

# COMPLIANCE AUDIT

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## Jefferson Hills Fire & Rescue Relief Association

Allegheny County, Pennsylvania  
For the Period  
January 1, 2021, to December 31, 2023

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May 2024



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. John Thatcher, President  
Jefferson Hills Fire & Rescue  
Relief Association  
Allegheny County

We have conducted a compliance audit of the Jefferson Hills Fire & Rescue 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 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.

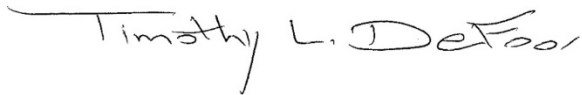
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative 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, 2023:

- 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 Secure Ownership Interest In Jointly Purchased Equipment

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  
Auditor General  
April 30, 2024

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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<sup>1</sup>, and the Volunteer Firefighters' Relief Association Act<sup>2</sup> ("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 Law<sup>3</sup> (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.

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

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

<sup>3</sup> 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 municipality:

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Jefferson Hills Borough	Allegheny	\$59,455	\$79,555	\$79,878

Based on the relief association’s records, its total cash as of December 31, 2023, was \$147,894, as illustrated below:

Cash	<u>\$ 147,894</u>
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## BACKGROUND – (Continued)

Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$297,983, 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.<sup>4</sup> **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	\$ 102,896
Relief benefits	228
Total Benefit Services	<u>\$ 103,124</u>

#### Fire Services:

Equipment purchased	\$ 138,383
Equipment maintenance	23,089
Training expenses	23,848
Total Fire Services	<u>\$ 185,320</u>

#### Administrative Services:

Bond premiums	\$ 654
Other administrative expenses *	8,662
Total Administrative Services	<u>\$ 9,316</u>

#### Other Expenditures:

Unauthorized expenditure **	<u>\$ 223</u>
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Total Expenditures	<u>\$ 297,983</u>
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\* A majority of the other administrative expenses represent \$7,758 expended in calendar years 2021 through 2023 for accounting and bookkeeping services.

\*\* During calendar year 2021, the relief association made a \$223 disbursement that was not authorized under the VFRA Act. We disclosed this issue to relief association officials on February 28, 2024, but we did not include a finding in this report due to the relatively low dollar amount.

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<sup>4</sup> 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:

Floreffe Volunteer Fire Company

Jefferson 885 Area Volunteer Fire Company



JEFFERSON HILLS FIRE & RESCUE RELIEF ASSOCIATION  
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:

- Improper Merger

By amending the bylaws to account for the two corrected affiliated fire departments, and re-titling the John Deer All-Terrain Vehicle and the 2016 Mustang Trailer into the name of the new relief association.

- Inadequate Signatory Authority For the Disbursement of Funds

By requiring more than one signature on all negotiable instruments.

JEFFERSON HILLS FIRE & RESCUE RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – Failure To Secure Ownership Interest In Jointly Purchased Equipment**

Condition: On November 22, 2023, the relief association expended \$14,052 for a Whelen Light Bar, reflective striping, lettering, and clearcoating on a 2023 Ford F-150XL owned by the affiliated fire company. Also, on the same date, the relief association expended \$14,027 for a Federal Light Bar, reflective striping, lettering, and clearcoating on a second 2023 Ford F-150XL also owned by the affiliated fire company; however, the relief association did not adequately secure its ownership interest in the two vehicles that have equipment purchased by the relief association.

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 vehicles that have equipment purchased by the relief association by executing a formal written agreement that enumerates the relief association's proportional share of the cost of the vehicles. Such agreement shall specify that the relief association shall receive its prorated share of the proceeds upon sale of the vehicles, in the event the vehicles are ever sold.

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

Effect: The failure to adequately secure the proportional share of ownership interest in the vehicles for which relief association purchased equipment was installed places the relief association's ownership interest at greater risk.

Recommendation: We recommend that the relief association officials execute two separate formal written agreements with the fire company that enumerates the relief association's proportional ownership interest in the jointly purchased equipment as well as stipulating that the proportionate sales proceeds shall revert to the relief association in the event the equipment is ever sold. If such action is not taken, we recommend that the relief association be reimbursed \$28,079. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

JEFFERSON HILLS FIRE & RESCUE RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

**Finding – (Continued)**

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the relief association provided two separate joint purchased equipment agreements on February 24, 2024.

Auditor's Conclusion: We reviewed the documentation verifying that the two jointly purchased equipment agreements were received and are accurate. Compliance for jointly purchased equipment agreements will be subject to verification through our next audit.

JEFFERSON HILLS FIRE & RESCUE RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Joshua D. Shapiro**  
Governor  
Commonwealth of Pennsylvania

Jefferson Hills Fire & Rescue Relief Association Governing Body:

**Mr. John Thatcher**  
President

**Mr. Frank Sockman**  
Vice President

**Mr. Tracey Khalil**  
Secretary

**Mr. Jay Girman**  
Treasurer

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

**Mr. John Stinner**  
Secretary  
Jefferson Hills 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).