

# COMPLIANCE AUDIT

---

## Rothsville Volunteer Fire Company's Relief Association Lancaster County, Pennsylvania For the Period January 1, 2019 to December 31, 2021

---

July 2022



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**

**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Robert C. Shreiner, President  
Rothsville Volunteer Fire Company's  
Relief Association  
Lancaster County

We have conducted a compliance audit of the Rothsville Volunteer Fire Company's Relief Association (relief association) for the period January 1, 2019 to December 31, 2021. 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 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, 2019 to December 31, 2021, 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 finding listed below and discussed later in this report.

Finding – Duplicate Payment

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has 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  
June 28, 2022

# CONTENTS

|                                  | <u>Page</u> |
|----------------------------------|-------------|
| Background.....                  | 1           |
| Finding and Recommendation:      |             |
| Finding – Duplicate Payment..... | 5           |
| Report Distribution List.....    | 6           |

## 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>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------------|---------------|-------------|-------------|-------------|
| Ephrata Township    | Lancaster     | \$ 1,251    | \$ 1,263    | \$ 1,122    |
| Warwick Township    | Lancaster     | \$60,839    | \$62,216    | \$55,872    |

Based on the relief association's records, its total cash and investments as of December 31, 2021 were \$180,022, as illustrated below:

|                            |                          |
|----------------------------|--------------------------|
| Cash                       | \$ 97,936                |
| Fair Value of Investments  | <u>82,086</u>            |
| Total Cash and Investments | <u><u>\$ 180,022</u></u> |

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019 to December 31, 2021 were \$209,949, 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     | \$ | 26,985        |
| Relief benefits        |    | 10,769        |
| Total Benefit Services | \$ | <u>37,754</u> |

#### Fire Services:

|                           |    |                |
|---------------------------|----|----------------|
| Equipment purchased       | \$ | 115,364        |
| Equipment maintenance     |    | 20,403         |
| Training expenses         |    | 23,241         |
| Fire prevention materials |    | 5,199          |
| Total Fire Services       | \$ | <u>164,207</u> |

#### Administrative Services:

|                               |    |              |
|-------------------------------|----|--------------|
| Other administrative expenses | \$ | 5,265        |
| Bond premiums                 |    | 1,905        |
| Total Administrative Services | \$ | <u>7,170</u> |

#### Other Expenditures:

|                                     |    |            |
|-------------------------------------|----|------------|
| Miscellaneous *                     | \$ | 500        |
| Duplicate expenditure – See Finding |    | 318        |
| Total Other Expenditures            | \$ | <u>818</u> |

|                    |    |                |
|--------------------|----|----------------|
| Total Expenditures | \$ | <u>209,949</u> |
|--------------------|----|----------------|

\*There was a \$1,000 donation sent to the relief association on December 23, 2020 whereas 50% was to be allocated to Fire and 50% to the Ambulance. The relief association sent \$500 to the Rothsville Ambulance on January 24, 2021.

---

<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 organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

Rothsville Fire Company



ROTHSVILLE VOLUNTEER FIRE COMPANY'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Duplicate Payment**

Condition: On November 25, 2019, the relief association expended \$635 for their officers' bond premium. On August 31, 2020, the relief association erroneously made a duplicate payment in the amount of \$318 for the same premium. As such, the second payment is considered an unauthorized disbursement because no goods or services were received for the payment. The relief association failed to obtain reimbursement for the duplicate payment during the current audit period.

Criteria: Adequate accounting and internal control procedures should be implemented to prevent duplicate payment of invoices and to ensure duplicate payments are recouped.

Cause: The relief association officials stated that they were unaware that the second invoice from the insurance agent was a duplicate on the same premium.

Effect: As a result of failing to obtain reimbursement for the erroneous payment, the relief association was unable to use these funds for other general operating expenses or for investment purposes.

Recommendation: We recommend that the relief association be reimbursed \$318 for the erroneous duplicate payment. The relief association officials should consider contacting the vendor to recover the duplicate payment. In addition, the relief association officials should establish accounting and internal control procedures to monitor future relief association expenditures. 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, the insurance company reimbursed the relief association \$318 for the duplicate payment on May 2, 2022.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$318 was received and deposited on May 17, 2022. Compliance for paying appropriate expenditures during the next audit period will be subject to verification through our next audit.

ROTHSVILLE VOLUNTEER FIRE COMPANY'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

**Mr. Charles J. McGarvey, Sr.**  
State Fire Commissioner

Rothsville Volunteer Fire Company's Relief Association Governing Body:

**Mr. Robert C. Shreiner**  
President

**Mr. Jonathan D. Lamb**  
Vice President

**Ms. Patricia E. Lamb**  
Secretary

**Mr. Justin Cracraft**  
Treasurer

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

**Mr. Anthony Haws**  
Secretary  
Ephrata Township

**Mr. Brian Harris**  
Secretary  
Warwick Township

ROTHSVILLE VOLUNTEER FIRE COMPANY'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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).