



Minetto Volunteer Fire Company Misappropriation of Funds and Records and Reports

Report of Examination

Period Covered:

January 1, 2012 — December 31, 2013

2014M-222



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
EXECUTIVE SUMMARY	2
INTRODUCTION	4
Background	4
Objective	4
Scope and Methodology	4
Comments of Local Officials and Corrective Action	5
MISAPPROPRIATION OF FUNDS	6
Cash Disbursements	7
Vending Machine Receipts	10
Recommendations	11
RECORDS AND REPORTS	12
Recommendations	13
APPENDIX A Response From Local Officials	14
APPENDIX B Audit Methodology and Standards	16
APPENDIX C How to Obtain Additional Copies of the Report	18
APPENDIX D Local Regional Office Listing	19

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2014

Dear Fire Company Officials:

One important function of the Office of the State Comptroller is to help fire company officials manage company resources efficiently and effectively and, by so doing, provide accountability for moneys spent to support company operations. The Comptroller oversees the fiscal affairs of fire companies statewide, as well as compliance with relevant statutes and observance of good business practices, through our audits. Our audits may also identify opportunities for improving operations and fire company governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard fire company assets.

Following is a report of our audit of the Minetto Volunteer Fire Company, entitled Misappropriation of Funds and Records and Reports. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for fire company officials to use in effectively managing operations and in meeting the expectations of the public. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Minetto Volunteer Fire Company (Company) is located in the Town of Minetto in Oswego County. The Company provides fire protection services to the Town of Minetto and the Town of Oswego. The Company is operated in accordance with its bylaws and is governed by a six-member Board of Directors (Board). The Board is responsible for the general management and control of the Company's financial affairs. Company members elect a Treasurer, who is primarily responsible for the Company's financial duties, including accounting for all cash receipts and disbursements, maintaining financial records and preparing financial reports. Company members also elect a Fire Chief (Chief) who is responsible for the management and control of the Company's fire protection operations. The Company's budgeted appropriations totaled \$128,000 for 2013.

Scope and Objective

The objective of our audit was to evaluate the Company's financial operations for the period January 1, 2012 through December 31, 2013. Our audit addressed the following related questions:

- Did the Board ensure that cash disbursements were for valid Company purposes and that vending machine receipts were deposited?
- Did the Board ensure that the Treasurer maintained records and reports that accurately reflected the Company's financial activity?

Audit Results

The Board did not provide adequate oversight of the Company's financial operations. In total, we identified \$22,618 in improper and questionable transactions. The Chief made \$5,858 in improper purchases and misappropriated a \$1,863 refund check from a vendor that was due to the Company. In addition, the Company spent \$12,815 on questionable purchases, including \$8,496 for firefighting gear and equipment purchased from the Chief and \$4,319 in purchases from other vendors for which the Company had no supporting documentation and Company officials could not explain. In addition, the Company paid \$982 in unnecessary fuel costs because the Chief fueled his personal vehicle at Company expense in excess of the limits permitted by the Company's fuel usage policy. Most of these improper and questionable transactions occurred because neither the Board nor Company membership reviews and approves claims prior to payment and there are no procedures in place to ensure that purchases are supported by an invoice or receipt. Furthermore, the Board has not adopted a code of ethics as required by New York State General Municipal Law to specify the standards of conduct

reasonably expected. Prior to the conclusion of our audit, the Chief paid the Company a total of \$14,533 as reimbursement for some of the improper and questionable transactions identified during our audit.¹

The Board did not ensure that vending machine receipts were given to the Treasurer for deposit. As a result, \$1,100 of vending machine receipts were not recorded in the Company's financial records and were not deposited into a Company bank account. The Chief, who is primarily responsible for maintaining the Company's vending machine, told us that he does not turn over vending machine receipts to the Treasurer or deposit the receipts into a Company bank account. Instead, the Chief told us that he uses vending machine receipts like petty cash. However, other Company officials did not corroborate this, and the Chief was unable to provide receipts for the items he said he purchased.

Finally, the Board did not ensure that the Treasurer maintained records and reports that accurately reflected the Company's financial activity. The Treasurers² who maintained the records during our audit period did not maintain any cash balances in the records and did not perform bank reconciliations. As a result, 51 disbursements for \$20,537 were not recorded in the financial records and 13 disbursements for \$1,870 were recorded incorrectly. We also found that the Treasurer's monthly reports to the Board were not adequate for monitoring financial operations because they did not provide budget-to-actual results, did not list individual disbursements and did not account for all revenues. These omissions and errors were allowed to occur and go undetected because the Board did not review the Treasurer's records and the Board did not engage a certified public accountant (CPA) to audit the records as stipulated in the Company's bylaws.³

We have referred our findings to the New York State Police. The Chief was arrested on July 1, 2014 and charged with Grand Larceny in the 3rd Degree, a Class D Felony.

Comments of Local Officials

The results of our audit and recommendations have been discussed with Company officials and their comments, which appear in Appendix A, have been considered in preparing this report. Company officials generally agreed with our findings and indicated they will prepare a corrective action plan that addresses the recommendations.

¹ The Chief's \$14,533 reimbursement included payment of \$4,418 for some of the improper purchases, \$1,863 for the misappropriated refund check, \$7,960 for some of the purchases the Company made from the Chief and an additional \$292.

² The Fire Company had two Treasurers during our audit period; the first Treasurer served from January through December 2012 and the second served from January through December 2013.

³ The Company's bylaws require a CPA to audit the Treasurer's records at least every two years.

Introduction

Background

The Minetto Volunteer Fire Company (Company) is located in the Town of Minetto in Oswego County. The Company, which was incorporated in 1938, provides fire protection services to the Town of Minetto and the Town of Oswego.

The Company is operated in accordance with its bylaws and is governed by a six-member Board of Directors (Board). The Board is responsible for the general management and control of the Company's financial affairs. Annually, Company members elect a Treasurer.⁴ The Treasurer, under the Board's supervision, is responsible for the Company's financial duties, which include accounting for all cash receipts and disbursements, maintaining financial records and preparing financial reports. Company members also elect a Fire Chief (Chief) who is responsible for the management and control of the Company's fire protection operations. The Company has approximately 25 active volunteer members who responded to 175 calls in 2012. The Company's total budgeted appropriations were \$128,000 for the 2013 fiscal year.

The Chairman of the Board (Chairman) contacted our office in December 2013 to request an audit of the Company.

Objective

The objective of our audit was to evaluate the Company's financial operations. Our audit addressed the following related questions:

- Did the Board ensure that cash disbursements were for valid Company purposes and that vending machine receipts were deposited?
- Did the Board ensure that the Treasurer maintained records and reports that accurately reflected the Company's financial activity?

Scope and Methodology

We examined the Company's cash disbursements, vending machine receipts and financial records and reports for the period January 1, 2012 through December 31, 2013.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on

⁴ During our audit period, the Company had two different Treasurers. One Treasurer served from January through December 2012 and the second served from January through December 2013. The Company's current Treasurer is the same Treasurer that served in 2012.

such standards and the methodology used in performing this audit is included in Appendix B of this report.

**Comments of
Local Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Company officials and their comments, which appear in Appendix A, have been considered in preparing this report. Company officials generally agreed with our findings and indicated they will prepare a corrective action plan that addresses the recommendations.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Secretary's office.

Misappropriation of Funds

It is the Board’s duty to oversee the Company’s financial operations. The Board should ensure that cash disbursements are for valid Company purposes and that vending machine receipts are accounted for properly. To fulfill its duty, the Board should provide for an audit of claims prior to payment, must adopt a code of ethics specifying the expected standards of conduct and should establish policies and procedures related to cash disbursements if such policies and procedures are not addressed the Company’s bylaws. The Board should also ensure that cash from vending machine sales is given to the Treasurer to be properly recorded and deposited in a timely manner.

The Board did not provide adequate oversight of the Company’s financial operations and did not ensure that cash disbursements were for valid Company purposes. As a result, the Chief made \$5,858 in improper purchases and misappropriated a \$1,863 refund check from a vendor that was due to the Company. In addition, the Company spent \$12,815 on questionable purchases, including \$8,496 for firefighting equipment purchased from the Chief and \$4,319 purchased from other vendors. Also, the Company paid \$982 in questionable fuel costs because the Chief fueled his personal vehicle at Company expense in excess of the limits permitted by the Company’s fuel usage policy. The Board also does not ensure that vending machine receipts are given to the Treasurer, and as a result, \$1,100 of vending machine receipts were not deposited into a Company bank account or recorded in the Company’s financial records. In total, we identified \$22,618 in improper and questionable transactions.

Figure 1: Improper and Questionable Transactions			
Type of Transaction	Improper Amount	Questionable Amount	Total
Purchases From Vendors	\$5,858	\$4,319	\$10,177
Vendor Refund Check Diverted	\$1,863	\$0	\$1,863
Purchases From the Chief	\$0	\$8,496	\$8,496
Fuel Purchases	\$0	\$982	\$982
Vending Machine Receipts	\$0	\$1,100	\$1,100
	\$7,721	\$14,897	\$22,618

During our audit fieldwork, the Chief paid the Company a total of \$14,533 as reimbursement for some of the improper and questionable transactions identified during our audit.⁵

⁵ The Chief’s \$14,533 reimbursement included payment of \$4,418 for some of the improper purchases, \$1,863 for the misappropriated refund check, \$7,960 for some of the purchases the Company made from the Chief and an additional \$292.

Cash Disbursements

It is the Board's duty to safeguard Company moneys against improper use. To fulfill this duty, the Board should provide for the audit and approval of claims prior to payment and adopt a code of ethics specifying expected standards of conduct. The Board should also ensure compliance with the cash disbursements procedures outlined in the Company bylaws and when adequate procedures are lacking in the bylaws, the Board should establish additional policies or procedures to supplement the bylaws.

Improper and Questionable Purchases — Based on our review of bank statements and follow-up with Company vendors and interviews with Company officials, we identified 10 purchases totaling \$5,858 that were improper. These purchases, which were paid for by both debit card⁶ and check, were made by the Chief. In addition, we identified purchases totaling \$4,319 from various vendors that were questionable because they were not supported by itemized invoices or receipts and could not be explained by Company officials. Figures 2 and 3 show a summary of the improper and questionable purchases.

Description of Purchases	Amount
Firearm and Accessory	\$1,869
Truck Bed Cap	\$1,190
Motorcycle Accessories	\$650
Lawnmower Parts and Service	\$516
Landscape Rake	\$450
Polished Axe With Sheath	\$364
Badges, Wallets and Helmet Shields for Another Fire Company	\$269
Parts and Service From a Car Dealership	\$259
Pocket Tool and Accessory	\$180
Tactical Backpack	\$111
Total Improper Purchases	\$5,858

⁶ The Company had debit cards during the first eight months of our audit period. The Board did not establish policies or procedures to ensure that purchases made with the debit cards were proper and were supported by a receipt.

Figure 3: Questionable Purchases From Vendors

Type of Vendor	Amount
Online Retailer of Pickup Truck and Sport Utility Vehicle Accessories	\$1,239
Local Gas Station and Convenience Store	\$1,156
National Retailer of Office Supplies	\$1,080
Nationally Accepted Fleet Fuel Card	\$327
Online Retailer of Racing Related Electronics	\$277
Online Retailer of Wireless Communication Devices	\$240
Total Questionable Purchases	\$4,319

These purchases were allowed to occur because neither the Board nor Company membership reviewed or approved claims prior to payment. Furthermore, neither the Board nor other Company officials ensured that claims were supported by a receipt or invoice. For example, we reviewed 286 disbursements totaling \$386,124 and found that 146 disbursements, or 51 percent, totaling \$36,179, were not supported by a receipt or invoice showing what was purchased.⁷ The Company's bylaws also do not clearly establish a cash disbursements process or claims audit requirement and the Board has not adopted any policies and procedures to supplement the bylaws. We interviewed various Company officials who stated that their understanding of the cash disbursements process was that the Chief, President and Chairman could expend Company moneys without the approval of the Treasurer, Board or the general membership as long as the expenditure could be attributed to an expense category in the budget and did not exceed the total amount allocated to that expense category. Officials acknowledged that the Chief, President and Chairman typically expended funds without a review and approval of the claims by anyone else. Furthermore, in addition to the Treasurer, the Chief and President were authorized to sign checks, so they had the ability to initiate and pay claims with no oversight.

During the course of our audit fieldwork, the Chief reimbursed the Company a total of \$4,418 as payment for five of the improper purchases identified in Figure 2.⁸ This is a portion of the \$14,533 reimbursement that was previously discussed.

Vendor Refund Check Diverted — While reviewing cash disbursements we found that the Company's Treasurer had

⁷ During our audit, we obtained supporting invoices and receipts for some of these disbursements directly from the vendors so we could determine what was purchased.

⁸ The Chief reimbursed the Company for the firearm and accessory, truck bed cap, motorcycle accessories, landscape rake and parts and services from the local car dealership.

mistakenly overpaid a vendor in 2012. After interviewing Company officials, including the Chief, we found that the vendor had issued a check for \$1,863 to the Company as a refund of this overpayment. The Chief subsequently cashed this refund check and retained the funds for personal use. Prior to the conclusion of our audit, the Chief reimbursed the Company \$1,863 for this refund check.

Purchases From the Chief — The Company made seven purchases totaling \$8,496 from the Chief for various pieces of firefighting gear and equipment. The Board has not adopted a code of ethics to outline procedures for addressing situations where an officer has an interest in contracts with the Company. In addition, we found no indication that the Chief publicly disclosed the nature and extent of his interest in writing to the Board as required by New York State General Municipal Law (GML). We noted that many of the items purchased from the Chief were similar or identical to items that the Company regularly purchases from larger vendors, and therefore, we question why the Company would purchase these items from the Chief.

Description of Purchase	Amount
Self-Contained Breathing Apparatus Masks	\$2,255
Fire Fighting Pants and Jacket	\$1,937
Boots and Radio Straps	\$1,189
Leather Helmets	\$1,110
Generator	\$1,000
Light Mounts for Truck	\$530
Boots	\$475
Total of Items Purchased From the Chief	\$8,496

The Chief signed the purchase order (PO) to authorize six of these purchases and there was no PO on file for the seventh purchase. Because the Chief is a signatory on the Company’s checking account, he was able to write four checks to himself totaling \$6,856 as payment for five of these purchases. Four of the purchases were supported by invoices with letterhead that indicated the Chief had a fire equipment business,⁹ but, when we interviewed the Chief, he stated that he did not have a business that sold firefighting gear and related equipment and that he only prepared invoices because he was asked to do so by other Company officials. The Chief also said he was selling both new and used equipment to the Company that he already owned or had obtained from other sources. Other than stating that he had previously owned a generator and two helmets which he sold to the Company,

⁹ The invoice letterhead showed “J.Smegelsky Fire Equip.”

the Chief was unwilling to state where he obtained the other items he sold to the Company. In May 2014, after we had interviewed the Chief, he gave the Company's Treasurer a check totaling \$7,960 as a refund to the Company for some of the items he sold to the Company.

Fuel Purchases — While interviewing Company officials, it was also disclosed that the Chief, and the Assistant Chiefs, are allowed to use fuel purchased with Company funds for their personal vehicles because they use their vehicles to respond to fire calls. Although the Company has no written policy for fuel purchases, according to Company officials, including the Chief, there is an understanding that the Chief and Assistant Chiefs are allowed to purchase up to one fill-up of fuel per month. The Company purchases fuel from a local school district bus garage. To activate the fueling station, a Company member must input a key to specify which vehicle is being fueled as well as input an identification number that is unique to each Company member. We reviewed the Company's fuel usage records, which we obtained from the school district, to determine the number of times the Chief and the Assistant Chiefs fueled a personal vehicle each month during our audit period. Both Assistant Chiefs had fueled a personal vehicle no more than once per month during our audit period. However, it appears that the Chief had fueled a personal vehicle in excess of once per month 14 times during our audit period, at a cost to the Company of \$982.¹⁰ Although Company officials could have obtained detailed fuel usage records from the school district, the Company paid the school district based on summary invoices and did not request the detail to monitor or review fuel usage for reasonableness.

Vending Machine Receipts

The Board should ensure that cash received from vending machine sales is given to the Treasurer to be properly recorded and deposited in a timely manner. The amount deposited should be compared to the amount of sales recorded by the vending machine's internal counter to ensure that cash deposits are intact.

The Company has a vending machine in the fire hall that was purchased in 2010. Although Company funds are used to purchase the snacks and beverages that are dispensed from the machine, the cash received from the sale of these items is not recorded in the Company's financial records and is not deposited into a Company bank account. According to the vending machine's non-resettable counter, the amount of money collected since it was put into operation was \$1,296 through January of 2014. The amount of money inside

¹⁰ If multiple fill-ups occurred during any one month in our audit period, we counted the fill-up with the highest cost during that month as the allotted one fill-up per month and considered that fill-up within the Company's informal policy. All additional fill-ups that occurred during the month were considered to be in excess of the Company's policy and were included in the \$982 total.

the machine on January 31, 2014 was \$196. Therefore, \$1,100 of vending machine receipts are unaccounted for.

According to various company officials, including the Chief, the Chief is primarily responsible for maintaining the vending machine. The Chief told us that he does not turn over vending machine receipts to the Treasurer and he does not deposit receipts into a Company bank account. Instead, the Chief told us he uses vending machine receipts like petty cash to purchase food for standby crews, to pay tips to delivery drivers and to make change for the Company's fundraising events. We asked other Company officials if they had ever seen the Chief use vending machine receipts as petty cash and none of them substantiated the Chief's claims. Because the Chief could not provide receipts for the items he said he purchased with the cash from the vending machine, we question whether the \$1,100 in missing receipts was used to pay legitimate Company expenditures.

We have referred our findings to the New York State Police. The Chief was arrested on July 1, 2014 and charged with Grand Larceny in the 3rd Degree, a Class D Felony.

Recommendations

The Board should take immediate action to strengthen the controls over cash disbursements and vending machine receipts by:

1. Amending the Company's bylaws to clarify the cash disbursements process and specify who should audit and approve claims prior to payment.
2. Requiring that all claims be properly supported by a detailed invoice, receipt or other documentation prior to payment.
3. Limiting the number of signatories on the Company's checking account to reduce access to Company funds.
4. Adopting a code of ethics, as required by GML, to communicate the expected standards of conduct.
5. Adopting a written fuel policy that specifies which Company officials are entitled to fuel and in what quantities and specifies controls to monitor fuel purchases.
6. Ensuring that cash from vending machine sales is given to the Treasurer to be recorded in the financial records and deposited into a Company bank account.

Records and Reports

The Treasurer must maintain complete, accurate and timely records to account for all of the Company's financial activities properly. In addition, the Treasurer should prepare and submit monthly reports to the Board and should submit the Company's financial records to a finance and budget committee for examination, as is required by the bylaws. It is the Board's duty to oversee the Treasurer's activities. To fulfill this duty, the Board should require the Treasurer to complete monthly bank reconciliations and submit them to the Board for review and should ensure that an audit of the Treasurer's records is completed by a certified public accountant (CPA), as is required by the bylaws.¹¹

The Board does not provide adequate oversight of the Treasurer's recording and reporting duties. As a result, the Company's financial records are inadequate. Both of the Treasurers who served during our audit period¹² recorded financial transactions in an electronic spreadsheet. However, they did not maintain a running cash balance, so the records do not reflect the Company's financial position. Furthermore, without cash balances in the records, neither Treasurer was able to perform bank reconciliations to determine whether all cash receipts and disbursements were properly recorded. We also reviewed the financial reports that the Treasurers read aloud to the Board during the Company's monthly membership meetings. These reports listed the Company's current cash balances; however, they did not provide the Board with budget-to-actual results for revenues and expenses, did not list individual disbursements and did not account for all revenues received. For example, we reviewed nine months of Treasurer's reports during our audit period and compared the revenues listed on the reports to deposits into a Company bank account. The reports showed a total of \$3,630 in revenues while the bank statements showed deposits totaling \$149,262.

In addition, the Board does not have a CPA audit the Treasurer's records as stipulated in the Company's bylaws. The Board also did not ensure that the Treasurer's records were submitted to the finance and budget committee, and although the bylaws require these records to be submitted, the bylaws do not specify how often the records should be submitted.

¹¹ The Company's bylaws require a CPA to audit the Treasurer's records at least every two years.

¹² During our audit period, the Company had two different Treasurers. One Treasurer served from January through December 2012 and the second served from January through December 2013. The Company's current Treasurer is the same Treasurer that served in 2012.

Due to the Board's lack of oversight of the Company's financial records, we reviewed 286 cash disbursements totaling \$386,124 to determine if they were recorded properly in the financial records. We found that 51 disbursements for \$20,537 were not recorded in the financial records and 13 disbursements for \$1,870 were recorded incorrectly.

The Company's inadequate financial records make it difficult for the Board to determine the Company's financial position. The Treasurer's failure to complete bank reconciliations and the Board's failure to require periodic audits or reviews of the Treasurer's records allowed errors and omissions to occur and go undetected. In addition, the Treasurer's monthly reports to the Board are insufficient and do not allow the Board to properly monitor the Company's financial activity.

Recommendations

The Treasurer should take immediate action to improve the Company's financial records and reports by:

7. Maintaining complete financial records that include a running cash balance.
8. Performing bank reconciliations of all bank accounts monthly and providing these reconciliations, bank statements and canceled checks to the Board for review.
9. Ensuring that the monthly reports given to the Board include budget-to-actual amounts, cash receipts and disbursements and cash balances.

The Board should take immediate action to improve the Company's financial records and reports by:

10. Amending the Company's bylaws to clarify the role of the finance and budget committee and specify how often the records should be submitted for review.
11. Ensuring that a CPA performs an audit of the Treasurer's records at least every two years as stipulated in the bylaws.

APPENDIX A
RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.



Minetto Fire Department

12 BARRETT DRIVE

P.O. BOX ~~99~~ 260

MINETTO, NEW YORK 13115-0099

PHONE (VOICE/FAX) 315 343-7566

October 1, 2014

Ms. Becky Wilcox, Chief Examiner
Office of the State Comptroller
333 E. Washington St.
Syracuse, NY 13202

Dear Ms. Wilcox

The Minetto Fire Dept. would like to thank your office for assisting us in sorting out and better understanding our financial situation. We agree with the findings in the Draft Report. Our response to individual recommendations will be found in our Corrective Action Report after the Final Report is issued.

When the Board of Directors first learned of the purchasing inconsistencies, we took several stop-gap measures to ensure that the Chief did not have final control of funds being spent. We believe that these measures have given us much better control of our spending. It is also allowing us to discuss and evaluate changes that will be made to our by-laws, policies and procedures.

Sincerely,

Michael Shaver, Chairman,
Board of Directors

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

We examined internal controls over the Company's financial operations for the period January 1, 2012 through December 31, 2013. The evidence we used during this audit included documentation gathered by subpoena because the Company did not have receipts or invoices for all of the purchases made with Company funds. We also obtained evidence, bank statements, copies of the Company's bylaws and meeting minutes from the current Treasurer. We conducted the following audit procedures:

- We interviewed Company officials and reviewed Board minutes and the Company's bylaws to gather information about the Company's policies and procedures related to cash disbursements, vending machine receipts and records and reports.
- We reviewed the Company's bank statements to determine the Company's cash position as of December 31, 2012 and December 31, 2013.
- We examined all cash disbursements for two randomly selected months to determine if the disbursements were recorded in the Company's financial system, if the disbursements were supported by receipts and if the disbursements were appropriate based on the Company's supporting documentation and explanations from officials.
- We reviewed all cash disbursements during our audit period to identify high-risk disbursements. We tested each high-risk disbursement to determine if the disbursement was recorded in the Company's financial system, if the disbursement was supported by a receipt or other documentation and if the disbursement was appropriate based on the Company's supporting documentation and explanations from officials. High-risk disbursements included checks made to cash, bank withdrawals, debit card transactions, checks to Company members or their businesses and disbursements for items that could be convertible to personal use.
- We traced all bank transfers out of Company accounts during our audit period to transfers into other Company bank accounts.
- We reviewed vendor statements and invoices and interviewed Board members, the Chief and Treasurers to determine if certain claims paid through the Company's bank accounts to vendors and officials were proper Company charges.
- We interviewed Company officials to determine if the Company had any policies regarding the purchase of fuel for personal vehicles.
- We reviewed the Company's fuel records, as obtained from the local school district, to determine if the Chief or Assistant Chiefs purchased fuel in excess of the Company's informal fuel policy.
- We interviewed Company officials to identify procedures related to the collection of vending machine revenues.

- We counted the amount of cash on hand in the Company's vending machine and compared this amount to the machine's non-resettable counter to determine if all vending machine receipts could be accounted for.
- We reviewed the Treasurer's records and reports to determine if they were adequate for recording and reporting the Company's financial activity.
- We reviewed 286 cash disbursements totaling \$386,124 to determine if they were recorded properly in the financial records.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Nathalie N. Carey, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building - Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building - Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313