

# COMPLIANCE AUDIT

---

## Po-Mar-Lin Firefighters' Relief Association

Chester County, Pennsylvania  
For the Period  
January 1, 2018 to December 31, 2020

---

December 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
[www.PaAuditor.gov](http://www.PaAuditor.gov)

TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Steven Nuse, President  
Po-Mar-Lin Firefighters'  
Relief Association  
Chester County

We have conducted a compliance audit of the Po-Mar-Lin Firefighters' 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, 35 Pa.C.S. § 7411 *et seq.* ("VFRA Act"), as most recently amended by Act 91 of 2020.

The objective of the audit was 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 objective 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.

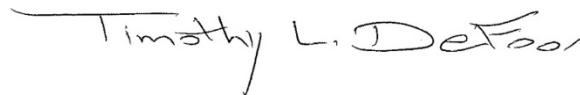
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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 objective. 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, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Untimely Deposit Of State Aid

Finding No. 2 – Improper Equipment Donation Transaction

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 name.

November 12, 2021

Timothy L. DeFoor  
Auditor General

## CONTENTS

	<u>Page</u>
Background.....	1
Findings and Recommendations:	
Finding No. 1 – Untimely Deposit Of State Aid.....	4
Finding No. 2 – Improper Equipment Donation Transaction .....	5
Report Distribution List .....	7

## 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 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.

---

<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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
East Marlborough Township	Chester	\$41,042	\$45,092	\$44,880
Newlin Township	Chester	\$ 6,640	\$ 7,237	\$ 7,228
Pocopson Township	Chester	\$ 6,075	\$ 6,679	\$ 6,658
West Marlborough Township	Chester	\$ 7,939	\$ 8,268	\$ 8,177*

\* The 2020 state aid allocation received from West Marlborough Township was not deposited by the relief association until February 4, 2021 as disclosed in the Finding in this report.

Based on the relief association’s records, its total cash as of December 31, 2020 was \$290,507, as illustrated below:

Cash	<u>\$ 290,507</u>
------	-------------------

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$182,026, 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	\$ 24,868
Relief benefits	7,055
Total Benefit Services	<u>\$ 31,923</u>
Fire Services:	
Equipment purchased	\$ 117,242
Equipment maintenance	8,582
Training expenses	18,437
Total Fire Services	<u>\$ 144,261</u>
Administrative Services:	
Other administrative expenses*	\$ 5,092
Bond premiums	750
Total Administrative Services	<u>\$ 5,842</u>
Total Expenditures	<u>\$ 182,026</u>

\* A portion of the other administrative expenditure represents a reimbursement to the fire company for a check that was received by the relief association in error in the amount of \$4,657. The balance of the other administrative expenditures in the amount of \$435 represents subscriptions and office supplies expenses.

The volunteer firefighters’ relief association and the affiliated fire service organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

Po-Mar-Lin Fire Company

---

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

PO-MAR-LIN FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Untimely Deposit Of State Aid**

Condition: The relief association did not deposit the 2020 state aid allocation it received from West Marlborough Township, in the amount of \$8,177, until February 4, 2021. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 22, 2020, and the municipal treasurer indicated on the 706B Form submitted by the municipality that this state aid was forwarded to the relief association on November 3, 2020, which is within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205); however, upon receipt of the state aid allocation, the relief association did not ensure the funds were deposited timely into a relief association account.

Criteria: Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205), states:

The foreign fire insurance premium tax amount applicable to a municipality served solely by volunteer firefighters shall be paid to the municipality, which shall within 60 days of the date of the receipt of the moneys from the State Treasurer pay the amount received to the relief association fund of the fire department or departments, or fire company or companies, now existing or hereafter organized, inside or outside of the municipality, which is or are actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.

Furthermore, prudent business practice dictates that upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure the funds are deposited in a timely manner.

Cause: The relief association officials stated they did not receive the state aid from West Marlborough Township until 2021, but did not provide documentation to support this statement. As noted above, the municipality certified that the 706B Form submitted by the municipality indicated that the municipality forwarded the state aid to the VFRA on 11/3/2020. Based on this information, it appears that the relief association failed to implement procedures to ensure the timely deposit of state aid funds received.

Effect: As a result of the untimely deposit, funds were not available to pay general operating expenses or for investment purposes. In addition, an untimely deposit of receipts increases the risk that funds could be lost or misappropriated.



PO-MAR-LIN FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

Recommendation: We recommend that the relief association officials retain and provide our auditors with documentation to support when it receives state aid checks from the municipality and also ensure internal control procedures are in place and operating as intended to ensure the timely deposit of all future income received. 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. 2 – Improper Equipment Donation Transaction**

Condition: The relief association improperly donated a 2004 Ford vehicle with an unknown scrap value for firefighter training at an unknown date. The relief association officers stated the vehicle was given to a towing company after the training was completed as consideration for the cost of the towing of the vehicle. No attempt was made on the behalf of the relief association to determine the salvage value of the vehicle. Furthermore, relief association management was not able to provide a date of the donation of the vehicle or provide minutes of meetings showing that the donation was approved by the relief association membership.

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:

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.

PO-MAR-LIN FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Furthermore, the relief association is not authorized to act as a donating agent for relief association-owned equipment that retains an appreciable value that can benefit the relief association in meeting its purpose under the VFRA Act. However, a relief association may donate relief association-owned equipment that is no longer in service to another relief association, not another organization. Prudent business practice dictates that if such a donation of equipment occurs, an agreement documenting the transfer should be completed between the participating relief associations.

Cause: The relief association officials did not realize that an undocumented donation of a vehicle to a towing company was not permissible.

Effect: As a result of the improper equipment donation transaction for which no monetary return was sought or obtained, such funds due to the relief association were not available for authorized purposes.

Recommendation: We recommend that the relief association provide appropriate supporting documentation of the salvage value of the vehicle and be reimbursed for the determined value of the improper equipment donation. We further recommend that the relief association officials discontinue the practice of donating relief association-owned equipment to any organization other than to another relief association. We also recommend that the relief association officials maintain supporting documentation, such as a donation agreement, for all future donations. 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.

PO-MAR-LIN FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Po-Mar-Lin Firefighters' Relief Association Governing Body:

**Mr. Steven Nuse**  
President

**Mr. Jordan Marzolf**  
Vice President

**Ms. Christine Griffith**  
Secretary

**Mr. William Crouse**  
Treasurer

**Mr. Jason Griffith**  
Chief

**Mr. Robert Abel**  
Trustee

**Mr. Jeffrey Groves**  
Trustee

**Mr. John Weer**  
Trustee

**Mr. John Bowman**  
Trustee

PO-MAR-LIN FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

**Mr. Neil Lovekin**  
Secretary  
East Marlborough Township

**Ms. Gail Abel**  
Secretary  
Newlin Township

**Ms. Susan Simone**  
Secretary  
Pocopson Township

**Ms. Shirley K. Walton**  
Secretary  
West Marlborough 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).