

# COMPLIANCE AUDIT

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Fireman's Relief Association of the  
Volunteer Fire Company of Union  
Deposit, South Hanover Township  
Dauphin County, Pennsylvania  
For the Period  
January 1, 2018 to December 31, 2020

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August 2021



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



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

Mr. Joseph Canulli, President  
Fireman's Relief Association of the Volunteer  
Fire Company of Union Deposit,  
South Hanover Township, Pa  
Dauphin County

We have conducted a compliance audit of the Fireman's Relief Association of the Volunteer Fire Company of Union Deposit, South Hanover Township, Pa (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, 2018 to December 31, 2020.

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.

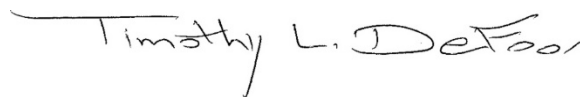
Based on our audit procedures, we conclude that, for the period January 1, 2018 to December 31, 2020:

- The relief association took appropriate corrective action to address the finding contained in our prior audit 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 – Failure To Maintain A Complete And Accurate Equipment Roster

Finding No. 2 – Failure To Maintain Minutes Of Meetings

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.



Timothy L. DeFoor  
Auditor General

August 11, 2021

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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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
South Hanover Township	Dauphin	\$39,987	\$43,513	\$43,753

Based on the relief association’s records, its total cash as of December 31, 2020 was \$105,572, as illustrated below:

Cash	<u>\$ 105,572</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2018 to December 31, 2020 were \$119,177, 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	\$ 16,383
Tokens of sympathy and goodwill	<u>297</u>
Total Benefit Services	<u>\$ 16,680</u>

Fire Services:

Equipment purchased	\$ 68,077
Equipment maintenance	27,583
Training expenses	5,843
Fire prevention materials	<u>624</u>
Total Fire Services	<u>\$ 102,127</u>

Administrative Services:

Bond premiums	\$ 300
Other administrative expenses	<u>70</u>
Total Administrative Services	<u>\$ 370</u>

Total Expenditures	<u><u>\$ 119,177</u></u>
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<sup>1</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:

Volunteer Fire Company of Union Deposit, South Hanover Township, Pa

FIREMAN'S RELIEF ASSOCIATION OF THE VOLUNTEER FIRE COMPANY OF  
UNION DEPOSIT, SOUTH HANOVER TOWNSHIP, PA  
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:

- Failure To Conduct Annual Physical Equipment Inventories

By performing and documenting an annual physical inventory of relief association owned equipment.



FIREMAN'S RELIEF ASSOCIATION OF THE VOLUNTEER FIRE COMPANY OF  
UNION DEPOSIT, SOUTH HANOVER TOWNSHIP, PA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: The relief association failed to maintain a complete and accurate roster of equipment owned by the relief association. Although a listing of relief association owned equipment was provided during the current audit period, it was incomplete because it did not contain the names of suppliers (vendors), dates of purchase, and cost of equipment to accurately identify equipment owned by the relief association. As such, it was impossible to determine if all equipment purchased during the audit period in the amount of \$68,077 was recorded.

Criteria: Prudent business practice dictates that the relief association should establish adequate internal control procedures to ensure the maintenance of a cumulative equipment roster of all items purchased by the relief association in order to provide an effective accounting control over the relief association's equipment. A cumulative equipment roster of all relief association equipment should include all of the following:

- Types of equipment purchased
- Dates of purchase
- Unit costs
- Names of suppliers
- Serial numbers, if applicable
- Current locations of items
- Final dispositions of sold or damaged equipment

Cause: The relief association officials stated that they began using a new software system for their equipment roster and were unable to generate a report with all the above information using the new software.

Effect: The failure to properly record equipment purchases in a detailed equipment roster prevents officials from effectively monitoring the relief association's equipment purchases. In addition, the failure to maintain a detailed equipment roster prevents adequate accountability for, and safeguarding of, relief association equipment.

Recommendation: We recommend that the relief association officials maintain a cumulative equipment roster of all equipment owned by the relief association and ensure that the name of supplier, date of purchase, and cost of equipment is included. Furthermore, the relief association should ensure it continues to perform an annual physical inventory of all operable equipment and that the completion of the inventory be sufficiently documented. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

FIREMAN'S RELIEF ASSOCIATION OF THE VOLUNTEER FIRE COMPANY OF  
UNION DEPOSIT, SOUTH HANOVER TOWNSHIP, PA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

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. 2 – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings as required by Act 118 and the relief association's bylaws. Specifically, the meeting minutes were not maintained in 2018 and 2019, and only one meeting was held in 2020.

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.

The relief association's bylaws at Article III, Section 1 states, in part:

The association shall hold regular meetings, not less than twice yearly, on the second Monday of the month, immediately following a regular meeting of the Volunteer Fire Company of Union Deposit.

In addition, the relief association's bylaws at Article IV, Section 3 states, in part:

The secretary shall keep a true record of the proceedings of every meeting in the minutes. The minutes shall note authorization by the membership of all financial transactions and all other pertinent business discussed at meetings.

Cause: Relief association officials indicated that the meeting minutes for 2018 and 2019 were lost due to the minutes being maintained on a previous relief association officer's computer which malfunctioned. The minutes were lost in the process and there were no back-up copies. Relief association officials did not provide a reason for why only one meeting was held in 2020.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, evidence that relief association business was presented before the membership for approval does not exist.

FIREMAN'S RELIEF ASSOCIATION OF THE VOLUNTEER FIRE COMPANY OF  
UNION DEPOSIT, SOUTH HANOVER TOWNSHIP, PA  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

Recommendation: We recommend that the relief association officials hold all required meetings and maintain a permanent record of all relief association meetings as required by Act 118 and the relief association's bylaws. The minutes should also include an adequate record 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. They also indicated that they now maintain a backup of all board meeting minutes.

Auditor's Conclusion: Compliance will be subject to verification through our next audit.

FIREMAN'S RELIEF ASSOCIATION OF THE VOLUNTEER FIRE COMPANY OF  
UNION DEPOSIT, SOUTH HANOVER TOWNSHIP, PA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Fireman's Relief Association of the Volunteer Fire Company of Union Deposit, South Hanover  
Township, Pa Governing Body:

**Mr. Joseph Canulli**  
President

**Mr. James Dengler**  
Vice President

**Ms. Tami Dresher**  
Secretary

**Mr. Thomas Brumbaugh**  
Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance  
tax monies to this relief association:

**Ms. Nora Blair**  
Secretary  
South Hanover 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).