



Olcott Fire Company, Inc.

Financial Operations

Report of Examination

Period Covered:

March 1, 2011 — March 12, 2013

2013M-124



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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2013

Dear Fire Company Officials:

A top priority 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 tax dollars 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. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board 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 Olcott Fire Company, Inc., entitled Financial Operations. 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 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 their constituents. 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*

Introduction

Background

The Olcott Fire Company, Inc. (Company) is an all volunteer organization which provides fire protection to the Town of Newfane (Town) in Niagara County. The Company, which was established in 1928, has one fire station and approximately 50 volunteer members. It is governed by a 13-member Executive Board (Board), which includes a Board President. The Board is responsible for the general management and control of the Company's financial affairs. According to the Company's by-laws, the Treasurer is responsible for the Company's financial duties, which includes receiving and disbursing funds, maintaining accounting records, and preparing financial reports. Each year, members elect a member as Treasurer. Unless otherwise mentioned in the report as "current Treasurer," findings in this report refer to the 2012 Treasurer.

The Company derives the majority of its funding from a fire protection contract with the Town. In the 2012 fiscal year, the Company's revenue totaled \$351,898, of which \$261,158 was from the Town. The Company's expenses totaled \$351,781¹ for the 2012 fiscal year.

Objective

The objective of our audit was to evaluate internal controls over the Company's financial operations. The audit addressed the following related question:

- Did the Board properly oversee and monitor the Company's financial operations to protect Company resources?

Scope and Methodology

We examined the Treasurer's records and reports for the period January 1, 2012, through March 12, 2013 and bank records from March 1, 2011, through February 15, 2013.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix D of this report.

Comments of Company Officials and Corrective Action

The results of our audit and recommendations have been discussed with Company officials and their comments, which appear in Appendix C, have been considered in preparing this report. Company officials agreed with our recommendations and indicated they have taken corrective action.

¹ Includes the following major categories of expenses: debt service (\$117,800), firematic and maintenance costs (\$98,500), utilities/fuel (\$36,500), insurance (\$15,500), cellular telephones (\$12,800), and beverages (\$12,400)

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 Company Secretary's office.

Financial Operations

The Board is responsible for overseeing the Company's financial operations and safeguarding its resources from loss, waste, or abuse. To fulfill this duty, it is essential that the Board establish a system of internal controls to ensure that transactions are authorized, audited, and properly recorded. For example, the Board should provide oversight of the treasury function, particularly when there is inadequate segregation of duties. They should adopt policies governing the use of Company provided assets, such as cellular telephones, and authorize all disbursements prior to payment by the Treasurer. The Board is also required to obtain an annual audit of the Company's records² by an independent public accountant (IPA).

The Board did not provide adequate oversight of the Company's financial operations, properly supervise the Treasurer's activities, approve bills prior to payment, or ensure that an audit of the Company's finances was performed by an IPA as required by law. This lack of oversight diminishes the Board's ability to ensure that taxpayer monies are used in a responsible manner. As a result, Company resources were spent unnecessarily. We identified payments totaling approximately \$8,500 for services and equipment that were never used. In addition, the Treasurer inappropriately reimbursed himself \$1,162³ for fees associated with his personal credit card and for unsubstantiated restaurant purchases. Finally, we estimate that the Company will save approximately \$10,000 annually if the number of cellular telephones is reduced from 18 to five.

Treasurer's Duties

According to the Company's by-laws, the Treasurer is responsible for paying all bills when authorized at Board meetings, using bank checks with two authorized signatures.⁴ The Treasurer must also keep a correct account of all receipts and disbursements and submit his records to the Board or the Auditing Committee when requested.

The Treasurer did not maintain appropriate accounting records or reconcile bank accounts. He rarely used bank checks for disbursements, since he generally made payments electronically through an online internet bank website. This method eliminated an important control provided for in the by-laws, since it allowed payments to be processed that did not contain two signatures. Moreover, we did not find the required two signatures on any of the bank checks that were used.

² Fire companies with annual revenues of at least \$200,000 are required to have an annual independent audit of their finances.

³ See Appendix A for a summary of unnecessary payments and inappropriate reimbursements.

⁴ The checks must be signed by the Treasurer and either the President or Secretary.

In addition, the Treasurer only attended three monthly Board meetings⁵ in 2012 and did not provide regular financial reports to the Board. He also did not provide a list of disbursements for the Board's review and authorization for payment. Consequently, the Board was not properly informed as to what bills were being paid and was not regularly apprised of the Company's financial status.

The Treasurer did not keep an accurate account of receipts and disbursements as required. Although the Treasurer purchased accounting software,⁶ he apparently never used it. His recordkeeping consisted of entering disbursements onto a spreadsheet, with no evidence that cash receipts activity was accounted for at all. Further, the disbursements spreadsheet was incomplete since many payments were not recorded.

Unnecessary Payments

A proper disbursement process ensures that all claims for payment are reviewed and approved prior to payment, are adequately supported and accurately recorded, and represent appropriate Company obligations.

The Company has eleven bank accounts with two banks. During our scope period, only five of the eleven bank accounts were actually in use by the Company. The remaining six accounts⁷ were inactive. Company officials did not initially disclose the existence of five of the bank accounts. During fieldwork, we noted that five other bank accounts bore the Company's name. Since no bank statements apparently existed for these accounts, we asked the current Treasurer to request them from the bank. We reviewed all disbursements made from all accounts during the period January 1, 2012, through December 31, 2012, totaling approximately \$336,864.

Our testing disclosed that disbursements generally included a receipt or invoice to support the payment. However, there was no indication that the Board reviewed the invoices or approved a list of payments to be made. We identified unnecessary purchases, automatic payments for services that were not used, and frequent inaccurate payments. In total, we identified unnecessary payments totaling approximately \$8,500 and inappropriate reimbursements to the Treasurer totaling \$1,162.⁸

Computer Equipment — In February 2012, the Treasurer reimbursed himself for computer equipment⁹ and accessories totaling \$7,247,

⁵ According to meeting attendance sheets from 2012

⁶ Online software program which cost the Company \$750 for 11 months of service

⁷ The December 31, 2012, balance of the six inactive accounts totaled \$26,421.

⁸ See Supra, note 3

⁹ Apple computer equipment consisting of four Airport Express base stations, two MacBook laptops, two I-Pads, Time Capsule, Mac mini server, protection plan for the two MacBooks, and various accessories

which he had purchased using his personal credit card. There was no evidence that Company officials conducted an evaluation of the Company's computer needs or that the Treasurer requested Board approval prior to making this purchase. We located all the equipment purchased and found that, one year after they were originally purchased, five pieces of equipment¹⁰ totaling \$3,814, were still in their original boxes and apparently had never been used. This computer purchase appears poorly planned and an inadequate use of Company funds.

Automatic Payments for Unused Services — The Treasurer failed to review and reconcile bank accounts. As a result, one account was routinely charged automatic¹¹ monthly payments for services that were not being used by the Company. These automatic withdrawals apparently went unnoticed for at least the last two years. While automatic payments can be a convenience, these types of payments should be limited and must be closely monitored for accuracy and propriety. From March 1, 2011, to February 15, 2013, automatic withdrawals totaling \$2,561, initiated by four different vendors,¹² were routinely deducted from one of the Company's checking accounts. The current Treasurer confirmed that these services were never used and subsequently canceled these automatic payments.

Unused Accounting Software Purchase — In March 2012, the Treasurer purchased an accounting software program¹³ using his personal credit card. The Treasurer reimbursed himself with Company funds for seven months of payments for this service and then transferred the monthly payment from his personal credit card to an automatic payment from the Company's checking account. Although the Company paid a total of \$750 for eleven months of services, the Treasurer never used this accounting software program. He told us that, due to his work schedule, he never found the time to use it. Therefore, Company funds were needlessly spent on a product that was never used. The current Treasurer selected a different accounting program and discontinued the automatic payments for the accounting service.

Unnecessary Fees — The Treasurer did not always pay bills on time or review billing invoices to ensure that all charges were legitimate

¹⁰ See Supra, note 3.

¹¹ An automatic payment authorizes periodic withdrawals from a bank account to pay recurring bills.

¹² Anti-virus internet security service, lease payments for a credit card terminal, and miscellaneous payment processing service costs associated with the credit card terminal

¹³ Including an additional cost for a payroll module. The Company does not have employees; therefore, it is unclear why the Treasurer would incur this added expense.

Company expenditures. Our review of the telephone bill disclosed a monthly charge from an unidentified third-party provider. The Treasurer was unable to identify the purpose of this charge so we requested he investigate these charges with the vendor. The Treasurer stated that the service was inappropriately added and the vendor agreed to provide a credit¹⁴ to the Company's account. The Company incurred at least twelve months of these charges totaling \$600. If the Treasurer had reviewed invoices for accuracy and the Board had performed an audit of claims, they may have identified these charges in a timely manner. In addition to these charges, the Company incurred other miscellaneous fees totaling \$777 due to the late payment of bills, bank charges on inactive accounts, and credit card fees for unused cards.

Inaccurate Payments — The Treasurer did not always pay bills based on original invoices and sometimes entered the electronic payment amount incorrectly. While reviewing invoices and statements, we identified credits from vendors to Company accounts due to the inaccurate payment of bills. We also identified thirteen vendor refunds totaling \$18,546 that occurred during 2012. For example:

- In May 2012, the Treasurer made an electronic payment of \$10,694 based on an invoice of \$106.94 for refuse disposal services. The overpayment by more than \$10,500 was resolved five months later with the Company receiving a refund. Therefore, the Company was without the use of a substantial amount of its funds over this time period.
- In March 2012, the Treasurer made an electronic payment of \$725 based on an invoice of \$7.25 from a cable television provider. The vendor credited the account for the overpayment; however, we estimate it will take at least 10 months before this credit is exhausted.
- During July, August, and September 2012, the Treasurer made three separate electronic payments for the same bill of \$33.78 for hardware supplies. The vendor eventually rectified these errors by providing a refund and a credit to the Company's account.
- The Company receives two bills each month from one vendor for two separate telephone accounts. Because the Treasurer made payments using the internet, he did not use the payment form which identified the account number. As a result, the vendor repeatedly applied the payment to the wrong account.

¹⁴ We did not confirm whether this credit was received, since our fieldwork concluded before the next bill was received by the Company.

This caused the first account to not reflect any payments and the second account was consistently overpaid. This confusion lasted for approximately six months before it was eventually corrected.

- We also found two instances, totaling \$349, where bills were paid twice and did not appear to have been subsequently refunded or credited to the Company. The duplicate payments resulted from making disbursements based upon vendor statements rather than original invoices. One bill, for electrical services, was paid in both March and April 2012. For the other duplicate payment, the disbursement was based on a refuse vendor statement listing three past due invoices.

If the Board regularly audited claims and required adherence to Company by-laws, these errors may have been detected before further inaccurate payments were made.

Checks Payable to Cash — We identified four checks totaling \$3,859 that were made payable to “cash.” One bank check was for \$2,500 and was both signed and endorsed by the Treasurer. The memo on this check indicated that it was start-up money for a fund raising event. Start-up money is generally used to make change at the event or to purchase goods related to the event. Any money used for change purposes should be clearly identified and then re-deposited in the bank account soon after the event. If the cash is an advance to be used for miscellaneous purchases, there should be substantiation to account for the use of this cash for appropriate event purposes. There was no substantiation to support the use of any of this cash and we were unable to identify the return of any of the cash to the bank account. Consequently, we have no assurance that this money was used for Company-related purposes.

Inappropriate Reimbursements to Treasurer — The Treasurer made Company associated purchases using his personal credit card. He then reimbursed himself for these purchases from Company funds. All reimbursements he made to himself were made through electronic payments and did not include the required expense reimbursement form or any receipts to explain the reason for the reimbursements. Therefore, these reimbursements were made without prior approval or audit by the Board. In June 2012 he wrote a check to himself for \$8,530 and in August 2012 he wrote two checks totaling \$416. It was not until October 30, 2012, several months later, that the Treasurer finally submitted the required expense reimbursement forms and provided receipts to identify the purpose for the reimbursements.

We reviewed these reimbursements and found that the Treasurer reimbursed himself \$1,162 for purchases that do not appear to be

valid Company expenditures. First, he reimbursed himself \$997 for penalties, interest, and fees incurred on his personal credit card. The Company is not responsible for penalties and interest incurred due to the late payment of the Treasurer's personal credit card bill. Second, the Treasurer reimbursed himself \$165 for two restaurant purchases. Documentation supporting the reimbursements indicates these meals were presumably related to a fund raising event held in February 2012. However, the dates of the charges and the supporting receipts indicate the purchases were made in July 2012, long after the event he referenced in his explanation. There is no evidence that these restaurant purchases were for Company-related purposes.

Annual Audit

GML requires that fire companies with annual revenues of at least \$200,000 have an annual independent audit of their finances. An audit serves as an important control procedure because it gives the Board an opportunity to verify that cash has been accounted for and transactions have been recorded properly. It also provides Board members with an added measure of assurance that the Treasurer's financial records and reports contain reliable information upon which to base management decisions.

There was no indication that the Board had audited the Treasurer's records during our audit period. This additional lack of oversight has further diminished the Board's ability to properly monitor financial operations and increased the risk that errors or irregularities could occur and remain undetected and uncorrected.

Cellular Telephones

Like any Company asset, cellular telephones should be properly controlled and their usage carefully monitored to ensure their use is primarily for business and not personal purposes. Company officials should adopt a policy governing the purchase and use of cellular telephones by the membership.

The Company did not adopt a cell phone policy governing the purchase and use of cellular telephones by the membership. During 2012, the Company paid over \$12,800 for 18 cellular telephones¹⁵ and one broadband wireless internet card. All payments to the provider were made through monthly automatic payments and none were supported by an invoice or other substantiation. We requested to review invoices and were provided with the most recent seven months. The invoices did not include call detail but did identify who was assigned to each number and the level of use. We found that the Treasurer was assigned two telephones and the broadband wireless internet card had not been used during the seven months we were provided the invoices for.

¹⁵ Twelve phones were assigned to officials and six were assigned to emergency vehicles.

When we inquired about the necessity of providing certain cellular telephones, Company officials told us that they now plan to discontinue the use of the broadband wireless card and reduce the number of telephones from 18 to five.¹⁶ We estimate that the Company will save approximately \$10,000 per year by taking this action.

Prior Audit Recommendations

Our Office completed an audit of the Company's financial activities in early 2011. We determined the extent to which the Company addressed the 15 recommendations¹⁷ in our 2011 report during the two years since our last audit. We found that only four of the 15 recommendations were appropriately addressed. The remaining 11 continue to remain a concern. For example, our 2011 report recommended that the Treasurer establish an accounting system; maintain complete, accurate, and timely accounting records; and reconcile bank accounts. We found that none of this was accomplished. Bank accounts were not reconciled and an accounting system was not established. As stated previously in this report, although an accounting software program was purchased by the Company, the Treasurer failed to use it.

Our prior report also recommended that the Board approve bills prior to payment, ensure that two signatures are on all disbursements, close inactive bank accounts, require the Treasurer to provide monthly financial reports, and ensure that an annual audit is performed. None of these recommendations were implemented by the Board. By disregarding these recommendations, Company officials missed the opportunity to improve their financial operations. Also, implementing all of the recommendations may have prevented some of the unnecessary payments identified in this report.

Recommendations

1. The Treasurer should establish an accounting system and maintain complete, accurate, and timely accounting records.
2. The Treasurer should prepare monthly bank reconciliations and financial reports and present them to the Board for review.
3. The Board should follow the requirements of its by-laws and require the use of bank checks containing two signatures.
4. The Board should approve bills prior to payment, ensure that appropriate supporting documentation is included, and ensure that checks are written for the correct amounts due.
5. The Board should ensure that unnecessary or inactive bank accounts are closed.

¹⁶ Four cell phones will be placed in emergency vehicles and one phone will be provided to the banquet chairperson.

¹⁷ See Appendix B for details on the recommendations from the 2011 audit report.

6. The Treasurer should ensure that payments are based on original invoices and are appropriate Company expenditures, and should verify that invoices have not previously been paid.
7. The Board should evaluate the use of automatic payments and review bank statements to ensure that all automatic payments are for appropriate Company expenditures.
8. The Board should consult legal counsel to determine if the Company should seek repayment from the former Treasurer for the inappropriate reimbursements that he made to himself.
9. The Board should obtain an independent audit of the Treasurer's financial records as required by statute.
10. The Board should implement the remaining recommendations listed in the March 2011 audit report provided by our Office.

APPENDIX A

SUMMARY OF UNNECESSARY AND INAPPROPRIATE PAYMENTS

Table 1: Unnecessary Payments and Inappropriate Reimbursements		
	Subtotal	Total
Unused computer equipment		
MacBook laptop	\$1,499	
AppleCare protection for laptop	\$249	
Mac Mini Lion server	\$1,499	
Time Capsule	\$429	
Two Airport Express base stations	\$138	
Total – Unused computer equipment		\$3,814
Payments for unused services and unnecessary fees		
Credit card machine lease	\$1,238	
Service costs associated with credit card lease	\$1,085	
Anti-virus computer protection	\$238	
Late fees, credit card fees, and bank charges for dormant accounts	\$777	
Accounting software	\$750	
Fraudulent charges on phone bill	\$600	
Total – Unnecessary payments		\$4,688
Improper reimbursements to Treasurer		
Credit card late fees and interest – from Treasurer’s personal credit card	\$997	
Questionable restaurant reimbursements	\$165	
Total – Improper reimbursements to Treasurer		\$1,162
Total - Unnecessary payments and inappropriate reimbursements		\$9,664

APPENDIX B

RESPONSE TO 2011 AUDIT RECOMMENDATIONS

Table 2: 2011 Audit Recommendations	
2011 Audit Report Recommendations	Fire Company Response
1. The Board should provide the Treasurer with appropriate guidance and training to adequately perform the duties of that position.	There is no evidence that formal training was provided to the 2012 Treasurer.
2. The Treasurer should establish an accounting system and maintain complete, accurate, and timely accounting records.	The Treasurer did not establish an appropriate accounting system, and he did not maintain complete, accurate, and timely records.
3. The Treasurer should prepare monthly bank reconciliations and present them to the Board for review.	The Treasurer did not reconcile bank accounts in 2012.
4. The Board should properly manage Company finances to ensure that annual expenses do not exceed annual revenues on a recurring basis.	For the 2012 fiscal year, annual expenses did not exceed annual revenues.
5. The Treasurer should ensure that all financial records and supporting documentation are maintained and available for review.	The majority of claims had supporting documentation (receipts or invoices) to support the payment.
6. The Board should approve bills prior to payment and ensure that appropriate supporting documentation is included.	The Board did not approve bills prior to payment. Bills were generally paid by the Treasurer without any audit or review by the Board.
7. The Board, in accordance with Company by-laws, should ensure that two signatures are provided for all cash disbursements.	The Board did not ensure there were two signatures for all cash disbursements. The majority of payments were made through the bank's website and none of the checks had more than one signature.
8. The Board should eliminate the use of debit cards or revise the Company by-laws to permit their use.	The Company President continues to use a debit card. We did not identify any revisions to the by-laws to allow their use.
9. The Board should adopt a written credit card usage policy and properly review card activity to ensure the cards are used only for appropriate Company purposes; require detailed receipts for each transaction to be attached to the monthly billing statement; and take prompt remedial action if Company members misuse the cards.	The Board did not develop a credit card policy. There was very little activity on the credit cards during 2012; however, approximately half of the credit card purchases did not have substantiation to support the purchase.

Table 2: 2011 Audit Recommendations

2011 Audit Report Recommendations	Fire Company Response
10. The Board should ensure that unnecessary/ inactive bank accounts are closed.	The Board did not address this recommendation. In 2012 there were 11 bank accounts with at least six that appeared to be inactive or unused.
11. The Treasurer should maintain detailed financial records for each fundraising event, indicating, at a minimum, the start-up money provided and including receipts from each event activity, amounts disbursed with supporting documentation, and the net proceeds deposited.	We did not find any evidence that fundraising activities had detailed financial records. There were insufficient records to determine how much revenue was received, what the associated expenditures were, and if the event made a profit.
12. The Board should ensure that the Company's fire hall rental contracts clearly establish the payment amounts that the Company is to receive.	Fire hall rental contracts that we were provided stated the amount of money received and any other payments associated with the rental.
13 The Board should provide oversight of the Treasurer's responsibilities to ensure they are fulfilled, including the preparation of comprehensive monthly and annual reports to assist the Board in monitoring financial activity.	The Board did not provide adequate oversight over the activities of the Treasurer. There was no evidence that the Treasurer provided any type of reports to the Board.
14. The Board should periodically examine the Treasurer's financial records, in accordance with the by-laws, at its discretion.	There was no evidence that the Board examined the financial records of the Treasurer.
15. The Board should ensure that an annual audit is performed in accordance with statute.	The Board failed to have an audit of the Company's financial records performed by an Independent Accountant.

APPENDIX C

RESPONSE FROM COMPANY OFFICIALS

The Company officials' response to this audit can be found on the follown page.

Olcott Fire Company, Inc.
1691 Lockport Olcott Road, Olcott, New York 14126



Audit # 2013M-124

Robert Meller, Chief Examiner

This letter will serve as our response and corrective action plan.

The Olcott Fire Company's goal is providing a professional service to our community with 100% volunteers. We strive for continuous improvement in all of our activities and functions. Most of the recommendations from this audit were implemented before February 2013 and all but the independent audit have been acted upon and all will be complete within 90 days. It needs to be noted that from June of 2011 to June of 2013 we have had four (4) different elected treasurers.

In 2012 we tried to go to a system for our finances that involved the secretary working with the treasurer that would be easier to review, with more safe guards, less chance for error, and be remotely accessed by board members. We were unable to accomplish this goal for many reasons. (Time, communication, work schedules, computer training, working knowledge of finance)

The membership was aware of the treasurer's availability at the time of election. The secretary entered the bills to be paid onto an excel spread sheet. The secretary was then to deliver the bills and jump drive to treasurer until the computer network was up and running.

The information was available to the board from other sources so ultimately it was a failure on the whole board for not requesting it from the other members that had it for review.

The Olcott Fire Company has been reimburse, at his request, the interest occurred from late fees. This was done well before the audit was released and was discussed in October 2012 and declined by the president. The fraudulent charges have been credited back to our phone bill and the credit card machine lease has ended and service cut.

All of the errors pointed out in the audit were human error. There was no intent for any personal financial gain. With that being said though we do realize the need for safe guards.

We are now using an outside accounting firm and following the recommendations from your audit. This gives us not only our board watching over the financial stability but also an outside source monthly.

Brian P Miller
President O.F.C.

8/9/2013

APPENDIX D

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard Company assets. To accomplish the objective of the audit and obtain valid audit evidence, we interviewed officials and examined Company records and reports for the period March 1, 2011, through March 12, 2013. Our procedures included the following steps:

- We reviewed the Company's code of conduct, by-laws, policies, and board minutes.
- We reviewed the Treasurer's records to determine if they were adequate, complete, and accurate. We also determined if bank reconciliations were performed.
- We reviewed all payments (including credit card activity) from January 1, 2012 through December 31, 2012 (489 payments totaling \$336,864) to determine if transactions were reasonable, necessary, included proper substantiation, and accurately paid. We documented any unnecessary, questionable, inaccurate, or overpaid amounts.
- We reviewed bank statements from March 1, 2011, through February 15, 2013, to identify disbursements by bank check, web payments, automatic payments, debit card charges, deposits, and bank charges, then traced withdrawals and transfers to other Company bank accounts.
- We identified all payments and reimbursements made to the Treasurer, reviewed the supporting documentation, and considered the appropriateness of the payments or reimbursements.
- We located all the computer equipment purchased by the Treasurer in February 2012 and determined if the equipment was currently in use.
- We reviewed seven months of cellular telephone invoices and identified all individuals who were provided a telephone during this time period. Based on the January 2013 invoice, we estimated the savings to the Company once certain telephones were removed from the plan.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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