

# COMPLIANCE AUDIT

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## Providence Township Ambulance Relief Association, Inc. Lancaster County, Pennsylvania For the Period January 1, 2016 to October 18, 2018

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December 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Bryan Duquin, Jr., Treasurer  
Providence Township Ambulance  
Relief Association, Inc.  
Lancaster County

We have conducted a compliance audit of the former Providence Township Ambulance Relief Association, Inc. (relief association) pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2016 to October 18, 2018.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the former relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not required to be and was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2016 to October 18, 2018:

- The former 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.
- The former relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meeting

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Adhere To Relief Association Bylaws

Finding No. 3 – Noncompliance With Prior Audit Recommendation – Failure To Maintain A Complete And Accurate Membership Roster

Finding No. 4 – Improper Closeout

In addition, as of October 18, 2018, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the Quarryville Volunteer Firefighters' Relief Association.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

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

December 13, 2018



EUGENE A. DEPASQUALE  
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, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, Act of December 18, 1984, (P.L. 1005, No. 205), as amended, 53 P.S. § 895.701 *et seq.* (commonly referred to as Act 205), are properly expended.

The former relief association was a charitable organization that was formed primarily to protect volunteers to ensure their availability to participate in the emergency medical service.

Act 118 governs the overall operation of volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

## **BACKGROUND – (Continued)**

During the current audit period covering January 1, 2016 to October 18, 2018, the former relief association did not receive an allocation of state aid from a funding municipality. Drumore Township discontinued allocating state aid to this former relief association after the 2011 state aid allocation year.

The former relief association and the affiliated ambulance club are separate, legal entities. The former relief association was previously affiliated with the following service organization:

Providence Township Ambulance Association, Inc.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former 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:

- Failure To Maintain Minutes Of Meetings
- Failure To Adhere to Relief Association Bylaws
- Failure To Maintain A Complete And Accurate Membership Finding Title

We are concerned by the former relief association's failure to correct those previously reported audit findings.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings as required by Act 118.

A similar condition was noted in our four prior audit report.

Criteria: Section 7415(a) of Act 118 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.

Cause: Even though notified of this condition during our prior audit, relief association officials again neglected to maintain minutes in accordance with Act 118.

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

Recommendation: Due to the dissolution of the former relief association and consequently transferring its remaining assets to the Quarryville Volunteer Firefighters' Relief Association, no recommendation is deemed necessary.

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to correct this previously reported audit finding.



PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Noncompliance With Prior Audit Recommendations – Failure To Adhere To Relief Association Bylaws**

Condition: The relief association did not adhere to numerous provisions in the association's bylaws. Specifically the relief association did not abide by the following bylaw stipulations:

- The relief association officer positions, consisting of a president, vice president, and secretary, were not occupied at the time we performed the current audit.
- The relief association failed to appoint three auditors who are responsible for performing an annual audit of relief association accounts and issue a written report.

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

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

- Article III Section 1 – The officers of this association shall consist of a president, vice president, secretary, and treasurer. The officers shall be responsible for the management of the association business upon direction received by the membership at association meetings.
- Article VIII Section 3 – The president shall appoint three auditors at the regular meeting of the association in January who shall audit the accounts of the association and make a written report of the audit to the members of the association within 60 days.

Furthermore, prudent business practices dictate 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: Even though notified of this condition during our two prior audits, relief association officials again neglected to update the relief association's bylaws.

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

Recommendation: Due to the dissolution of the former relief association and consequently transferring its remaining assets to the Quarryville Volunteer Firefighters' Relief Association, no recommendation is deemed necessary.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to correct this previously reported audit finding.

**Finding No. 3 – 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.

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

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

Cause: Relief association officials indicated that they were unaware that they should maintain a comprehensive roster of relief association members.

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: Due to the dissolution of the former relief association and consequently transferring its remaining assets to the Quarryville Volunteer Firefighters' Relief Association, no recommendation is deemed necessary.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

Auditor's Conclusion: We are concerned by the former relief association's failure to correct this previously reported audit finding.

**Finding No. 4 – Improper Closeout**

Condition: The former relief association did not properly document the dissolution of the organization and subsequent transfer of remaining assets to the Quarryville Firemen's Relief Association. Specifically, the former relief association did not provide meeting minutes evidencing membership approval of the dissolution.

Criteria: Act 118 at 35 Pa.C.S. Section 7415(a) states, in part, that the former 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.

Furthermore, prudent business practice dictates that the former relief association should have properly documented the membership's approval of the dissolution in the minutes of meetings held by the former relief association regarding the merger.

Cause: Former relief association officials were unaware of the importance of the administrative provisions of Act 118 identified above and the significance associated with documenting the decision to dissolve.

Effect: Without detailed documentation, evidence that the former relief association's dissolution was presented before the membership for approval does not exist.

Recommendation: Due to the dissolution of the former relief association and consequently transferring its remaining assets to the Quarryville Volunteer Firefighters' Relief Association, no recommendation is deemed necessary.

Management's Response: Former relief association management agreed with the finding as presented at the audit exit conference.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH BALANCE  
AS OF OCTOBER 18, 2018

Cash \$           -

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2016 TO OCTOBER 18, 2018

Expenditures:

Administrative Services:	
Other administrative expenses	\$ 10
Bond premiums	217
Total Administrative Services	<u>\$ 227</u>
Other Expenditures:	
Transfer of monetary assets (*)	<u>\$ 5,750</u>
Total Expenditures	<u><u>\$ 5,977</u></u>

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

As of October 18, 2018, the former Providence Township Ambulance Association dissolved and transferred all monetary assets to Quarryville Volunteer Firefighters' Relief Association.

PROVIDENCE TOWNSHIP AMBULANCE RELIEF ASSOCIATION, INC.  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Providence Township Ambulance Relief Association, Inc. Governing Body:

**Mr. Bryan Duquin, Jr.**  
Treasurer

Quarryville Firemen's Relief Association of the Borough of Quarryville, Lancaster County,  
Pennsylvania Governing Body:

**Mr. Timothy C. Cox**  
President

**Mr. Mike Ross**  
Treasurer

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