



GOOD FELLOWSHIP RELIEF ASSOCIATION, INC.

HEREIN REFERRED TO AS:

**GOOD FELLOWSHIP AMBULANCE VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION**

CHESTER COUNTY

COMPLIANCE AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2007 TO DECEMBER 31, 2008



CONTENTS

Background.....	1
Letter From the Auditor General	3
Finding and Recommendation:	
Finding – Unauthorized Expenditures	5
Accompanying Expenditure Information	7
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, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), 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 Good Fellowship Ambulance Volunteer Firefighters' 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 84 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 84 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 84, 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)

The Good Fellowship Ambulance Volunteer Firefighters' Relief Association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2007</u>	<u>2008</u>
Birmingham Township	Chester	\$ 6,843	\$ 6,971
East Bradford Township	Chester	\$ 9,888	\$10,086
Newlin Township	Chester	\$ 1,408	\$ 1,484
Thornbury Township	Chester	\$ 6,593	\$ 6,712
West Bradford Township	Chester	\$ 2,000	\$ 2,500
West Chester Borough	Chester	\$ 9,062	\$ 9,062
West Goshen Township	Chester	\$26,333	\$26,914
Westtown Township	Chester	\$12,357	\$12,658

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The Good Fellowship Ambulance Volunteer Firefighters' Relief Association is affiliated with the following fire service organization:

Good Fellowship Ambulance

Mr. Anthony J. Pizzi, Jr., President
GOOD FELLOWSHIP AMBULANCE VOLUNTEER
FIREFIGHTERS' RELIEF ASSOCIATION
Chester County

We have conducted a compliance audit of the Good Fellowship Ambulance 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, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), for the period January 1, 2007 to December 31, 2008.

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 objective. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objective.

The objective of the audit was to determine if the volunteer firefighters' relief association received 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 objective identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Good Fellowship Ambulance Volunteer Firefighters' Relief Association's administration of state aid and accumulated funds complies with applicable state laws, contracts, bylaws and administrative procedures including the safeguarding of assets. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with those requirements and that we considered to be significant within the context of the audit objective, and assessed whether those significant controls were properly designed and implemented. Our audit procedures also included tests of documentary evidence supporting the Good Fellowship Ambulance Volunteer Firefighters' Relief Association's recorded financial

transactions, tests of the physical existence of inventories, interviews of selected officials and direct confirmation of the Good Fellowship Ambulance Volunteer Firefighters' Relief Association's cash, investments, and certain other assets and liabilities as of December 31, 2008, with the custodians of the funds, debtors, creditors, and financial institutions to the extent necessary to satisfy the audit objective. Additionally, we performed procedures to provide a reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts that are significant within the context of the audit objective.

The results of our audit for the period January 1, 2007 to December 31, 2008, found in all significant respects, the Good Fellowship Ambulance Volunteer Firefighters' Relief Association received and expended state aid and accumulated funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the finding listed below and discussed in the Finding and Recommendation section in this report. The results of our tests also indicated the Good Fellowship Ambulance Volunteer Firefighters' Relief Association expended funds as presented in the accompanying information and as of December 31, 2008, had a cash balance of \$138,511 and no investments.

Finding – Unauthorized Expenditures

The contents of this report were discussed with the management of the Good Fellowship Ambulance Volunteer Firefighters' Relief Association and, where appropriate, their response has been included in the report.

November 17, 2009

JACK WAGNER
Auditor General

GOOD FELLOWSHIP AMBULANCE VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Unauthorized Expenditures

Condition: The relief association expended funds for paramedic and pre-hospital registered nurse training, which are not authorized by Act 84:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
03/30/07	1047	Training for paramedic	\$ 881
07/31/07	1068	Training for paramedic	200
09/04/07	1081	Training for paramedic	254
02/26/08	657	Training for two paramedics	745
02/26/08	657	Training for pre-hospital RN	715
04/01/08	1005	Training for paramedic	942
05/31/08	1012	Training for paramedic	33
07/18/08	1027	Training for paramedic	275
08/31/08	1031	Training for pre-hospital RN	913
09/30/08	1046	Training for pre-hospital RN	100
Subtotal			<u>\$ 5,058</u>

In addition, the relief association expended funds for the training of an individual who was not listed on the membership roster and not a member of the association:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
2/29/08	657	EMS Conference and Exposition	\$ 525
Subtotal			\$ 525
Total			<u>\$ 5,583</u>

Criteria: Act 84 at 53 P.S. § 8506(e)(10) states:

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

- (10) To pay reasonable expenses actually and necessarily incurred for attending bona fide firefighters' training schools.

GOOD FELLOWSHIP AMBULANCE VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – (Continued)

Because the Department of the Auditor General is legislatively prohibited from giving pre-audit advice, an interagency agreement with the Department of Community and Economic Development (DCED) has been established whereby the DCED provides interpretation of Act 84 of 1968, the “Volunteer Firefighters’ Relief Association Act.” Training for paid ambulance and rescue squads and non members has been deemed by DCED to not qualify as authorized expenditures (ex. safeguard equipment, “bona fide firefighters’ training school,” insurance benefits, which directly cover the volunteer firefighter); consequently, this disbursement for \$5,583 is not authorized under Act 84.

Cause: Relief association officials were unaware that the aforementioned expenditures were not authorized by Act 84.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by Act 84.

However, as a result of our audit, on February 7, 2011, the relief association received reimbursement from Good Fellowship Club of Chester County, Inc. for the \$5,583 in unauthorized expenditures.

Recommendation: We recommend that relief association officials become familiar with Act 84 at 53 P.S. § 8506(e) 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.

GOOD FELLOWSHIP AMBULANCE VOLUNTEER FIREFIGHTERS'
RELIEF ASSOCIATION
ACCOMPANYING EXPENDITURE INFORMATION
FOR THE PERIOD JANUARY 1, 2007 TO DECEMBER 31, 2008

Act 84 at 53 P.S. § 8502(1) states, in part, that:

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. Such an association may also serve other purposes, . . . provided only that adequate provisions be first made to serve its primary purpose. . . .

Act 84 at 53 P.S. § 8506, 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. 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	\$ 82,066
Relief benefits	4,396
Total Benefit Services	\$ 86,462
Fire Services:	
Equipment purchased	\$ 63,892
Equipment maintenance	4,547
Training expenses	36,886
Total Fire Services	\$ 105,325
Administrative Services:	
Miscellaneous administrative expenses	\$ 517
Total Administrative Services	\$ 517



GOOD FELLOWSHIP AMBULANCE VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Good Fellowship Ambulance Volunteer Firefighters' Relief Association Governing Body:

Mr. Anthony J. Pizzi, Jr., President

Mr. Matthew Locke, Vice President

Mr. Charles Brogan, Secretary

Mr. Darren T. Ensinger, Treasurer

Reports were also distributed to each municipality, which allocated foreign fire insurance tax monies to this relief association.

Ms. Quina Nelling, Secretary
Birmingham Township

Mr. Michael P. Lynch, Secretary
East Bradford Township

Ms. Gail A. Abel, Secretary
Newlin Township

Mr. Brody Bovero, Secretary
Thornbury Township

Mr. Jack M. Hines, Jr., Secretary
West Bradford Township

Mr. Ernie B. McNeely, Secretary
West Chester Borough

Ms. Casey Labonde, Secretary
West Goshen Township

Mr. Robert Laymen, Secretary
Westtown Township

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.