

# COMPLIANCE AUDIT

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## Bunola Volunteer Firemen's Relief Association Allegheny County, Pennsylvania For the Period January 1, 2017 to June 19, 2018

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July 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Robert Ashbaugh, President  
Bunola Volunteer Firemen's  
Relief Association  
Allegheny County

We have conducted a compliance audit of the former Bunola Volunteer Firemen's Relief Association (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, 2017 to June 19, 2018.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the former 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 required to be and was not 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.

We previously recommended that the former relief association officials establish adequate internal control procedures to ensure that the signatures of at least two officers, one of whom shall be the treasurer, are included on all relief association negotiable instruments as defined by Act 118. A similar condition was noted during our current audit period. As a result of the relief association officer issuing checks with only one signature, assets were placed at greater risk as expenditures were being made without a second relief association officer having the opportunity to verify the propriety of the expenditures. The application of the second signature, after evaluating the propriety of the expenditure, reduces the risk of misappropriation and the risk of errors occurring and going undetected.


Based on our audit procedures, we conclude that, for the period January 1, 2017 to June 19, 2018:

- The former relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report. However, due to the dissolution of the former relief association, no further action is required.
- Except for the effects, if any, of the matter described in the preceding paragraph, the former 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. However, as of June 19, 2018, the former relief association dissolved and transferred all remaining monetary assets to the Blaine Hill Volunteer Firemen's Relief Association and transferred all remaining equipment to the Elizabeth Borough Volunteer Firemen's Relief Association.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with the management of the former relief association. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.

June 29, 2018

  
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 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 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)**

In 2017, the relief association did not receive a state aid allocation due to a potential withhold of state aid in the prior audit period.

As of June 19, 2018, the former relief association dissolved its organization. Thereafter, it did not receive any state aid allocation.

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

Bunola Volunteer Fire Department

BUNOLA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
STATUS OF PRIOR FINDINGS

STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

- Unauthorized Expenditures

As disclosed in the prior audit report, the former relief association expended \$4,298 for fire company insurance that was not authorized by Act 118. We previously recommended that the former relief association be reimbursed \$4,298 for the unauthorized expenditure and that relief association officials become familiar with Act 118 at 35 Pa.C.S. § 7416(f) to aid them in determining the propriety of future expenditures. During the current audit period, the former relief association expended \$726 for lettering on a fire company owned vehicle that is not authorized by Act 118. However, as disclosed earlier in this report, as of June 19, 2018, the former relief association dissolved and transferred all remaining monetary assets to the Blaine Hill Volunteer Firemen's Relief Association and transferred all remaining equipment to the Elizabeth Borough Volunteer Firemen's Relief Association. Due to dissolution of the former relief association, no further action is required at this time.

- Inadequate Signatory Authority For The Disbursement Of Funds

As disclosed in the prior audit report, we identified checks drawn on the former relief association's checking account that only contained the signature of one officer, even though two signatures are required by Act 118 and the relief association bylaws. We previously recommended that the former relief association officials establish adequate internal control procedures to ensure that the signatures of at least two officers, one of whom shall be the treasurer, are included on all relief association negotiable instruments as defined by Act 118. A similar condition was noted during our current audit period. However, as disclosed earlier in this report, as of June 19, 2018, the former relief association dissolved and transferred all remaining monetary assets to the Blaine Hill Volunteer Firemen's Relief Association and transferred all remaining equipment to the Elizabeth Borough Volunteer Firemen's Relief Association. Due to dissolution of the former relief association, no further action is required at this time.

BUNOLA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH AND INVESTMENT BALANCE  
AS OF JUNE 19, 2018

Cash and Investments	\$ <u>          -</u>
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BUNOLA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2017 TO JUNE 19, 2018

Expenditures:

Fire Services:

Equipment purchased	\$ 7,167
Equipment maintenance	3,455
Training expenses	740
Total Fire Services	\$ 11,362

Administrative Services:

Other administrative expenses	\$ 432
Bond premiums	100
Total Administrative Services	\$ 532

Other Expenditures:

Transfer of monetary assets *	\$ 1,658
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Total Expenditures	\$ 13,552
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\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of June 19, 2018, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the Blaine Hill Volunteer Firemen's Relief Association and all remaining equipment was transferred to the Elizabeth Borough Volunteer Firemen's Relief Association.

BUNOLA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

Former Bunola Volunteer Firemen's Relief Association Governing Body:

**Mr. Robert Ashbaugh**  
President

**Ms. Wendee Ashbaugh Dudeck**  
Vice President

**Ms. LuAnn Hart**  
Secretary

**Ms. Janice Trumpie**  
Treasurer

Blaine Hill Volunteer Firemen's Relief Association Governing Body:

**Ms. Lisa Gogoel**  
Treasurer

Elizabeth Borough Volunteer Fireman's Relief Association Governing Body:

**Mr. Jeremy Rager**  
President

**Mr. Charles Smith, Jr.**  
Treasurer

BUNOLA VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

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

**Ms. Karen Stetor**  
Secretary  
Forward 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).