

COMPLIANCE AUDIT

Blooming Valley Volunteer Fire and Rescue Department Relief Association

Crawford County, Pennsylvania

For the Period

January 1, 2021, to December 31, 2023

October 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Ms. Melissa Vogt, President
Blooming Valley Volunteer Fire and
Rescue Department Relief Association
Crawford County

We have conducted a compliance audit of the Blooming Valley Volunteer Fire and Rescue Department Relief Association (relief association) for the period January 1, 2021, to December 31, 2023. 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 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 association 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 objective. 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, 2021, to December 31, 2023, the 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 – Relief Association Checking Account Inappropriately Registered
Under Affiliated Fire Service Organization’s Federal Tax
Identification Number

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has been included in the report. We would like to thank the 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
October 2, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Finding and Recommendation:	
Finding – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization’s Federal Tax Identification Number	4
Report Distribution List	5

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("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 Law³ (commonly referred to as Act 205) are properly expended.

The 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.

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 relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief 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.

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

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

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

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Blooming Valley Borough	Crawford	\$1,372	\$1,704	\$1,689
Richmond Township	Crawford	\$2,513	\$2,927	\$2,947
Woodcock Township	Crawford	\$2,859	\$3,420	\$3,427

Based on the relief association’s records, its total cash as of December 31, 2023, was \$24,309, as illustrated below:

Cash	<u>\$ 24,309</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$13,799, 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.⁴ **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	<u>\$ 8,873</u>
Fire Services:	
Equipment purchased	\$ 1,091
Equipment maintenance	1,205
Training expenses	<u>2,430</u>
Total Fire Services	<u>\$ 4,726</u>
Administrative Services:	
Bond premiums	<u>\$ 200</u>
Total Expenditures	<u><u>\$ 13,799</u></u>

⁴ 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 relief association is affiliated with the following fire service organization:

Blooming Valley Volunteer Fire and Rescue Department

BLOOMING VALLEY VOLUNTEER FIRE AND RESCUE DEPARTMENT
RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Relief Association Checking Account Inappropriately Registered Under Affiliated Fire Service Organization’s Federal Tax Identification Number

Condition: As of December 31, 2023, the relief association held a checking account, with a total balance of \$24,309 which was inappropriately registered under the affiliated fire company’s federal tax identification number rather than the relief association’s identification number. This account represented 100 percent of the relief association’s cash assets.

Criteria: Prudent business practice dictates that the relief association maintain ownership of all investments as a means of safeguarding its assets from unauthorized use or disposition.

Cause: The relief association officials did not provide a reason why this occurred.

Effect: As a result of the checking account being inappropriately registered under another entity’s federal tax identification number, this relief association asset was not properly safeguarded.

Recommendation: We recommend that the relief association officials secure ownership rights to all monetary assets. This requirement can be accomplished by ensuring that all relief association accounts/investments are registered under the relief association’s federal tax identification number. 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, as a result of our audit, on July 24, 2024, ensured that the relief association checking account is registered under the relief association’s federal tax identification at the financial institution where the account is held.

Auditor’s Conclusion: We reviewed documentation verifying that the federal tax identification number was changed at the financial institution where the relief association’s asset is held. Compliance for the relief association’s federal tax identification being on all relief association accounts during the next audit period will be subject to verification through our next audit.

BLOOMING VALLEY VOLUNTEER FIRE AND RESCUE DEPARTMENT
RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Blooming Valley Volunteer Fire and Rescue Department Relief Association Governing Body:

Ms. Melissa Vogt
President

Mr. Mike Swanson
Vice President

Mr. Dan Miller
Secretary

Mr. Timothy P. Vogt, Sr.
Treasurer

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Brenda Jo Wetsell
Secretary
Blooming Valley Borough

Ms. Rhonda J. Phillips
Secretary
Richmond Township

Ms. Renee D. Hayes
Secretary
Woodcock Township

BLOOMING VALLEY VOLUNTEER FIRE AND RESCUE DEPARTMENT
RELIEF ASSOCIATION
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