

# COMPLIANCE AUDIT

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## Daisytown Firemen's Relief Association of Daisytown Borough, Cambria County, Pennsylvania For the Period January 1, 2019, to September 1, 2021

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March 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Ms. Amy Goller-Brillhart, President  
Daisytown Firemen's Relief Association of  
Daisytown Borough, Cambria County,  
Pennsylvania

We have conducted a compliance audit of the former Daisytown Firemen's Relief Association of Daisytown Borough, Cambria County, Pennsylvania (relief association) for the period January 1, 2019, to September 1, 2021. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objective of the audit was 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 objective 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.

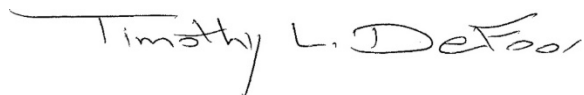
We were not able to obtain copies of canceled or imaged checks from the former relief association. The former relief association failed to provide copies of bank statements and canceled or imaged checks. Without copies of canceled or imaged checks, we were not able to determine whether two former relief association officers authorized and signed the checks as required by the VFRA Act.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2019, to September 1, 2021, 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, except as noted in the finding listed below and discussed later in this report.

Finding – Improper Closeout

In addition, as of September 1, 2021, the former relief association had a monetary balance of \$0 and retained no equipment (it should be noted the former relief association last purchased equipment prior to the year 2015 and any remaining equipment items from the equipment roster that were not disposed of were transferred to another fire service-related organization). As of September 1, 2021, the former relief association had dissolved (Refer to the Finding of this audit report for further information).

The contents of this report were discussed with the management of the former relief association and, where appropriate, their response has been included in the report. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
January 23, 2023

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("VFRA Act"), 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<sup>3</sup> (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.

The VFRA Act 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, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, 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.

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<sup>1</sup> 72 P.S. § 403 (as last amended by Act 44 of 2017).

<sup>2</sup> 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

<sup>3</sup> 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

**BACKGROUND – (Continued)**

The former relief association was allocated state aid from the following municipality:

Municipality	County	2019	2020	2021
Daisytown Borough	Cambria	*	*	*

\* During the current audit period, the relief association did not receive an allocation of state aid from Daisytown Borough in 2019, 2020 and 2021. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

As of August 12, 2019, the Daisytown Borough Council decertified the Daisytown Fire Company; thereafter, the former relief association did not receive any further state aid allocations.

As of September 1, 2021, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations.

Based on the relief association’s records, its total cash as of September 1, 2021, was \$0, as illustrated below:

Cash	\$ 0
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Based on the relief association’s records, its total expenditures for the period January 1, 2019, to September 1, 2021, were \$2,406, 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>4</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	\$ 2,343
Administrative Services:	
Other administrative expenses	\$ 63
Total Expenditures	\$ 2,406

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<sup>4</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 former relief association was affiliated with the following fire service organization:

Daisytown Fire Company

DAISYTOWN FIREMEN’S RELIEF ASSOCIATION OF DAISYTOWN BOROUGH,  
CAMBRIA COUNTY, PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – Improper Closeout**

Condition: The former relief association did not properly document the dissolution of the former organization and complete the minimum administrative procedures necessary to correctly dissolve its organization. Although the former relief association closed its checking and savings accounts with the financial institution, officials failed to:

- Provide a signed resolution confirming the closure.
- Provide signed meeting minutes evidencing the dissolution and specifically provide the details of the closeout of the former relief association.
- Maintain and provide meeting minutes during the audit period.
- Maintain and provide an equipment roster, evidencing the propriety of the relief association equipment donated to a local fire school.
- Maintain and provide bank statements from the financial institution.
- Maintain journals and ledgers for all accounts.
- Maintain Surety (Fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association’s Surety (Fidelity) bond coverage expired on August 1, 2020. As of August 1, 2020, the relief association’s cash assets totaled \$23.

Criteria: Section 7415(a) of the VFRA Act 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.

In addition, Section 7415(c)(4) of the VFRA Act 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.

Furthermore, prudent business practice dictates that the former relief association should properly document the membership’s acknowledgement of the dissolution and any details of the dissolution in the minutes of meetings held by the former relief association. In addition, the equipment transferred from the former relief association should be documented to evidence the propriety of the relief association equipment transferred to Cambria County Fire School, along with a signed receipt of the recipient.



DAISYTOWN FIREMEN'S RELIEF ASSOCIATION OF DAISYTOWN BOROUGH,  
CAMBRIA COUNTY, PENNSYLVANIA  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Cause: Former relief association officials were unaware of the importance of the administrative provisions in the VFRA Act identified above and the significance of a signed resolution, signed meeting minutes of the decision to dissolve, as well as obtaining the proper signature of the Cambria County Fire School which received the equipment.

Effect: Without detailed documentation, evidence that the dissolution of the former relief association was presented before the membership does not exist. In addition, without evidence of the equipment transferred to Cambria County Fire School, the former relief association is unable to certify a proper transfer of equipment.

Recommendation: Due to the decertification/dissolution of the former relief association and the former relief association's affiliated fire company, no further action is required at this time. For further guidance regarding administration of a relief association, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: A former relief association official agreed with the finding as presented at the audit exit conference, however, the former relief association has dissolved as of September 1, 2021.

Auditor's Conclusion: The former relief association dissolved and retained no monetary assets or equipment assets as of September 1, 2021. Due to the dissolution of the former relief association, no further action is required at this time.

DAISYTOWN FIREMEN'S RELIEF ASSOCIATION OF DAISYTOWN BOROUGH,  
CAMBRIA COUNTY, PENNSYLVANIA  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Daisytown Firemen's Relief Association of Daisytown Borough, Cambria County, Pennsylvania  
Governing Body:

**Ms. Amy Goller-Brillhart**  
President

**Mr. James Jacoby**  
Vice President

**Ms. Melissa Neisner**  
Secretary

**Mr. Todd Bair, Jr.**  
Treasurer

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

**Ms. Christa Kichler**  
Secretary  
Daisytown Borough

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).