

# COMPLIANCE AUDIT

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## Robert Fulton Firemen's Relief Association, Lancaster County, Pennsylvania

For the Period  
January 1, 2015 to December 31, 2017

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September 2018



Commonwealth of Pennsylvania  
Department of the Auditor General  
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
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) 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, 2015 to December 31, 2017.

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 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, 2015 to December 31, 2017:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- 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.

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 relief association. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.

August 30, 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 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.

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)**

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

<u>Municipality</u>	<u>County</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Drumore Township	Lancaster	\$ 6,177	\$ 6,177	\$ 7,672
East Drumore Township	Lancaster	\$ 9,183	\$ 9,136	\$ 7,986
Fulton Township	Lancaster	\$15,511	\$15,465	\$22,084
Little Britain Township	Lancaster	\$23,632	\$23,336	\$22,722

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  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Undocumented Expenditures

By providing adequate documentation to evidence the propriety of the undocumented expenditures that were made in the prior audit.

- Unauthorized Expenditures

By receiving reimbursement of \$5,043 from affiliated fire company for the unauthorized expenditures made in the prior audit report.

- Inadequate Financial Record-Keeping System

By establishing and maintaining a financial record keeping system that allows the membership to effectively monitor the relief association's financial operation.

- Inadequate Minutes Of Meetings

By maintaining detailed minutes of all relief association meetings held during the period.

We commend the relief association management for its efforts in complying with the findings and recommendations contained in the prior audit report. The association management should strive to remain in compliance with all applicable state laws, contracts, bylaws and administrative procedures.

ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH BALANCE  
AS OF DECEMBER 31, 2017

Cash	<u>\$ 90,387</u>
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ROBERT FULTON FIREMEN'S RELIEF ASSOCIATION, LANCASTER COUNTY,  
PENNSYLVANIA  
SUPPLEMENTARY FINANCIAL INFORMATION  
SUMMARY OF EXPENDITURES  
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2017

Expenditures:

Benefit Services:	
Insurance premiums	\$ 14,070
Fire Services:	
Equipment purchased	\$ 189,195
Equipment maintenance	35,931
Training expenses	13,129
Fire prevention materials	1,957
Total Fire Services	\$ 240,212
Administrative Services:	
Other administrative expenses	\$ 7,666
Bond premiums	355
Total Administrative Services	\$ 8,021
Other Expenditures:	
Miscellaneous *	\$ 4,543
Total Expenditures	\$ 266,846

\* A portion of the miscellaneous expenditures was an erroneous transfer of \$2,025 from the affiliated fire company to the relief association account on January 19, 2016. Once the relief association found the error, the affiliated fire company was reimbursed \$2,025 on February 14, 2016. The remaining miscellaneous expenditures were not categorized.

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

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

**Mr. Clifford Holloway, III**  
President

**Ms. Rhonda Heidinger**  
Secretary

**Mr. Michael L. Urbanik**  
Treasurer

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

**Ms. Sharon Roth**  
Secretary  
Drumore Township

**Ms. Vickie Kreider**  
Secretary  
East Drumore Township

**Ms. Margaret G. Gordon**  
Secretary  
Fulton Township

**Ms. Margaret DeCarolis**  
Secretary  
Little Britain Township

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

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