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June 2015

J. Bert Mahoney  
Members of the Board of Fire Commissioners  
Waterford Volunteer Fire Department  
65 Broad Street  
Waterford, NY 12188

Report Number: 2015M-078

Dear Mayor Mahoney and Members of the Board of Fire Commissioners:

The Office of the State Comptroller works to identify areas where fire department officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage fire department officials to reduce costs, improve service delivery and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of the Waterford Volunteer Fire Department (Department) which addressed the following question:

- Are the internal controls over the Department's cash disbursements process adequate?

We discussed the findings with Village officials and considered their comments in preparing this report. The Village's response is attached to this report in Appendix A. Village officials agreed with our findings.

### **Background and Methodology**

The Village Board of Trustees serves as the Department's Board of Fire Commissioners (Board). The Board comprises five members and is responsible for overseeing the Department's finances. The Department is a volunteer organization that provides fire protection services to the Village of Waterford (Village). The Village also contracts with the Town of Waterford (Town) to provide services to portions of the Town located outside the Village's boundaries. The Town and Village are located in Saratoga County. The Department is comprised of three companies: Knickerbocker Steamer, J.W. Ford Hose and Kavanaugh Hook and Ladder, with a total of about 60 active members.

The Department's budget, which is provided for by budgetary appropriations within the Village's overall budget, was approximately \$230,000 for the fiscal year ending May 31, 2015. The contractual payment from the Town for the provision of fire protection services (which totaled \$191,272 for the fiscal year ending May 31, 2015) and real property taxes are the sources of funding for the Department's operations. The Village Treasurer is responsible for receiving, disbursing and accounting for funds related to the Department's financial operations.

We examined the internal controls over the Department's disbursements for the period June 1, 2013 through January 31, 2015. We interviewed Village officials and reviewed financial records and meeting minutes. We also performed tests to determine the effectiveness of the internal controls related to the procedures for disbursing funds. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence which provides 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.

## **Audit Results**

The Board ensured that the controls over the cash disbursements process were adequate. Voucher forms were used to indicate a Department official's approval of claims<sup>1</sup> against the Department, the Board audits and approves the claims to ensure they are properly documented and for legitimate Department business and an abstract<sup>2</sup> is prepared and approved ordering the Treasurer to pay the approved claims. The Treasurer prepares and signs the checks to pay Department bills and the Village Clerk then reviews the checks, abstracts and supporting documentation for accuracy prior to mailing out the checks. The Mayor periodically reviews the bank statements and the canceled checks to ensure there were no unauthorized transactions. The Treasurer provides quarterly financial reports to the Board that include cash flow and budget status, which enhances the Board's monitoring of the Department's disbursements.

To assess the effectiveness of the controls over cash disbursements, we tested a random sample of 30 disbursements totaling \$23,301<sup>3</sup> and found all were adequately documented and for legitimate Department purposes. The claims were approved by a Department official prior to the Board's audit and approval and the Treasurer accurately recorded the disbursements in the accounting records. We also traced the claims to the related canceled checks and found they were in agreement.

Additionally, we tested a random sample of 10 electronic bank payments totaling \$1,387<sup>4</sup> for electric and gas charges at the Department's three fire stations. We found that the Treasurer

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<sup>1</sup> A claim is a demand presented for the payment of money due for goods or services.

<sup>2</sup> An abstract is a listing of all claims audited and approved for payment.

<sup>3</sup> Out of 217 disbursements totaling \$161,810 made during the audit period, we used a random number generator to select 30 disbursements totaling \$23,301.

<sup>4</sup> Out of 120 withdrawals totaling \$17,271 made during the audit period, we used a random number generator to select 10 withdrawals totaling \$1,387.

authorized the payments, and the payment amounts agreed with the utility bills and were accurately recorded. Finally, we reviewed all 20 bank statements covering our audit period to determine if any unauthorized or undocumented electronic withdrawals or payments were made from the bank account; we did not note any questionable withdrawals or payments.

We thank the officials of the Village of Waterford for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

## **APPENDIX A**

### **RESPONSE FROM DEPARTMENT OFFICIALS**

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

# Village of Waterford

65 Broad Street  
Waterford, NY 12188  
Phone/Fax: (518) 235-9898

J. Bert Mahoney, Mayor Ryan VanDervoort, Treasurer Robin Koblensky, Clerk


June 11, 2015

  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, NY 12801

Dear 

Thank you for this opportunity to respond to Report Number: 2015M-078 an audit of the Waterford Volunteer Fire Department, which addressed the internal controls over the Departments cash disbursements. We are very pleased that there were no findings and no recommendations in this audit.

The Village will continue the best practices we use regarding the disbursement of Department funds. The Board ensures that the controls over the cash disbursements are adequate. The claims against the Department are approved by the appropriate Fire Department Officials ( Chiefs ). The claims are then presented to the Village Board for Audit. After approval by the Board they are submitted on an abstract to be paid by the Village Treasurer, The Treasurer prepares and signs the checks which are then reviewed by the Village Clerk who reviews the checks, abstracts and supporting documentation accuracy prior to mailing the checks. The Mayor periodically reviews the bank statements and cancelled checks to ensure proper transactions. The Treasurer provides reports to the Board to show cash flow and budget status.

It was a pleasure working with your Auditor  he was very knowledgeable, professional and accommodating.

Thank you for your comments regarding the operation of our financial controls and budget practices. We thank everyone in your office for the cooperation extended to us during this audit.

Sincerely,

J. Bert Mahoney  
Mayor  
Village of Waterford