

# COMPLIANCE AUDIT

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## Wakefield Ambulance Relief Association

Lancaster County, Pennsylvania  
For the Period  
January 1, 2017 to December 31, 2018

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March 2020



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



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. John Purcell, Jr., President  
Wakefield Ambulance  
Relief Association  
Lancaster County

We have conducted a compliance audit of the Wakefield Ambulance 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, 2018.

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 conducted in, nor was it required to be, 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.

We were not able to obtain an independent confirmation of the cash balance directly from the financial institution. Therefore, while the relief association provided a copy of a bank statement that indicated that, as of December 31, 2018, the relief association had a cash balance of \$23,704, we were not able to verify this cash balance.

We also were unable to obtain copies of canceled or imaged checks from the relief association. While the relief association provided copies of 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, 2018:

- The relief association took appropriate corrective action to address three of the four findings contained in our prior audit report. The relief association, however, failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as noted below and discussed in the status of Prior findings section of this 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, 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 Meetings


Finding No. 2 – Inadequate Relief Association Bylaws

Finding No. 3 – Inappropriate Payments On Rental Agreement

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 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.

February 13, 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.

**BACKGROUND – (Continued)**

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

<u>Municipality</u>	<u>County</u>	<u>2017</u>	<u>2018</u>
Drumore Township	Lancaster	\$3,835	\$5,845
Fulton Township	Lancaster	*	\$3,155
Little Britain Township	Lancaster	\$5,000	\$5,000

\* During the current audit period, the relief association did not receive an allocation of state aid from Fulton Township in 2017. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

The volunteer firefighters’ relief association and the affiliated emergency service organization are separate, legal entities. The relief association is affiliated with the following emergency service organization:

Wakefield Ambulance Association

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

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

- Unauthorized Expenditures

By receiving reimbursement of \$2,666 from the affiliated emergency service company for the unauthorized expenditures made in the prior audit period.

- Failure To Maintain A Complete And Accurate Equipment Roster

By maintaining a cumulative inventory roster of all relief association owned equipment.

- Association May Not Comply With The Requirements Of Act 118

By ensuring the relief association's stated purpose stipulated in its bylaws complies with the requirements of Act 118.

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has not complied with one of four prior audit findings. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Maintain Minutes Of Meetings

Although the relief association provided meeting minutes of all relief association meetings held during the period, the minutes lacked detail as disclosed in Finding No. 1 in this report.

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

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

Condition: As disclosed in the Status of Prior Findings section of this report, although the relief association provided meeting minutes of all relief association meetings held during the period, the relief association failed to maintain detailed minutes of meetings as required by Act 118. Specifically, the relief association's minutes did not address all of the financial-related transactions. The minutes provided lacked treasurer's reports and sign in sheets for the meetings that occurred during the audit period.

A similar condition was noted in our 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 adequate 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: We again recommend that the relief association officials maintain detailed minutes of meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. 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: We are concerned by the relief association's failure to correct this previously reported audit finding and strongly encourage timely implementation of the recommendation noted in this audit report.



WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Inadequate Relief Association Bylaws**

Condition: The existing bylaws of the relief association do not clearly address all of the provisions required by Section 7415(c) of Act 118 and/or considered to be beneficial to the operation of relief association. Specifically, the bylaws do not address the following:

- Requirement that the disbursing officer shall be bonded by corporate surety for faithful performance of duty and that the amount of the bond shall be at least as great as the maximum cash balance in current funds.
- Requirement that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument. (Emphasis added.)
- The official names of the affiliated fire companies (instead of a geographical area) to avoid confusion related to membership and voting rights.

Criteria: Section 7415(c) of Act 118 states that the relief association’s bylaws shall:

- (3) Require that the signatures of at least two officers, one of whom shall be the disbursing officer, shall be required to bind the association by formal contract or to issue a negotiable instrument.
- (4) Require that the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on the bond shall be a proper charge against funds of the association.
- (10) Contain such other provisions as may, to the membership, seem appropriate or necessary to the orderly conduct of affairs of the association.

In addition, Section 7412 of Act 118 states, in part, that the Volunteer Firefighters’ Relief Association is:

An organization formed primarily to afford financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. The organization may contain within its membership the members of one or more fire companies and may serve secondary purposes, as set forth in this subchapter, but only if adequate provisions have been first made to serve the primary purpose. (Emphasis added.)

Cause: Relief association officials indicated that they were unaware of the mandatory bylaw provisions established by Act 118.

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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

Recommendation: We recommend that the relief association officials review and update the bylaws governing their organization so that the bylaws meet the requirements set forth in Act 118 and properly authorize the operating procedures of the relief association. 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.

**Finding No. 3 – Inappropriate Payment On Rental Agreement**

Condition: On February 1, 2018, during the current audit period, the relief association entered into a rental agreement for office space at the Wakefield Ambulance Association headquarters. The rental agreement invoice dated January 14, 2018 calls for a monthly office space rental payment of \$35 per month for 84 months. However, the relief association made one payment on January 14, 2018, totaling \$2,940 for the rental of office space, effectively prepaying rent through January 2025.

Criteria: Section 7416(f) of Act 118 states:

Funds of any volunteer firefighters’ relief association may be spent:

- (1) To pay for such normal and reasonable running expenses as may be appropriate to the businesslike conduct of the affairs of the association, including legal fees, rental or purchase of offices, payment of reasonable compensation of employees and purchase of office equipment and supplies.

Cause: The relief association failed to follow the terms of the rental agreement.

Effect: As a result of the advance payments on the rental agreement, the relief association funds paid for the prepaid or excess rent were not available to pay for expenditures authorized by Act 118.

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – (Continued)**

Recommendation: We recommend that the relief association officials adhere to the monthly rental agreement for monthly payments of rent and seek reimbursement of the advance payment net of the 2018 and 2019 total monthly rental payments. Specifically, the relief should be reimbursed \$2,100 as of December 31, 2018. We further recommend that relief association officials refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS, for further guidance in administering the operations of the relief association.

Management’s Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, subsequent to the period under review, the affiliated emergency service organization reimbursed the relief association \$2,100 for the prepayment of the rental fee on February 12, 2020.

Auditor’s Conclusion: We reviewed documentation verifying that the reimbursement of \$2,100 was received. Compliance for expenditures made during the next audit period will be subject to verification through our next audit.

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH BALANCE  
AS OF DECEMBER 31, 2018

Cash	<u>\$ 23,704</u>
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WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2018

Expenditures:

Benefit Services:

Tokens of sympathy and goodwill	\$ 348
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Fire Services:

Equipment purchased	\$ 12,607
Equipment maintenance	90
Training expenses	26,605
Fire prevention materials	355
Total Fire Services	\$ 39,657

Administrative Services:

Officer compensation	\$ 2,400
Other administrative expenses	2,700
Bond premiums	400
Total Administrative Services	\$ 5,500

Other Expenditures:

Office Rent expenditure	\$ 840
Unauthorized expenditure – (See Finding No. 3)	2,100
Total Other Expenditures	\$ 2,940

Total Expenditures	\$ 48,445
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WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Wakefield Ambulance Relief Association Governing Body:

**Mr. John Purcell, Jr.**  
President

**Mr. Philip Mahan**  
Vice President

**Ms. Kelly Osborne**  
Secretary

**Ms. Brenda Slauch**  
Treasurer

**Mr. Christopher Colletti**  
Executive Director

**Mr. Tyler McCardell**  
EMS Chief

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. Amanda L. Wolfe**  
Secretary  
Fulton Township

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

WAKEFIELD AMBULANCE RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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