

# COMPLIANCE AUDIT

---

## West Hills Regional Fire Department Relief Association of Brownstown and Westmont Boroughs Cambria County, Pennsylvania For the Period January 1, 2018, to December 31, 2021

---

March 2023



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. Philip Christofes, President  
West Hills Regional Fire Department  
Relief Association of Brownstown  
and Westmont Boroughs  
Cambria County

We have conducted a compliance audit of the West Hills Regional Fire Department Relief Association of Brownstown and Westmont Boroughs (relief association) for the period January 1, 2018, to December 31, 2021. 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.

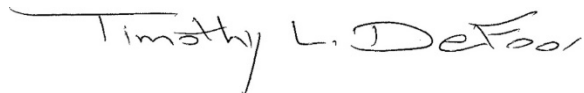
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, 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, 2018, to December 31, 2021, 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 – Unauthorized Expenditures

Finding No. 2 – 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 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.

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  
March 8, 2023

# CONTENTS

	<u>Page</u>
Background.....	1
Findings and Recommendations:	
Finding No. 1 – Unauthorized Expenditures.....	4
Finding No. 2 – Untimely Receipt And Deposit Of State Aid.....	6
Report Distribution List.....	8

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

---

<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 municipalities:

<u>Municipality</u>	<u>County</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Brownstown Borough	Cambria	\$ 2,504	\$ 2,683	\$ 2,730	\$ 2,433
Ferndale Borough	Cambria	\$ 5,800	\$ 6,195	\$ 6,298	\$ 5,577
Lower Yoder Township	Cambria	\$ 5,647*	\$ 6,331	\$ 6,392	\$ 5,526
Westmont Borough	Cambria	\$23,895	\$25,465	\$25,669	\$22,480

\* The 2018 state aid allocation received from Lower Yoder Township was not deposited by the relief association until June 28, 2019, as disclosed in the finding in this report.

Based on the relief association’s records, its total cash as of December 31, 2021, was \$131,275, as illustrated below:

Cash	<u>\$ 131,275</u>
------	-------------------

## BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2018, to December 31, 2021, were \$159,672, 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	<u>\$ 23,358</u>
--------------------	------------------

#### Fire Services:

Equipment purchased	\$ 68,516
---------------------	-----------

Equipment maintenance	45,166
-----------------------	--------

Training expenses	6,731
-------------------	-------

Fire prevention materials	<u>6,540</u>
---------------------------	--------------

Total Fire Services	<u>\$ 126,953</u>
---------------------	-------------------

#### Administrative Services:

Bond premiums	\$ 928
---------------	--------

Other administrative expenses	<u>6,981</u>
-------------------------------	--------------

Total Administrative Services	<u>\$ 7,909</u>
-------------------------------	-----------------

#### Other Expenditures:

Unauthorized expenditures	<u>\$ 1,452</u>
---------------------------	-----------------

Total Expenditures	<u><u>\$ 159,672</u></u>
--------------------	--------------------------

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:

West Hills Regional Fire Department, Inc.

---

<sup>4</sup> Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHS  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – Unauthorized Expenditures**

Condition: The relief association expended funds for the following items during the current audit period that are not authorized by the VFRA Act:

Date	Check No.	Description	Amount
05/20/19	5131	Fire company bond policy - small games of chance	\$ 726
05/19/20	5171	Fire company bond policy - small games of chance	726
Total			<u>\$ 1,452</u>

Criteria: Section 7416(f) of the VFRA Act states:

The funds of any volunteer firefighters’ relief association may be spent:

- (2) To purchase contracts of insurance which, at a minimum, shall afford financial assistance to active members of the fire service represented by the association against losses due to injury suffered in the fire service and may also provide, in the order named: (i) for payments to the surviving spouse or other dependents of a member in the event of member’s death; (ii) for protection of active firefighters against disease; (iii) for replacement or purchase of prosthetic devices such as visual aids, hearing aids, dentures, braces, crutches and the like, where those devices have been lost or damaged while the owner was engaged in the fire service or where the need for those devices arose because of functional impairment attributable to participation in the fire service; (iv) for repair or replacement, if necessary, of articles of clothing or pocket pagers damaged or lost in the course of participation in the fire service; and (v) for disability incurred after service for a minimum of 20 years as a volunteer firefighter.
- (4) To pay in full or in part for damage or loss in any of the categories mentioned in paragraph (2) above in a specific case where; (i) no policy of insurance is in force covering the risk; or (ii) the amount payable under insurance policies in force is inadequate to cover the loss.
- (8) To contribute to or to purchase contracts of insurance which will contribute to the cost of rehabilitating and retraining volunteer firefighters who, by reason of their participation in the fire service, have suffered a major impairment of the ability to continue their vocation.
- (12) To secure insurance against the legal liability of volunteer firefighters for loss and expense from claims arising out of performance of official and authorized duties while going to, returning from or attending fires or performing their duties as special fire police.



WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHS  
FINDINGS AND RECOMMENDATIONS

**Finding No. 1 – (Continued)**

In addition, Section 7418(b) of the VFRA Act states:

- (b) Findings -- If the Auditor General finds that money received by a volunteer firefighters' relief association has been expended for a purpose other than one authorized by this subchapter, the commissioner, upon receiving notice of the finding from the auditor general, shall decline to approve payment to the volunteer firefighters' relief association until the improperly expended amount has been reimbursed to the relief association fund.

Costs associated with the purchase of fire company small games of chance bond coverage do not qualify as authorized volunteer firefighters' relief association expenditures; consequently, these disbursements are not authorized under the VFRA Act.

Cause: The relief association officials indicated that the expenditures were paid in error.

Effect: As a result of these improper expenditures, relief association funds were not available for investment purposes, or to pay for expenditures authorized by the VFRA Act.

Recommendation: We recommend that the relief association be reimbursed \$1,452 for the unauthorized expenditures and that relief association officials become familiar with Section 7416(f) of the VFRA Act to aid them in determining the propriety of future expenditures. 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, the affiliated fire company reimbursed the relief association \$1,452 for the unauthorized expenditures on February 17, 2023.

Auditor's Conclusion: We reviewed documentation verifying that the reimbursement of \$1,452 was received. Compliance for expenditures made during the next audit period will be subject to verification through our next audit.

WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHS  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – Untimely Receipt And Deposit Of State Aid**

Condition: The relief association did not deposit the 2018 state aid allocation it received from Lower Yoder Township, in the amount of \$5,647, until June 28, 2019. The foreign fire insurance tax allocation was distributed to the municipal treasurer on September 17, 2018; however, municipal officials failed to forward the state aid allocation to the relief association until March 14, 2019, which is not within 60 days of receipt, as required by Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205). In addition, upon receipt of the state aid allocation, the relief association did not ensure the funds were deposited timely into a relief association account.

Criteria: Section 706 (b)(2) of the Act of December 18, 1984, (P.L. 1005, No. 205), states:

The foreign fire insurance premium tax amount applicable to a municipality served solely by volunteer firefighters shall be paid to the municipality, which shall within 60 days of the date of the receipt of the moneys from the State Treasurer pay the amount received to the relief association fund of the fire department or departments, or fire company or companies, now existing or hereafter organized, inside or outside of the municipality, which is or are actively engaged in the service of the municipality and duly recognized by the governing body of the municipality.

Furthermore, prudent business practice dictates that upon receipt of its state aid allocation, the relief association should establish adequate internal control procedures to ensure the funds are deposited in a timely manner.

Cause: The relief association officials stated that this occurred because Lower Yoder Township was waiting for the completion of the merger with the Westwood Relief Association to begin distributing the state aid to West Hills Regional Relief Association.

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

Recommendation: We recommend that the relief association officials adopt internal control procedures to ensure the timely receipt and deposit of all future income received. For further guidance, please refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS.

WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHES  
FINDINGS AND RECOMMENDATIONS

**Finding No. 2 – (Continued)**

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 through our next audit.

WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHES  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

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

West Hills Regional Fire Department Relief Association of Brownstown and Westmont  
Boroughs Governing Body:

**Mr. Philip Christofes**  
President

**Mr. Robert Callahan**  
Treasurer

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

**Ms. Jessica Porath**  
Secretary  
Brownstown Borough

**Ms. Nancy Hofecker**  
Secretary  
Ferndale Borough

**Ms. Natalie Urban**  
Secretary  
Lower Yoder Township

**Ms. Melissa Millard**  
Secretary  
Westmont Borough

WEST HILLS REGIONAL FIRE DEPARTMENT RELIEF ASSOCIATION OF  
BROWNSTOWN AND WESTMONT BOROUGHS  
REPORT DISTRIBUTION LIST

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).