

# COMPLIANCE AUDIT

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## Firefighter's Relief Association of Plumstead Township Bucks County, Pennsylvania For the Period January 1, 2019 to December 31, 2021

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September 2022



Commonwealth of Pennsylvania  
Department of the Auditor General  
Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Charles Rumble, President  
Firefighter's Relief Association of  
Plumstead Township  
Bucks County

We have conducted a compliance audit of the Firefighter's Relief Association of Plumstead Township (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 objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the finding 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, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

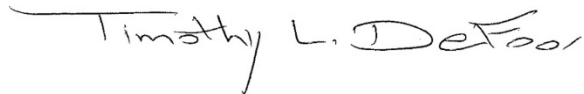
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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 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, 2019 to December 31, 2021:

- The relief association took appropriate corrective action to address the finding contained in our prior audit report.
- Because of the significance of the matter described in the finding below and discussed later in this report, the relief association did not, in all significant respects, comply 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, collectively as a whole. Therefore, the relief association may be subject to the potential withholding of its upcoming state aid distribution, as discussed in the Potential Withhold of State Aid section of this report.

Finding – Unauthorized Expenditures

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.



Timothy L. DeFoor  
Auditor General  
August 15, 2022

# CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Finding.....	5
Finding and Recommendation:	
Finding – Unauthorized Expenditures.....	6
Potential Withhold of State Aid.....	8
Report Distribution List.....	9

## 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.

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<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>
Bedminster Township	Bucks	\$ 21,424	\$ 21,539	\$ 19,056
Plumstead Township	Bucks	\$119,078	\$118,931	\$106,046
Solebury Township	Bucks	\$ 23,687	\$ 23,465	\$ 20,826
Tinicum Township	Bucks	\$ 4,874	\$ 4,659	\$ 4,574

Based on the relief association's records, its total cash and investments as of December 31, 2021, were \$2,042,435, as illustrated below:

Cash	\$ 199,736
Fair Value of Investments	<u>1,842,699</u>
Total Cash and Investments	<u>\$ 2,042,435</u>

## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2019 to December 31, 2021 were \$830,359, 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	\$ 145,336
Relief benefits	25,455
Total Benefit Services	<u>\$ 170,791</u>

#### Fire Services:

Equipment purchased	\$ 209,655
Equipment maintenance	66,681
Training expenses	8,853
Fire prevention materials	1,434
Total Fire Services	<u>\$ 286,623</u>

#### Administrative Services:

Bond premiums	\$ 944
Officer compensation	1,797
Other administrative expenses*	45,524
Total Administrative Services	<u>\$ 48,265</u>

Total Investments Purchased	<u>\$ 308,637</u>
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#### Other Expenditures:

Unauthorized expenditures	<u>\$ 16,043</u>
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Total Expenditures	<u><u>\$ 830,359</u></u>
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\* A portion of the Other administrative expenses includes \$2,503 for paging system for volunteers, \$4,791 for hotspots for officers and vehicles, \$5,510 for accounting services, \$6,890 for data plans for tablets and \$18,639 for brokerage account fees.

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

Plumsteadville Volunteer Fire Company

Point Pleasant Fire Company No. 1

Point Pleasant/Plumsteadville EMS



FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
STATUS OF PRIOR FINDING

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Duplicate Payment

By receiving reimbursement of \$182 from a relief association member for the duplicate payment.

FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
FINDING AND RECOMMENDATION

**Finding – Unauthorized Expenditures**

**Condition:** The relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

Date	Check No.	Description	Amount
04/15/19	10489	Stipend for volunteer	\$ 500
04/15/19	10490	Stipend for volunteer	500
04/15/19	10491	Stipend for volunteer	500
01/10/21	10690	Exercise and fitness equipment	1,250
01/10/21	10693	Exercise and fitness equipment	3,628
01/16/21	10701	Exercise and fitness equipment	3,656
02/09/21	10709	Exercise and fitness equipment	1,771
02/23/21	10717	Exercise and fitness equipment	1,913
03/11/21	10723	Exercise and fitness equipment	2,185
03/11/21	10737	Exercise and fitness equipment	2,140
Subtotal			\$ 18,043
Less amount allowed for fitness and exercise equipment by VFRA Act			(2,000)
Total			<u>\$ 16,043</u>

**Criteria:** Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters' relief association may be spent:

- (14) To purchase exercise and fitness equipment for use by volunteer firefighters, except that for expenditures for exercise and fitness equipment shall not exceed \$2,000 in any two-year period.
- (25) To pay for stipends to volunteer firefighters, not to exceed \$1,500 per year.\*

\*This benefit became effective May 2021. The stipends noted above were paid in the year 2019.

Therefore, for the period under audit, costs in excess of \$2,000 for exercise and fitness equipment and stipends to volunteer firefighters do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
FINDING AND RECOMMENDATION

**Finding – Continued**

Cause: Relief association officials indicated that they were unaware that the aforementioned expenditures were not authorized by the VFRA Act.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act. Furthermore, the relief association's future state aid allocations may be withheld until the finding recommendation is complied with.

Recommendation: We recommend that the relief association be reimbursed \$16,043 for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future 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 indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Due to the potential withhold of state aid, the relief association's compliance with the finding recommendation will be monitored subsequent to the release of the audit report and through our next audit of the relief association.

FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
POTENTIAL WITHHOLD OF STATE AID

A condition such as that reported by the finding contained in this audit report may lead to a total withholding of state aid in the future unless that finding is corrected. However, such action may not be considered if sufficient documentation is provided within 60 days to verify compliance with this department's recommendations. Such documentation should be submitted by the relief association to: Department of the Auditor General, Bureau of Fire Relief Audits, Room 327 Finance Building, Harrisburg, PA 17120.

FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
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

Firefighter's Relief Association of Plumstead Township Governing Body:

**Mr. Charles Rumble**  
President

**Mr. Scott Fleisher**  
Vice President

**Mr. Daniel Roberts**  
Secretary

**Mr. Darrin Bodisch**  
Treasurer

FIREFIGHTER'S RELIEF ASSOCIATION OF PLUMSTEAD TOWNSHIP  
REPORT DISTRIBUTION LIST

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

**Ms. Jean L. Herstine**  
Secretary  
Bedminster Township

**Ms. Angela P. Benner**  
Secretary  
Plumstead Township

**Ms. Catherine Cataldi**  
Secretary  
Solebury Township

**Ms. Teri Lewis**  
Secretary  
Tinicum 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).