



**Commonwealth of Pennsylvania
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. David A. Slifka, Secretary
Derry Township
Westmoreland County

We attempted to conduct a compliance audit of the Eastern Derry Township 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, 2015 to December 31, 2017. The objective of which was to be to determine if the 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.

We were unable to locate any officers charged with governance (management) of the relief association. As a result, based upon our review of records provided during our prior audit engagement and records subsequently provided by the financial institution that held the relief association's accounts, we determined that the relief association did not receive state aid during the period January 1, 2015 to December 31, 2017, and has not received state aid since 2013. Our prior audit report contained seven findings whereas two findings carried a potential withhold of state aid. An Order To Show Cause was issued to the relief association on October 7, 2015 ordering the relief association to show cause, if any, why their state aid allocation should not be withheld, which prompted the withholding of state aid to the municipality for the relief association. Subsequent to the release of the audit report covering the period January 1, 2011 to December 31, 2014, and through the date of this letter, we have not been provided documentation by the relief association to address the report's findings which resulted in the potential withholding of state aid.

On July 30, 2014, the relief association's affiliated fire service organization, the Eastern Derry Township Volunteer Fire Department, was decertified by the township supervisors. Further, Resolution No. 554-2015, a resolution of the Township of Derry, Westmoreland County, Pennsylvania terminating Eastern Derry Relief Fund and Notifying the Attorney General of such action was resolved October 6, 2015. In addition, the Derry Township Volunteer Fire Department-Station 71 became the Township's first responder for 9-1-1 call outs and fire calls. Derry Volunteer Fire Department-Station 41, Blairsville Volunteer Fire Department-Station 132, and New Alexandria Volunteer Fire Department-Station 77 became the secondary fire departments covering the fire service area.

On January 21, 2015, the relief association-owned vehicle and equipment was repossessed. In addition, on November 30, 2017, InFirst Bank formally known as Indiana First Bank closed the relief association's two checking accounts amounting to \$1,283 and set off the funds against the debt owed by the relief association. Two relief association loans remain in default with the bank. Therefore, since the relief association no longer retains any identified monetary assets or equipment according to all records available to our auditors, we discontinued our attempt to audit this relief association and will not attempt to audit this relief association in subsequent periods unless the relief association receives funds derived from 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) in the future.

The results of our prior audit report were forwarded to the Pennsylvania Office of Attorney General so that it could initiate any legal proceedings to dissolve the relief association and ensure appropriate transfer of any remaining assets. As of the date of this letter, our office has not received documentation regarding final disposition/transfer of any identifiable relief association assets or dissolution of the relief association. We are providing a copy of this letter to the Pennsylvania Office of Attorney General for their review and whatever action they may deem appropriate.

In addition, our department cooperated in an investigation by the Pennsylvania State Police into alleged illegal activities regarding the relief association during the prior audit, which covered the period January 1, 2011 to December 31, 2014. According to a February 7, 2017 article published by the Pittsburgh Tribune, the former chief and secretary of the Eastern Derry Township Volunteer Fire Department plead guilty to theft of funds of more than \$68,000 from the fire company and were sentenced to six years' probation and ordered to repay the stolen funds. Therefore, we are also forwarding a copy of this report to the Pennsylvania State Police for their information and whatever activity, if any, they may deem appropriate.

March 19, 2018



EUGENE A. DEPASQUALE
Auditor General