed at the meetings.

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

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 7 – (Continued)

Recommendation: We again recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association. 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: 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. 8 – Noncompliance With Prior Audit Recommendation – 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.

A similar condition was noted in our prior audit report.

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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 8 – (Continued)

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

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

Recommendation: We again 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: 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. 9 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster

Condition: The relief association officials did not maintain a complete and accurate roster of relief association members. Specifically, the membership roster provided did not document whether each individual was a paid or volunteer member. In addition, the address, date of birth, and date of membership for each individual were not identified on the membership roster.

A similar condition was noted in our prior audit report.

Criteria: Relief association officials should maintain a complete and accurate roster of the relief association's membership, as identified by criteria set forth in the relief association's bylaws. A comprehensive roster of all relief association members should include the following:

- Names of each member
- Members' mailing addresses
- Dates of births
- Dates of memberships
- Membership classifications

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 9 – (Continued)

In addition, when warranted, a notation should be made on the roster identifying the date of a member's resignation or death.

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

Effect: The failure to maintain a comprehensive membership roster could result in the payment of benefits to nonmembers or deprive eligible relief association members from receiving authorized benefit payments.

Recommendation: We again recommend that the relief association officials compile and maintain a complete and accurate roster of the relief association's membership. For additional 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: 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. 10 – Failure To Adhere To Relief Association Bylaws

Condition: The relief association did not adhere to a provision in the association's bylaws. Specifically, the relief association did not abide by the following bylaw stipulation as noted below:

The officers of the Association shall consist of a President, Vice-President, Treasurer, Secretary, and 6 Board of Directors.

During the current audit period, the relief association only maintained the positions of President and Secretary.

Criteria: The relief association's bylaws stipulate the following:

Article IV – The officers of the Association shall consist of a President, Vice-President, Treasurer, Secretary, and 6 Board of Directors.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 10 – (Continued)

Furthermore, prudent business practice dictates that the relief association should adhere to all provisions stipulated in the relief association's bylaws to ensure that the relief association conducts its affairs with proper authorization.

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

Effect: As a result of the relief association not following the mandatory provision stipulated in the bylaws, the relief association may have conducted its affairs without proper authorization.

Recommendation: We recommend that the relief association officials review the bylaws governing their organization and establish guidelines and procedures to meet the provisions contained in the bylaws in order to assure that the association conducts its affairs with proper authorization. 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.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
POTENTIAL WITHHOLD OF STATE AID

State aid allocations from Plain Township were withheld due to the OTSC that has been in place since September 16, 2020. Conditions of repeat findings such as that reported by Finding Nos. 2 and 4 contained in this audit report continue to lead to a total withholding of state aid until those findings are corrected. Documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 316E Finance Building, Harrisburg, PA 17120.

PLAINS VOLUNTEER AMBULANCE RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Plains Volunteer Ambulance Relief Association Governing Body:

Mr. Ron Remsky
President

Mr. Joseph Novak
Secretary

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

Ms. Lynell Ent
Secretary
Plains Township

This report is a matter of public record and is available online at 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.