

# MARYLAND EMERGENCY MANAGEMENT AGENCY



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EXECUTIVE DIRECTOR

A Center for Preparedness Excellence

January 21, 2015

The Honorable Lawrence J. Hogan, Jr.  
Governor of Maryland  
State of Maryland Executive Department  
State House  
Annapolis, MD 21401

***Re: William H. Amoss Fire, Rescue and Ambulance Fund for Year Ended June 30, 2013***

Dear Governor Hogan:

The enclosed William H. Amoss Fund (Amoss) report is submitted by the Maryland Emergency Management Agency (MEMA) in accordance with the provisions of Section 8-105 of the Public Safety Article, Annotated Code of Maryland. This report provides information from each county, regarding the distribution and use of these funds, for the period beginning July 1, 2012 and ending June 30, 2013. The term 'county' includes Baltimore City. The following is a summary of the results of this engagement:

- All counties accurately reported expenditures for fire protection in the manner proscribed by Section 8-105.
- Nine counties did not achieve their maintenance of effort standard per Section 8/104.
- All counties provided adequate matching funds per Section 8/104.
- All counties participated in the Maryland Fire Incident Reporting System (MFIRS) as required by Section 8-103.
- One of the counties tested had VFRACs that expended Amoss funds for purposes not allowed by Section 8-102.
- A volunteer fire company (VFRACs) in one of the counties tested did not maintain a separate account for Amoss funds as required by Section 8-104.

Thank you for allowing us the opportunity to report this information to you. The Maryland emergency Management Agency is pleased to administer the funding for this important program.

Sincerely,

Kenneth J. Mallett  
Executive Director

cc: Department of Legislative Services

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## **Purpose of Engagement**

We have performed an attestation engagement based upon “agreed upon procedures” in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures used were based on the requirements specified in Title 8 of the Public Safety Article of the Annotated Code of Maryland. This statute delineates the purpose, administration and monitoring requirements of the Senator William H. Amoss Fire, Rescue, and Ambulance Award (Amoss fund). Our engagement was for the period beginning July 1, 2012 and ending June 30, 2013.

Section 8-105 (b) requires the Director of the Maryland Emergency Management Agency (MEMA) “to report to the Governor and General Assembly on the information provided by the jurisdictions on the distribution of money provided under this subtitle, including an assessment of the extent to which the purposes of this subtitle are being achieved.”

Since the beginning of Fiscal Year 2009, the administrative functions of the Amoss award have been performed by their parent entity, the Maryland Military Department (MMD). The results of this engagement are found in the section below titled “Findings and Recommendations”.

## **Current Status of Findings from Preceding Engagement**

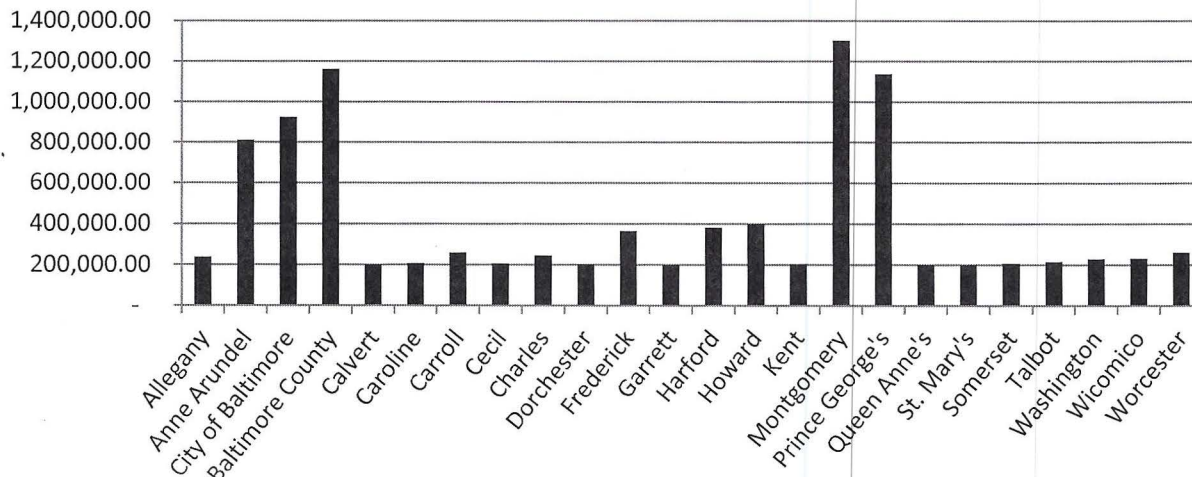
Our examination included a review to determine the current status of the findings contained in our prior report for the period ended June 30, 2013. We determined that there were repeat findings in the Maintenance of Effort (Procedure 2) category.

## **Background Information**

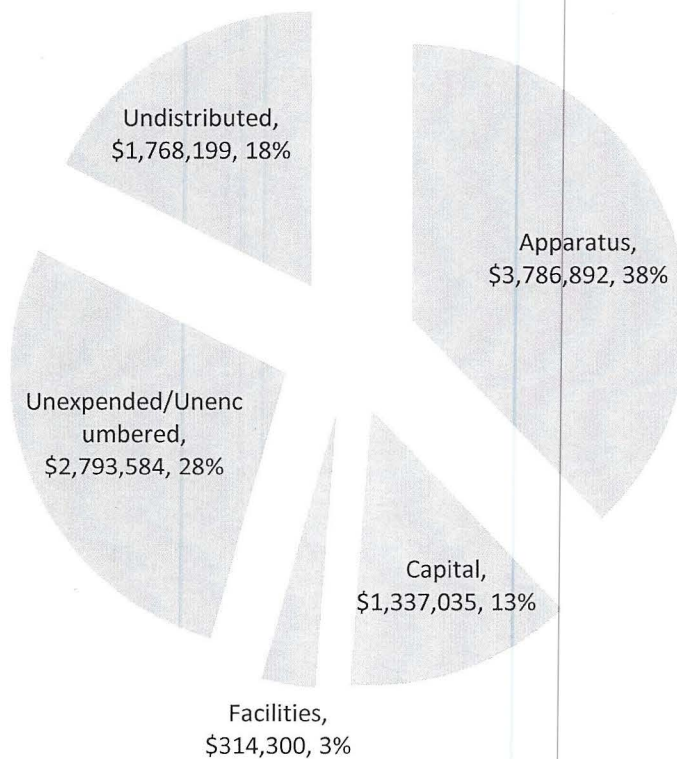
The Amoss fund was established to promote: (1) The delivery of effective and high quality fire protection, rescue, and ambulance services to the citizens of this State; (2) Increased financial support for volunteer fire, rescue, and ambulance companies (VFRACs) by local governments; and (3) the continued financial viability of VFRACs given the greatly increased costs of apparatus and other types of equipment.

In fiscal year 2013, the Amoss fund provided grants-in-aid of \$10,000,000 for fire protection, rescue, and ambulance services to all jurisdictions. The allocation to each jurisdiction was determined by the number of property tax accounts within their boundaries. Additional funds were provided to jurisdictions with municipalities that had “fire protection” expenditures above a statutory threshold. The bar chart on page 2 reports the Amoss funds allocated to each jurisdiction in fiscal year 2013. The pie chart on page 2 shows the use of funds in fiscal year 2013.

### FY13 Actual Expenditures



### Use of Amoss Funds as of 6/30/2013



## Findings and Recommendations

### Procedure #1

Determine the accuracy of the amount of Fire Protection Expenditures (FPE) reported by each jurisdiction per 8-105 (a).

#### Findings and Recommendations:

The Director of Finance of each jurisdiction certified the amount of FPE incurred in fiscal year 2013. We reconciled each jurisdiction's FPE with supporting documentation such as general ledger reports, line items from annual financial reports as well as actual costs reported in their annual budgets. The results of our procedures support the reliability of the amounts reported.

### Procedure #2

Determine whether jurisdictions have met the Maintenance of Effort (MOE) standard per 8-104 (a).

#### Findings and Recommendations:

The matrix below compares FPE for each jurisdiction with the average for the preceding three years. Please note that in FY 2013, there were 9 jurisdictions that had expenditures less than this average. The following jurisdictions had repeat findings from the prior year: Allegany, Charles, Dorchester, Frederick, Wicomico and Worcester.

In FY 2014, the statutory provisions regarding MOE were changed by the General Assembly. Specifically, capital expenditures are now excluded from the calculation of FPE and counties may receive a "waiver" of the MOE requirement. In addition, the state is required to assess a penalty if a county does not meet MOE for two consecutive fiscal years.

To comply with the new statute and to ensure an accurate comparison, MMD has established FY 2015 as the base year for all future 3 year averages. In order to equitably implement these changes it was deemed necessary to establish FY 2013 and FY 2014 as transition years in which no penalty would be assessed for failure to meet MOE.

<b>Jurisdiction</b>	<b>3-Year Avg (FY10,11,12)</b>	<b>FY 2013 Actual</b>	<b>Met Standard?</b>	<b>%</b>	<b>Met MOE in Prior Year?</b>
Allegany	1,391,877	1,301,958	No	93.54%	No
Anne Arundel	11,601,641	15,295,411	Yes		No
City of Baltimore	14,108,108	43,702,611	Yes		Yes
Baltimore County	12,888,873	13,350,276	Yes		No
Calvert	3,752,793	5,092,868	Yes		Yes
Caroline	1,463,834	1,306,922	No	89.28%	Yes
Carroll	9,981,240	10,396,916	Yes		Yes
Cecil	2,868,799	2,855,128	No	99.52%	Yes
Charles	11,638,497	11,145,439	No	95.76%	No
Dorchester	2,394,265	1,212,035	No	50.62%	No
Frederick	9,382,398	8,897,240	No	94.83%	No
Garrett	2,094,696	2,046,661	No	97.71%	Yes
Harford	8,792,396	10,397,591	Yes		No
Howard	21,842,849	35,244,905	Yes		Yes
Kent	900,626	945,448	Yes		Yes
Montgomery	25,347,955	30,503,219	Yes		Yes
Prince George's	22,191,943	25,830,787	Yes		No
Queen Anne's	2,518,871	2,780,972	Yes		No
St. Mary's	6,559,400	6,592,496	Yes		Yes
Somerset	755,316	773,483	Yes		Yes
Talbot	2,033,494	2,780,795	Yes		Yes
Washington	5,373,475	6,655,243	Yes		Yes
Wicomico	7,079,275	6,655,243	No	94.01%	No
Worcester	7,251,266	6,648,073	No	91.68%	No
<b>Total</b>	<b>\$194,213,887</b>	<b>\$252,411,721</b>	<b>15</b>		<b>13</b>

### **Procedure #3**

Determine whether jurisdictions have provided adequate matching funds per 8-104 (b).

#### **Findings and Recommendations:**

In FY 2013, 100% of jurisdictions made FPE from their own sources that were greater than or equal to the amount of Amoss money received.

### **Procedure #4**

Determine whether jurisdictions expended or encumbered Amoss funds within the period of time proscribed in 8-104 (e) (2).

#### **Findings and Recommendations:**

At the date of this report, we are unable to ascertain whether Allegany, Dorchester, Kent, and Prince Georges Counties expended or encumbered their FY 2013 allocation within the two year statutory parameter. Historically, these jurisdictions complied with this provision within the proscribed period of time. Upon receipt of their FY 2014 Schedule B reports, MMD will make a final determination.

### **Procedure #5**

Determine whether jurisdictions have complied with Maryland Fire Incident Reporting System (MFIRS) requirements per 8-103 (c). This web-based system is administered by the Office of the State Fire Marshall.

#### **Findings and Recommendations:**

As of the date of this report, all jurisdictions were compliant in MFIRS reporting for the year ended 6/30/2013.

### **Procedure #6**

Determine whether jurisdictions have complied with Ambulance Information System (AIS) reporting requirements per 8-103 (c). This system is administered by the Maryland Institute for Emergency Medical Services Systems (MIEMSS).

#### **Findings and Recommendations:**

As of the date of this report all jurisdictions were compliant with AIS reporting requirements for the year ended 6/30/2013

### **Procedure #7**

Determine whether recipients expended Amoss funds for uses authorized by 8-102 (f).

#### **Findings and Recommendations:**

##### **Caroline County**

Marydel VFC reported that it received \$14,634.15 in FY 2013. This amount agreed to source documentation provided by the county. However, Marydel also reported the expenditure of \$39,349, in Amoss funds, for a Dodge Truck. We were unable to verify whether Amoss funds were actually used for this purchase because these funds were co-mingled with operating funds. However, in response to our request for an accurate accounting, the county provided a written assertion that Marydel VFC used their FY 2013 Amoss distribution to contribute to the purchase of the aforementioned Dodge Truck which would be an authorized use of funds.

**Procedure #8**

Determine whether Amoss money distributed to VFRACs were maintained in a separate account per 8-104 (d).

**Findings and Recommendations:  
Caroline County**

In FY 2013, Marydel Volunteer Fire Co. did not maintain their Amoss funds in a separate account per 8-104 (d). A separate account was opened on 1/23/2014. The beginning balance agreed with the FY 2014 distribution reported by the county.

**Audit Scope, Objectives and Methodology**

Procedures #1 through #6 were performed by testing financial data provided by 100% of jurisdictions. Procedures #7 and #8 were performed by testing financial source documentation obtained from a representative sample. Financial source documentation included but was not limited to bank statements, cancelled checks, deposit slips and paid invoices.

Each year, eight (33%) of the twenty four Maryland jurisdictions are selected. Per the schedule below, the testing of all jurisdictions is completed at the end of each three year cycle. The shaded column represents testing of expenditures incurred from 7/01/2012 through 6/30/2013 and is the second year of a new three year cycle. Upon the conclusion of each year's examination a review is made of prior year findings and the effectiveness of any corrective action.

State Fiscal Year when Testing was Performed	FY 2013	FY 2014	FY 2015
Period When Expenditures were Incurred	07/01/2011 - 06/30/2012	07/01/2012 - 06/30/2013	07/01/2013 - 06/30/2014
Allegany		X	
Anne Arundel	X		
City of Baltimore		X	
Baltimore County		X	
Calvert	X		
Caroline	X		
Carroll	X		
Cecil	X		
Charles			X
Dorchester			X
Frederick			X
Garrett	X		
Harford		X	
Howard			X
Kent		X	
Montgomery	X		
Prince George's		X	
Queen Anne's		X	
St. Mary's	X		
Somerset			X
Talbot		X	
Washington			X
Wicomico			X
Worcester			X
24	8	8	8

On 10/30/2014, MMD received correspondence from the County Administrator of Caroline County regarding an ongoing investigation of Marydel Volunteer Fire Co. Although it is located in Delaware, Marydel has "first due" response obligations in Caroline County Maryland and as such receives Amoss funds in accordance with 8-103 ( c ). The county's correspondence included a report issued by the Delaware Office of Auditor of Accounts. This report, dated 10/21/2014, documented "considerable "misuse and abuse of company resources." Examples were given of company funds used for related party transactions, food, liquor, cash bonuses to officers, jewelry as well as unidentified cash withdrawals.

As reported in the above chart, Caroline County was not scheduled for an examination of FY 2013 expenditures. However, 8-105 (b) requires "an assessment of the extent to which the purposes of this subtitle are being achieved." In furtherance of the expressed intent of 8-105 (b), MMD deemed it prudent to expand its FY 2013 examination to include Caroline County.

The jurisdictions listed below comprise the sample tested for Procedures 7 and 8 in FY 2013. These jurisdictions represent approximately 46.73% of the total fund allocation. The sample also represents approximately 38.63% of the total number of VFRACs in the State.

	<b>Amount</b>	<b>% of Total Appropriation \$10,000,000</b>	<b>Number of VFRACs</b>	<b>% of Total VFRACS 365</b>
Allegany	237,989.00	2.38%	28	7.67%
City of Baltimore	924,493.00	9.24%	0	0.00%
Baltimore County	1,161,358.00	11.61%	33	9.04%
Caroline	208,526.00	2.09%	8	2.19%
Harford	382,386.00	3.82%	12	3.29%
Kent	205,098.00	2.05%	7	1.92%
Prince George's	1,137,447.00	11.37%	35	9.59%
Queen Anne's	200,000.00	2.00%	10	2.74%
Talbot	216,023.00	2.16%	8	2.19%
<b>Total</b>	<b>\$4,673,320.00</b>	<b>46.73%</b>	<b>141</b>	<b>38.63%</b>