COMPLIANCE AUDIT

Venango Volunteer Fire Department Relief Association

Crawford County, Pennsylvania

For the Period
January 1, 2023, to December 31, 2024

November 2025

TIMOTHY L. DeFOOR • AUDITOR GENERAL •

Commonwealth of Pennsylvania
Department of the Auditor General

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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. John Smith, President
Venango Volunteer
 Fire Department
 Relief Association
Crawford County

We have conducted a compliance audit of the Venango Volunteer Fire Department 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 finding 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 the finding 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 – Untimely Receipt And Deposit Of State Aid

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.

Timothy L. DeFoor

Timothy L. DeFoor
Auditor General
October 30, 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.

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[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 municipalities:

Municipality	County	2023	2024
Cambridge Township	Crawford	$1,887	$1,919
Cussewago Township	Crawford	$1,385	$1,422
Hayfield Township	Crawford	$ 745*	$ 759
Venango Borough	Crawford	$ 909	$ 921*
Venango Township	Crawford	$2,675	$2,728
Woodcock Borough	Crawford	$ 354	$ 360
Woodcock Township	Crawford	$1,000	$1,016

* The 2023 state aid allocation received from Hayfield Township was not deposited by the relief association until August 14, 2025, and the 2024 state aid allocation received from Venango Borough was not deposited by the relief association until July 25, 2025, as disclosed in the finding in this report.

Based on the relief association's records, its total cash as of December 31, 2024, was $15,166 as illustrated below:

Cash	$ 15,166

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2023, to December 31, 2024, were $22,238, 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	$	8,870
Fire Services:		
Equipment purchased	$	419
Equipment maintenance		2,014
Training expenses		8,451
Total Fire Services	$	10,884
Administrative Services:		
Bond premiums	$	972
Other Expenditures:		
Miscellaneous *	$	1,512
Total Expenditures	$	22,238

* During the prior audit period, the relief association erroneously deposited a $1,512 check from Venango Borough that was intended for the affiliated fire company. On October 20, 2023, the relief association returned $1,512 to the affiliated fire company.

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:

Venango Volunteer Fire Department

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

COMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The relief association has complied with the prior audit finding and recommendation, as follows:

- Failure To Maintain Surety (Fidelity) Bond Coverage

  By maintaining surety (fidelity) bond coverage in an amount greater than the maximum balance of the relief association's cash assets.

VENANGO VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

<u>Finding – Untimely Receipt And Deposit Of State Aid</u>

<u>Condition</u>: During the current audit period, the relief association did not deposit its 2023 state aid allocation from Hayfield Township timely and did not receive its 2024 state aid from Venango Borough timely, as illustrated below:

2023 Allocations Received Timely And Deposited Untimely

Municipality	Amount	Date To Municipality	Days To Relief Association	Days Till Deposited
Hayfield Township	$745	9/21/2023	13	692

2024 Allocations Received Untimely

Municipality	Amount	Date To Municipality	Days To Relief Association	Days Till Deposited
Venango Borough	$921	9/18/2024	310	1

<u>Criteria</u>: Section 706 (b)(2) of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, (P.L. 1005, No. 205), requires municipalities to forward the foreign fire insurance premium tax funds received in September of each year, to one or more relief associations within 60 days of receipt.

Prudent business practice dictates that if a municipality provided the relief association with a state aid allocation in the prior year, and that state aid has not been received by December 1st, the relief association should contact the municipality to inquire about the state aid allocation for that year. This inquiry should result in documentation as to whether the relief association will receive an allocation for that year, and why the municipality is beyond the 60-day requirement.

Prudent business practices also dictate that, upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure the funds are deposited into the relief association account in a timely manner.

<u>Cause</u>: The relief association officials stated the 2023 state aid allocation was erroneously deposited into the affiliated fire company's account and they did not realize the 2024 state aid allocation check had not been received.

Finding – (Continued)

Effect: As a result of the untimely receipt and deposit of the state aid allocations, funds were not available to pay general operating expenses or for investment purposes. In addition, an untimely receipt and untimely deposit of funds increases the risk that funds could be lost or misappropriated.

Recommendation: We recommend that the relief association officials establish internal control procedures designed to ensure timely receipt and deposit of all state aid allocations. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: Relief association management agreed with the finding as presented at the audit exit conference. Management indicated they will enhance state aid check-tracking procedures to ensure all checks are received and deposited in a timely manner.

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

VENANGO VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Venango Volunteer Fire Department Relief Association Governing Body:

Mr. John Smith
President

Mr. Robert Proper
Vice President

Ms. Jean Acker
Secretary

Mr. Ronald J. Riley
Treasurer

VENANGO VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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

Ms. Debra E. Merritt
Secretary
Cambridge Township

Ms. Kaitlin Lopus
Secretary
Cussewago Township

Ms. Jennifer McClymonds
Secretary
Hayfield Township

Ms. Yvonne Thayer
Secretary
Venango Borough

Ms. Elizabeth Waterhouse
Secretary
Venango Township

Ms. Sharron E. Diley
Secretary
Woodcock Borough

Ms. Renee D. Hayes
Secretary
Woodcock 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.