

COMPLIANCE AUDIT

North Warren Vol. Fire Dept. Relief Association

Warren County, Pennsylvania

For the Period

January 1, 2023, to December 31, 2024

September 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. Brandon Williams, President
North Warren Vol. Fire Dept. Relief
Association
Warren County

We have conducted a compliance audit of the North Warren Vol. Fire Dept. Relief Association (relief association) for the period January 1, 2023, 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, 2023, to December 31, 2024:

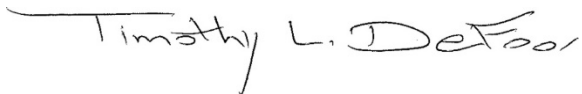
- The relief association took appropriate corrective action to address one of the two findings contained in our prior audit report. However, the relief association failed to take appropriate corrective action to address the one remaining finding contained in our prior audit report, as listed below, and discussed in the Status of Prior Findings section of this 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 findings listed below and discussed later in this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Disclose Related Party Transaction

Finding No. 2 – Failure To Hold Relief Association Meetings

Finding No. 3 – Failure To Update The Relief Association Bylaws

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have 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.



Timothy L. DeFoor
Auditor General
September 9, 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>2023</u>	<u>2024</u>
Conewango Township	Warren	\$9,835	\$9,871

Based on the relief association's records, its total cash as of December 31, 2024, was \$26,708, as illustrated below:

Cash	<u>\$ 26,708</u>
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Based on the relief association's records, its total expenditures for the period January 1, 2023, to December 31, 2024, were \$6,346, 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:

Fire Services:

Equipment purchased	\$ 1,354
Equipment maintenance	4,808
Training expenses	<u>164</u>
Total Fire Services	<u>\$ 6,326</u>

Administrative Services:

Other administrative expenses	<u>\$ 20</u>
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Total Expenditures	<u>\$ 6,346</u>
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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:

North Warren Volunteer Fire Department

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

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

- Inadequate Signatory Authority For The Disbursement Of Funds

By requiring more than one signature on all negotiable instruments.

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has not complied with one of two prior audit findings. This finding is noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Disclose Related Party Transaction

We are concerned by the relief association's failure to correct this previously reported audit finding. The relief association management should strive to implement the recommendations and corrective actions noted in this audit report.

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Disclose Related Party Transaction

Condition: Related party transactions occurs when the relief association does business with a vendor that employs a relief association member or is owned by a relief association officer or a member of an officer's immediate family. Such transactions may provide a less than arm's length financial benefit to the member, the officer or member of the officer's immediate family, through a commission or a profit from a sale. The relief association conducted business with a local bank that employs a relief association officer. The relief association officials failed to disclose this related party transaction to the relief association membership. As of December 31, 2024, the local bank holds 100 percent of the relief association assets.

A similar condition was noted in our prior audit report.

Criteria: Prudent business practices dictate that all potential related party transactions be disclosed to the membership and recorded in the minutes of relief association meetings. In addition, all members and/or officers involved with a business that is party to the related party transaction should abstain from all voting on matters involving such transactions.

Cause: Relief association officials indicated that they were in error due to a lack in understanding the condition cited during the previous audit. Relief association officials thought they had complied by having a statement in the meeting minutes about related party disclosure; however, they were unaware of the annual disclosure requirement and the need to state specifics regarding the related party situation.

Effect: Failure to properly disclose a related party transaction may create potential conflicts of interest which could result in the relief association being involved in less than arm's length financial transactions.

Recommendation: We again recommend that the relief association officials take the actions necessary to eliminate the appearance of conflicts of interests. Actions should include, but are not limited to, written notification to the relief association membership of each related party transaction, and the abstention of the related party from decisions and voting on matters involving the related party transactions. These actions should be documented in the relief association's minutes of meetings. Furthermore, the relief association officials should closely review all related party transactions to ensure that the transactions are conducted as an arm's length transaction, i.e., the cost of the services rendered by the firm is competitive.

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management Response: Currently the officers of the North Warren Fire Department (fire department) are also the officers of the relief association. The relief association intends to establish a separate relief association board to remain current with all relief association issues and to lessen the burden of the fire department executive board. By creating a separate relief association board, the relief association will be able to focus on the corrective actions that are required. A separate board will also help to ensure the relief association remains compliant in all relief association matters, including related party transactions.

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

Finding No. 2 – Failure To Hold Relief Association Meetings

Condition: The relief association failed to hold regular monthly meetings as required by the relief association's bylaws. Meetings were only held in six months during calendar year 2023, and two months during calendar year 2024. As such, the relief association's records may not reflect the approval of all financial transactions that occurred during the audit period.

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.

The relief association's bylaws at Article 2, Section 1 states, in part:

Regular meetings of the association shall be held on the second Wed. of each month immediately following the regular business meeting of the North Warren Vol. Fire Dept. Seven members shall constitute a quorum.

Cause: Relief association indicated that the lack of meeting was an oversight by the relief association when relief association business slowed down. The relief association deemed it unnecessary to have monthly meetings when there was no business to discuss or bills to pay.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings, that address all financial-related transactions, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: We recommend that the relief association officials hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval 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 Response: The relief association bylaw committee is currently reviewing the bylaws and will present updated bylaws to the membership. The amended bylaws will include updates to Article 2, to state that the relief association will have at least one annual mandatory meeting and hold other meetings as appropriate when any relief business needs to be discussed. The amended bylaws will be presented, reviewed and voted upon prior to updating.

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

Finding No. 3 – Failure To Update The Relief Association Bylaws

Condition: The relief association's existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

Criteria: Prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act and with proper authorization.

Cause: Relief association officials indicated that the bylaws have not been reviewed or updated on a regular basis.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

Recommendation: We recommend that the relief association review and update the bylaws governing its organization and establish guidelines and procedures to ensure compliance with the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

Management Response: The relief association bylaw committee is currently reviewing the bylaws and will present updated bylaws to the membership to include language to meet the requirements set forth in the VFRA Act. It will be presented, reviewed and voted upon prior to updating.

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

NORTH WARREN VOL. FIRE DEPT. RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

North Warren Vol. Fire Dept. Relief Association Governing Body:

Mr. Brandon Williams
President

Mr. Jerry Hammerback
Vice President

Ms. Cori Cushner
Secretary

Ms. Nancy Bullock
Treasurer

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

Ms. Emily Onuffer
Secretary
Conewango 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.