

# COMPLIANCE AUDIT

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## New Galilee Volunteer Fireman's Relief Association Beaver County, Pennsylvania For the Period January 1, 2016 to November 30, 2018

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March 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Ms. Nellie Aeschbacher, President  
New Galilee Volunteer Fireman's  
Relief Association  
Beaver County

We have conducted a compliance audit of the former New Galilee Volunteer Fireman'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, 2016 to November 30, 2018.

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 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.

Based on our audit procedures, we conclude that, for the period January 1, 2016 to November 30, 2018, 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 – Failure To Maintain Minutes Of Meetings

In addition, as of November 30, 2018, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the Big Beaver Borough Volunteer Firemen’s Relief Association and the five remaining air packs were donated to the Enon Valley 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 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.

February 25, 2019



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)**

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

<u>Municipality</u>	<u>County</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
New Galilee Borough	Beaver	\$1,568	\$1,441	*

\*As of November 30, 2018, the former relief association dissolved its organization. Thereafter, it did not receive any further state aid allocations. (See Supplementary Financial Information)

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:

New Galilee Volunteer Fire Department

NEW GALILEE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Failure To Maintain Minutes Of Meetings**

Condition: The relief association did not maintain minutes of meetings as required by Act 118.

Criteria: Section 7415(a) of Act 118 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 indicated that they were aware that maintaining minutes of meetings was required by Act 118 but failed to comply.

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

Recommendation: We recommend that all 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 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: The relief association dissolved its organization and consequently transferred its monetary assets to the Big Beaver Volunteer Firefighters' Relief Association and donated five air packs to the Enon Valley Volunteer Firemen's Relief Association. Due to the dissolution of the organization, no further action is needed

NEW GALILEE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
CASH BALANCE  
AS OF NOVEMBER 30, 2018

Cash	<u>\$</u> <u>0</u>
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NEW GALILEE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SUMMARY OF EXPENDITURES  
 FOR THE PERIOD JANUARY 1, 2016 TO NOVEMBER 30, 2018

Expenditures:

Benefit Services:	
Insurance premiums	\$ 1,000
Fire Services:	
Equipment purchased	\$ 850
Equipment maintenance	940
Training expenses	50
Total Fire Services	\$ 1,840
Administrative Services:	
Other administrative expenses	\$ 102
Bond premiums	300
Total Administrative Services	\$ 402
Other Expenditures:	
Transfer of monetary assets *	\$ 1,409
Total Expenditures	\$ 4,651

\* Transfer of Monetary Assets/Dissolution of Relief Association.

As of November 30, 2018, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the Big Beaver Borough Volunteer Firemen's Relief Association and the remaining salvageable equipment (five air packs) were donated to the Enon Valley Volunteer Firemen's Relief Association. Due to the dissolution of the former relief association, we are providing officials of Big Beaver Borough Volunteer Firemen's Relief Association copies of this report.

NEW GALILEE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

New Galilee Volunteer Fireman's Relief Association Governing Body:

**Ms. Nellie Aeschbacher**  
President

**Mr. Steve Sullivan**  
Vice President

**Ms. Rebecca Platts**  
Secretary

**Ms. Lorraine Sullivan**  
Treasurer

Big Beaver Borough Volunteer Firemen's Relief Association Governing Body:

**Mr. Greg Androlia**  
President

**Mr. Howard Greer**  
Secretary

**Mr. Richard Stockunas**  
Treasurer

NEW GALILEE VOLUNTEER FIREMAN'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:

**Traci Ann B. Weller**  
Secretary  
New Galilee 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).