



**ANDREAS VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION**

**SCHUYLKILL COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2010 TO NOVEMBER 13, 2013**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**





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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

Mr. Paul Breiner, President  
ANDREAS VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION  
Schuylkill County

We have conducted a compliance audit of the former Andreas Volunteer Firefighters' 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, 2010 to November 13, 2013.

We conducted this compliance audit in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the findings contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received state aid and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.



The contents of this report were discussed with the management of the former Andreas Volunteer Firefighters' Relief Association and, where appropriate, their responses have been included in the report.

June 9, 2014

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 former Andreas Volunteer Firefighter's Relief Association, herein referred to as the Andreas Volunteer Firefighters' Relief Association, was 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 the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts 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 the volunteer firefighters' relief association 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, which is or are recognized as providing the service to the municipality.

## **BACKGROUND – (Continued)**

However, the former Andreas Volunteer Firefighters' Relief Association was not allocated any state aid during the audit period.

Additionally, as of November 13, 2013, the former Andreas Volunteer Firefighters Relief association dissolved and transferred the remaining monetary assets to the New Ringgold Volunteer Firefighters' Relief Association and the New England Valley Volunteer Firefighters' Relief Association. The Andreas Volunteer Firefighters' Relief Association did not own any equipment of value; and therefore, there was no transfer of equipment associated with the dissolution (see Accompanying Expenditure Information on page 8).

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The former Andreas Volunteer Firefighters' Relief Association was affiliated with the following fire service organization:

Andreas Volunteer Fire Company No. 1



ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
STATUS OF PRIOR FINDING

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The former Andreas Volunteer Firefighters' Relief Association has not complied with the following prior audit finding. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Noncompliance With Prior Audit Recommendation – Failure to Maintain a Complete and Accurate Equipment Roster

We are concerned with the former Andreas Volunteer Firefighters' Relief Association's continued failure to correct the previously reported audit finding before it ceased operating on November 13, 2013. Since the former Andreas Township Volunteer Firefighters' Relief Association's monetary assets were transferred to the New Ringgold Volunteer Firefighters' Relief Association and the New England Valley Volunteer Firefighters' Relief Association, the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations' managements should determine whether the deficiencies noted in this audit report exist in its organization, and if so, take appropriate corrective action.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Noncompliance With Prior Audit Recommendation -- Failure To Maintain A Complete And Accurate Equipment Roster**

Condition: As cited in our prior audit report, the relief association again, did not provide or maintain a complete and accurate roster of equipment owned by the relief association. In addition, there was no indication that a physical inventory of equipment was conducted on an annual basis, nor whether such inventory accounted for all of the relief association's owned equipment.

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 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; and
- Evidence of the performance and results of an annual physical inventory.

Cause: Even though notified of this condition during our prior audit, relief association officials again, failed to establish adequate internal control procedures over equipment requiring the maintenance of a cumulative equipment roster and the performance of an annual physical inventory of equipment

Effect: The continued 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 and perform an annual physical inventory of equipment prevents adequate accountability for, and safeguarding of, relief association equipment.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued):**

Recommendation: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, we are providing officials of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations copies of this report so that they are aware of the conditions that were detected in the operations of the former Andreas Volunteer Firefighters' Relief Association during the course of our audit. We recommend that the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations maintain a cumulative equipment roster of all relief association owned equipment. We also recommend that relief association officials perform an annual physical inventory of all operable equipment and that the completion of the inventory is sufficiently documented. 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.

Auditor's Conclusion: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, compliance will be subject to verification during our next audit of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations.

**Finding No. 2 – Insufficient Surety (Fidelity) Bond Coverage**

Condition: The relief association did not maintain a Surety (Fidelity) bond in a sufficient amount to cover the relief association's authorized disbursing officer. The relief association's Surety (Fidelity) bond policy expired on March 1, 2013 and was not renewed by the relief association through dissolution on November 13, 2013.

Criteria: Act 118 at 35 Pa.C.S. § 7415(c)(4) states, in part, 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 the funds of the association.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued):**

Cause: Relief association officials failed to renew the Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer was in compliance with Act 118 provisions due to being in the process of dissolving the relief association.

Effect: As a result of the authorized disbursing officer of the relief association being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, we are providing officials of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations copies of this report so that they are aware of the conditions that were detected in the operations of the former Andreas Volunteer Firefighters' Relief Association during the course of our audit. We recommend that the relief associations' officials ensure that its Surety (Fidelity) bond sufficiently covers the relief association's authorized disbursing officer, as required by Act 118. This requirement may be accomplished by increasing the Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer to an amount greater than the expected maximum balance of the relief association's cash assets, or by decreasing the relief association's cash assets to an amount anticipated to remain below the policy coverage amount. In addition, relief association officials should monitor each relief association's cash balance to ensure that unexpected events affecting the relief association's current funds do not again result in insufficient Surety (Fidelity) bond coverage on the relief association's authorized disbursing officer. 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.

Auditor's Conclusion: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, compliance will be subject to verification during our audits of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDINGS AND RECOMMENDATIONS

**Finding No. 3 – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings that were held during 2010, 2011, 2012 and 2013 as required and maintained by Act 118.

Criteria: Act 118 at 35 Pa.C.S. § 7415(a) 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: Relief association officials were unaware that maintaining minutes of meetings was required by Act 118; however the records of the minutes of meetings were not maintained..

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

Recommendation: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, we are providing officials of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations copies of this report so that they are aware of the conditions that were detected in the operations of the former Andreas Volunteer Firefighters' Relief Association during the course of our audit. We recommend that officials of the relief associations maintain a permanent record of all relief association meetings as required by Act 118. The minutes should include an adequate record of all financial related business expenses 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.

Auditor's Conclusion: Due to the dissolution of the former Andreas Volunteer Firefighters' Relief Association, compliance will be subject to verification during our audits of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2010 TO NOVEMBER 13, 2013

Act 118 at 35 Pa.C.S. § 7412 states: a volunteer firefighters' relief association is an organization formed primarily for the purpose of affording 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.

Act 118 at 35 Pa.C.S. § 7416 authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds.

Furthermore, all expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 300
Fire Services:	
Equipment maintenance	\$ 640
Training expenses	953
Total Fire Services	\$ 1,593
Administrative Services:	
Administrative expenses	\$ 110
*Transfer of monetary assets	\$ 1,928

\* Transfer of Monetary Assets/Dissolution of Grill Volunteer Firefighters' Relief Association

As of November 13, 2013, the relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the New Ringgold Volunteer Firefighters' Relief Association and the New England Valley Volunteer Firefighters' Relief Association. Therefore, we are providing officials of the New Ringgold and New England Valley Volunteer Firefighters' Relief Associations copies of this report.

ANDREAS VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania

Andreas Volunteer Firefighters' Relief Association Governing Body:

Mr. Paul Breiner	President
Mr. Byron G. Hess	Vice President
Ms. Kristy Melchoir	Secretary
Mr. Marsha Breiner	Treasurer

New Ringgold Volunteer Firefighters' Relief Association Governing Body

Mr. Joseph Caracappa	President
Mr. Christopher Eckroth	Vice President
Ms. Katrina Eckroth	Secretary
Ms. Emily Caracappa	Treasurer

New England Valley Volunteer Firefighters' Relief Association Governing Body

Mr. David John Duffy	President
Mr. Chad Felty	Vice President
Ms. Robert H. Frantz	Secretary
Mr. Diane J. Krapf	Treasurer

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