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# AUDITOR GENERAL

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## News for Immediate Release

July 12, 2017

### **Auditor General DePasquale Refers Jefferson Township Ambulance Association Audit to DA to Further Investigate Questionable Spending**

*Lackawanna County District Attorney asked to examine \$30,000 in undocumented, unauthorized expenses*

**HARRISBURG** – Auditor General Eugene DePasquale said today that he requested the Lackawanna County District Attorney’s Office to review questionable spending, including more than \$30,000 in unauthorized and undocumented expenses at the Jefferson Township Volunteer Ambulance Association Relief Association.

DePasquale said his latest audit raised red flags regarding the appearance that one family may control and approve spending money of and between the relief association and the local ambulance company.

In reviewing the association’s finances for 2013 to 2016, auditors found no documentation or meeting minutes to explain why 12 payments of nearly \$5,000 went to two family members or why nearly \$15,000 went to the affiliated ambulance company. The officers of the relief association and ambulance company are mainly from one family, including: a father/husband, mother/wife, daughter-in-law, and sister of the daughter-in-law.

“My audit radar goes on high alert when I see what appears to be multiple conflicts of interest,” DePasquale said. “My audit shows expenses were being approved and money was being passed around without explanation by an inner circle of people from one family. I referred this audit to the Lackawanna County District Attorney because on the surface, this looks bad and needs further investigation and clarity.”

The audit found that the treasurer of the affiliated ambulance company was handling the day-to-day financial transactions of the relief association even though she was not an officer in the relief association. She would often sign checks for the relief association treasurer, who is her daughter-in-law. Another family member was primarily in charge of operations at the ambulance company and relief association, according to the audit.

“In fairness to everyone, there should be an explanation on how things were handled and how state funding for the relief association was spent. Things very well may have been above board, but we need to clear the air so there is no cloud of doubt,” DePasquale said. “Moving forward, we have asked that some significant changes be made in the oversight controls at the relief association concerning the expenditure of any relief association funds which will strengthen controls over expenditures made by the relief association and help to address any potential future questions regarding the relationships of those overseeing the money.”

DePasquale said he is also concerned at number of findings at the Jefferson Township Volunteer Ambulance Association Relief Association. There were seven findings identified in the audit, which covered Jan. 1, 2013 to Dec. 31, 2016. Four of the findings were identified in a previous audit and were not previously addressed.

“The number of findings is unusually high in this audit. It is also troublesome that problems identified in the past were not corrected,” DePasquale said.

In their response to the audit report, relief association officers agreed with all findings.

The findings include:

- **Undocumented expenditures** (Repeated Finding)
  - There were \$24,761 in undocumented expenditures. This includes \$14,800 to the ambulance company and 12 payments totaling \$4,669 to various family members.
- **Unauthorized expenditures** (Repeated Finding)
  - There were \$5,738 in unauthorized expenditures, including:
    - \$2,755 in vendor-printed sweatshirts and tee shirts
    - \$2,030 to a medical supply vendor
    - \$953 in vendor fuel for ambulance vehicle
  - The auditor general noted that future state funds may be withheld if the unauthorized and undocumented expenditure findings are not addressed.
- **Failure to maintain bond coverage** (Repeated Finding)
  - Bond coverage for the president and treasurer lapsed and was not renewed.
- **Failure to maintain a complete and accurate equipment roster** (Repeated Finding)
  - There was a repeated finding of not completing an accurate roster of equipment owned by the relief association.
- **Inadequate minutes of meetings**
  - Without adequate minutes of meetings, there is no evidence that relief association business, including financial transactions, was properly presented before membership for approval.
- **Inadequate financial record-keeping system**
  - Documentation to support various expenditures was not available. A journal was not maintained to record receipts and disbursements.
- **Inadequate signatory authority for the disbursement of funds**
  - The treasurer’s signature was inconsistent among many of the executed checks.

The Jefferson Township Volunteer Ambulance Association Relief Association audit report is available online at: [www.PaAuditor.gov](http://www.PaAuditor.gov).

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