

# COMPLIANCE AUDIT

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## Trappe Volunteer Firemen's Relief Association

Montgomery County, Pennsylvania

For the Period

January 1, 2017 to December 31, 2019

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January 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Stephen R. Cini, President  
Trappe Volunteer Firemen's  
Relief Association  
Montgomery County

We have conducted a compliance audit of the Trappe Volunteer Firemen's Relief Association (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, 2017 to December 31, 2019.

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.

We were not able to obtain an independent confirmation of the cash balance directly from the financial institution. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2019, the relief association had a cash balance of \$115,075, we were not able to verify this cash balance.


We were also not able to obtain copies of canceled or imaged checks from the relief association. While the relief association provided bank statements, the relief association failed to provide copies of canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two relief association officers authorized and signed the checks as required by Act 118.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matters described in the two preceding paragraphs, for the period January 1, 2017 to December 31, 2019, 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 – Failure To Monitor And Comply With Standard Operating  
Guideline And Policy Manual For Gym Membership Usage

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.

December 23, 2020



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.

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

| <u>Municipality</u>       | <u>County</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------------|---------------|-------------|-------------|-------------|
| Trappe Borough            | Montgomery    | \$26,961    | \$24,582    | \$27,100    |
| Upper Providence Township | Montgomery    | \$30,765    | \$37,786    | \$40,865    |

## BACKGROUND – (Continued)

Based on the relief association’s records, its total cash as of December 31, 2019 was \$115,075, as illustrated below:

|      |                   |
|------|-------------------|
| Cash | <u>\$ 115,075</u> |
|------|-------------------|

Based on the relief association’s records, its total expenditures for the period January 1, 2017 to December 31, 2019 were \$126,370, 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>1</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                | \$ 18,681        |
| Relief benefits – Gym memberships | 9,464            |
| Total Benefit Services            | <u>\$ 28,145</u> |

#### Fire Services:

|                       |                  |
|-----------------------|------------------|
| Equipment purchased   | \$ 57,462        |
| Equipment maintenance | 26,303           |
| Training expenses     | 13,328           |
| Total Fire Services   | <u>\$ 97,093</u> |

#### Administrative Services:

|                               |                 |
|-------------------------------|-----------------|
| Other administrative expenses | \$ 382          |
| Bond premiums                 | 750             |
| Total Administrative Services | <u>\$ 1,132</u> |

|                    |                          |
|--------------------|--------------------------|
| Total Expenditures | <u><u>\$ 126,370</u></u> |
|--------------------|--------------------------|

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:

Trappe Volunteer Fire Company No.1

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<sup>1</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

TRAPPE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Failure To Monitor And Comply With Standard Operating Guideline And Policy Manual For Gym Membership Usage**

Condition: Although the relief association expended \$9,464 for the purpose of paying for gym memberships for relief association members, relief association officials failed to monitor and comply with their Standard Operating Guideline & Policy Manual for gym membership usage. Specifically, the relief association did not adhere to their own policy to monitor the relief association members' attendance requirements and ensure that the benefit was only being offered to first responders.

Criteria: The relief association's Standard Operating Guideline & Policy Manual for Gym Membership Usage states, in part:

- 2) The Fireman's Relief Association will cover the cost of a gym membership for an active volunteer member of the Relief Association.
- 3) Career staff of the fire company are not eligible for participation in the gym membership program through the Fireman's Relief Association.
- 5) Fireman's Relief Association members participating in the gym membership program must attend the gym twenty-four (24) times per quarter.
- 6) Gym membership usage will be tracked per quarter. The Fireman's Relief Association shall be provided with gym membership usage reports by eligible gyms detailing attendance for the following dates:
  - a) Quarter 1: January 1<sup>st</sup> – March 31<sup>st</sup>
  - b) Quarter 2: April 1<sup>st</sup> – June 30<sup>th</sup>
  - c) Quarter 3: July 1<sup>st</sup> – September 30<sup>th</sup>
  - d) Quarter 4: October 1<sup>st</sup> – December 31<sup>st</sup>

The relief association's governing body has ultimate authority and responsibility for the management of relief association's funds which includes an obligation to monitor the activity of the gym memberships and properly authorize the operating procedures of the relief association.

Cause: The relief association officials did not provide a reason for why this occurred.

Effect: The relief association's failure to adequately monitor the gym memberships and comply with their Standard Operating Guideline & Policy Manual for gym membership usage could result in paying for benefits that are not being utilized or authorized.

TRAPPE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Recommendation: We recommend that the relief association officials review the Standard Operating Guideline & Policy Manual for gym membership usage to ensure the gym memberships are in compliance with attendance requirements and proper operating procedures are monitored effectively. In addition, relief association officials should contact the eligible gyms to establish a way to monitor the activity at the gym by relief association members to ensure that members are meeting the minimum activity requirements. 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.



TRAPPE VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Trappe Volunteer Firemen's Relief Association Governing Body:

**Mr. Stephen R. Cini**  
President

**Mr. John Bolger**  
Vice President

**Mr. Robert Hutchinson**  
Secretary

**Mr. Ross Greenwood**  
Treasurer

**Ms. Brittany Long**  
Assistant Treasurer

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

**Ms. Tamara D. Twardowski**  
Secretary  
Trappe Borough

**Mr. Timothy J. Tiepeman**  
Secretary  
Upper Providence 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).