

# COMPLIANCE AUDIT

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## Robert Fulton Firemen's Relief Association, Lancaster County, Pennsylvania For the Period January 1, 2018 to December 31, 2020

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February 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Clifford Holloway, III, President  
Robert Fulton Firemen's Relief Association  
Lancaster County, Pennsylvania

We have conducted a compliance audit of the Robert Fulton Firemen's Relief Association, Lancaster County, Pennsylvania (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.

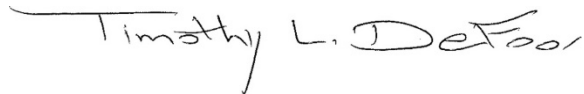
Based on our audit procedures, we conclude that, because of the significance of the matters described in Finding Nos. 1 and 2 below and discussed later in this report, the relief association did not, in all significant respects, comply with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, collectively as a whole, for the period January 1, 2018 to December 31, 2020. Therefore, the relief association may be subject to the potential withholding of its future state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding No. 1 – Unable To Provide Appropriate Ownership Of Rescue Vehicle

Finding No. 2 – Failure To Secure Ownership Interest In Jointly Purchased Equipment

Finding No. 3 – Undocumented Expenditure

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

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

Timothy L. DeFoor  
Auditor General  
February 4, 2022

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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law<sup>3</sup> (commonly referred to as Act 205) are properly expended.

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

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Drumore Township	Lancaster	\$ 5,845	\$ 6,631	\$ 6,655
East Drumore Township	Lancaster	\$ 7,295	\$ 8,069	\$ 8,091
Fulton Township	Lancaster	\$17,000	\$22,535	\$20,000
Little Britain Township	Lancaster	\$20,000	\$22,953	\$23,076

<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)

Based on the relief association’s records, its total cash as of December 31, 2020 was \$61,683, as illustrated below:

Cash	<u>\$ 61,683</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$198,185, 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	<u>\$ 16,776</u>
Fire Services:	
Equipment purchased	\$ 93,637
Equipment maintenance	14,862
Training expenses	18,252
Fire prevention materials	784
Total Fire Services	<u>\$ 127,535</u>
Administrative Services:	
Other administrative expenses	\$ 214
Bond premiums	355
Total Administrative Services	<u>\$ 569</u>
Other Expenditures:	
Undocumented expenditures	\$ 53,083
Unauthorized expenditures*	222
Total Other Expenditures	<u>\$ 53,305</u>
Total Expenditures	<u>\$ 198,185</u>

\* During 2019 and 2020, the relief association made two insignificant disbursements in the amount of \$222 which were not authorized by the VFRA Act. We disclosed these issues to relief association officials on December 16, 2020.

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

## **BACKGROUND – (Continued)**

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

Robert Fulton Fire Company

Robert Fulton Fire Company Relief Auxiliary

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Unable To Provide Appropriate Ownership Of Rescue Vehicle**

Condition: On June 14, 2020, the relief association purchased a 2016 Ford F550 (Brush 89) from the affiliated fire company in the amount of \$52,299, to carry personnel and safeguard equipment; however, the relief association officials did not provide an appraisal for the vehicle to support the amount paid or the title listing the relief association as the owner of the vehicle. Therefore, we were unable to determine if the vehicle was appropriately titled in the name of the relief association.

Criteria: Prudent business practice dictates that the relief association should maintain sole ownership of all equipment purchased by the relief association. As such, rescue vehicles purchased by the relief association are to be appropriately titled in the name of the relief association.

Cause: The relief association officials stated that they were unaware of the requirement to get an appraisal for a vehicle purchased from the fire company and that they are in the process of working with PennDot to receive the title.

Effect: As a result of the relief association's inability to provide an appraisal and evidence of an appropriate title of the rescue vehicle in the name of the relief association, this relief association asset was not properly safeguarded. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials provide an appraisal for the vehicle and the title to the 2016 Ford F550 in the name of the relief association. If such action is not taken, and it is determined that the title to the truck remains in the name of the fire company, we recommend that the relief association be reimbursed \$52,299. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, on December 17, 2021, the relief association provided this department with an appraisal for the vehicle purchased from the affiliated fire company to support the purchase price; however, the relief association officials still need to provide the title for the vehicle.

Auditor's Conclusion: We reviewed documentation verifying that the appraisal was received however, the relief association officials still need to provide the title for the 2016 Ford F550 in the name of the relief association. Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.



ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Failure To Secure Ownership Interest In Jointly Purchased Equipment**

Condition: On January 20, 2019, the relief association expended \$39,268 for the purpose of jointly purchasing air packs with the affiliated fire company without properly securing its ownership interest in this jointly purchased equipment.

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased equipment by executing a formal written agreement that enumerates the relief association's proportional share of the equipment. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the equipment, in the event the equipment is ever sold.

Cause: The relief association officials stated that they were unaware of the requirement to enter into an agreement for jointly purchased equipment.

Effect: The failure to adequately secure the proportional share of ownership interest in the jointly purchased equipment places the relief association's ownership interest at greater risk. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association officials execute a formal written agreement with the fire company that enumerates the relief association's proportional ownership interest in the jointly purchased equipment as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the vehicle is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$39,268. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (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: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

**Finding No. 3 – Undocumented Expenditure**

Condition: The relief association was unable to provide adequate supporting documentation for an expenditure amounting to \$784 to a credit card company on April 29, 2019.

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

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

Cause: The relief association officials stated that the invoice was erroneously not saved.

Effect: Lack of supporting documentation, such as an invoice, itemized receipt and detailed minutes of meetings, made it impossible to determine if the expenditure was 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 recommend that the relief association officials provide this department with adequate supporting documentation, such as invoice and/or itemized receipt or the relief association be reimbursed \$784 for the undocumented expenditure. 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.

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
POTENTIAL WITHHOLD OF STATE AID

Conditions such as those reported by Finding Nos. 1 and 2 contained in this audit report may lead to a total withholding of state aid in the future unless those findings are corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

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

Robert Fulton Firemen's Relief Association, Lancaster County, Pennsylvania Governing Body:

**Mr. Clifford Holloway, III**  
President

**Mr. Kristopher Schwerin, Jr.**  
Vice President

**Ms. Rhonda Heidinger**  
Secretary

**Mr. Michael L. Urbanik**  
Treasurer

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
REPORT DISTRIBUTION LIST

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

**Ms. Sharon H. Roth**

Secretary  
Drumore Township

**Ms. Vickie Kreider**

Secretary  
East Drumore Township

**Ms. Amanda L. Wolfe**

Secretary  
Fulton Township

**Ms. Margaret DeCarolis**

Secretary  
Little Britain 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).