

COMPLIANCE AUDIT

The Volunteer Fireman's
Relief Association of
North Huntingdon Township
Westmoreland County, Pennsylvania
For the Period
January 1, 2021, to December 31, 2024

July 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. Howard Huss, President
The Volunteer Fireman's Relief Association
of North Huntingdon Township
Westmoreland County

We have conducted a compliance audit of The Volunteer Fireman's Relief Association of North Huntingdon Township (relief association) for the period January 1, 2021, to December 31, 2024. 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 objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. 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 objectives 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.

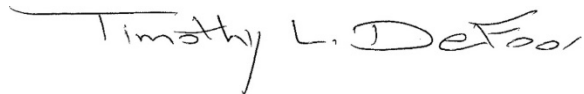
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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 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, 2021, to December 31, 2024:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- 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 – Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle

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 horizontal line above the first name.

Timothy L. DeFoor
Auditor General
June 26, 2025

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ 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, commonly referred to as Act 205,⁴ 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 Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

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

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
North Huntingdon Township	Westmoreland	\$164,102	\$206,445	\$206,205	\$209,747

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$646,884, as illustrated below:

Cash	\$ 204,665
Fair Value of Investments	<u>442,219</u>
Total Cash and Investments	<u>\$ 646,884</u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2021, to December 31, 2024, were \$926,664, 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.⁵ **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	\$ 29,281
Death benefits	164,000
Total Benefit Services	<u>\$ 193,281</u>

Fire Services:

Equipment purchased	\$ 293,888
Equipment maintenance	64,006
Training expenses	17,370
Fire prevention materials	8,574
Total Fire Services	<u>\$ 383,838</u>

Administrative Services:

Bond premiums	\$ 1,175
Officer compensation	1,950
Other administrative expenses *	46,420
Total Administrative Services	<u>\$ 49,545</u>

Total Investments Purchased	<u>\$ 300,000</u>
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Total Expenditures	<u><u>\$ 926,664</u></u>
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* A portion of the other administrative expenses represent \$42,290 transferred in the calendar year 2024 to open a new relief association bank account.

⁵ 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 organizations are separate legal entities. The relief association is affiliated with the following fire service organizations:

Circleville Volunteer Fire Department

Fairmont-Hahntown Volunteer Fire Department

Hartford Heights Volunteer Fire Department

Larimer Volunteer Fire Department

North Huntingdon Rescue 8 Ambulance Squad

Shafton Volunteer Fire Department

Strawpump Volunteer Fire Department

Westmoreland City Volunteer Fire Department

THE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF
NORTH HUNTINGDON TOWNSHIP
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with the prior audit findings and recommendations, as follows:

- Inappropriate Ownership Of Rescue Vehicles

By ensuring the titles of the rescue vehicles were transferred to the relief association.

- Failure To Adhere To Relief Association Bylaws

By establishing guidelines and procedures to meet the provisions contained in the relief association bylaws.

THE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF
NORTH HUNTINGDON TOWNSHIP
FINDING AND RECOMMENDATION

Finding – Failure To Deposit Proceeds From The Sale Of A Jointly Purchased Vehicle

Condition: In 2006, the relief association contributed \$38,258 toward the joint purchase of a 1991 E-One Pumper with the affiliated fire company, which had a total cost of \$263,657. The relief association entered into a joint purchase agreement with the affiliated fire company dated January 30, 2006 enumerating the relief association's proportional ownership interest in the jointly purchased vehicle and indicating that upon the sale of the vehicle, the relief association would receive a pro-rata share of 15% of the proceeds. In 2019, the jointly purchased vehicle was sold for \$10,000. However, the relief association did not receive its proportional share of the proceeds.

Criteria: Section 7418(a) of the VFRA Act states:

The Office of Auditor General shall have the power and its duty shall be to audit the accounts and records of every volunteer firefighters' relief association receiving money under Chapter 7 of the Act of December 18, 1984 (P.L. 1005, No. 205), known as the Municipal Pension Plan Funding Standard and Recovery Act, as far as may be necessary to satisfy the Auditor General that the money received was or is being expended for no purpose other than that authorized by this subchapter. Copies of all audits shall be furnished to the Governor.

Prudent business practice dictates that the relief association should secure its proportional ownership interest in the jointly purchased vehicle by executing a formal written agreement that enumerates the relief association's proportional share. Such an agreement shall specify that, in the event the vehicle is sold, the relief association shall receive its prorated share of the proceeds. Furthermore, if the vehicle is sold, the relief association officials should ensure that the proceeds are received and deposited timely into a relief association account.

Cause: Relief association officials executed a formal written agreement with the fire company. However, the relief association failed to ensure timely receipt and deposit of its proportional share of the proceeds from the sale of a jointly purchased vehicle.

Effect: Failure by the relief association to receive and deposit its pro-rata share of proceeds from the sale of a jointly purchased vehicle prevents the relief association's use of such funds for general operating expenses or for investment purposes.

THE VOLUNTEER FIREMAN'S RELIEF ASSOCIATION OF
NORTH HUNTINGDON TOWNSHIP
FINDING AND RECOMMENDATION

Finding – (Continued)

Recommendation: We recommend that the relief association be reimbursed \$1,500 for its pro-rata share of the proceeds from the sale of the jointly purchased vehicle. We also recommend the relief association officials establish accounting and internal control procedures to ensure that all future proceeds resulting from the sale of a jointly purchased vehicle are received and deposited timely in a relief association account. 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 indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

THE VOLUNTEER FIREMAN’S RELIEF ASSOCIATION OF
NORTH HUNTINGDON TOWNSHIP
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

The Volunteer Fireman’s Relief Association of North Huntingdon Township Governing Body:

Mr. Howard Huss
President

Mr. Mark Gibas
Secretary

Mr. Brian Woy
Treasurer

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

Mr. Harry R. Faulk
Secretary
North Huntingdon Township

This report is a matter of public record and is available online at 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.