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April 18, 2014

John Lutz, Chairman
Members of the Board of Fire Commissioners
Westmere Fire District
1471 Western Avenue
Albany, NY 12203

Report Number: 2014M-12

Dear Mr. Lutz and Members of the Board of Fire Commissioners:

The Office of the State Comptroller works to identify areas where fire district 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 district officials to reduce costs, improve service delivery and to account for and protect their entity's assets.

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

- Does the District file accurate and timely annual financial reports with the Office of the State Comptroller (OSC)?

We discussed the finding and recommendation with District officials and considered their comments in preparing this report. The District's response is attached to this report in Appendix A. District officials generally agreed with our recommendation and indicated they have initiated corrective action.

Background and Methodology

The Westmere Fire District is a district corporation of the State, distinct and separate from the Town of Guilderland, located in Albany County. The District's general fund budget totaled \$1.1 million for the 2013 fiscal year.

The Board of Fire Commissioners (Board) consists of five elected members and is responsible for the District's overall financial management. The Board appoints a Treasurer who acts as the District's chief fiscal officer. The Treasurer is responsible for the receipt and custody of District funds, disbursing and accounting for those funds and preparing monthly and annual financial

reports. The Board also appoints a Secretary to maintain records of all District proceedings. We examined the internal controls over the District's financial operations for the period January 1, 2012 through October 31, 2013. We extended our review of the annual update document (AUD) filing dates through December 10, 2013. We interviewed appropriate District officials and reviewed financial records and Board minutes. 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, 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.

Audit Results

The Board is responsible for overseeing the District's fiscal activities and safeguarding its resources. To fulfill this duty, it is essential that the Board establish a system of internal controls, which consists of policies and procedures that ensure that financial reports are accurate, reliable and filed in a timely manner; and that the District complies with applicable laws, rules and regulations.

The Treasurer is required to prepare and submit an AUD to OSC within 60 days after the close of the fiscal year. Upon written request the deadline may be extended for an additional 60 days. This report is an important fiscal tool, which provides the Board with necessary information to monitor District operations and provides other interested parties with a summary of the District's financial activities.

The Treasurer has not filed the District's AUDs with OSC, as required, even though the accounting books were up-to-date and the Board received period information detailing actual revenues and expenditures. As of December 10, 2013, the 2011 and 2012 AUDs had not been filed, nearly 18 months and 6 months, respectively, past the deadline with a filing extension. The Treasurer has not filed the AUDs because a certified public accounting (CPA) firm contracted in January 2012¹ to perform the audit for fiscal year 2011 has not completed its audit and the Treasurer is waiting until the audit is complete to file. Once the 2011 audit is completed, the District plans to contract with this same firm to complete the 2012 audit.

The District should still comply with the law and the Treasurer should file the AUDs in a timely manner. If the CPA audits result in adjustments to amounts reported on the AUDs, the Treasurer can always amend the report to update the figures reported on the AUDs. When the AUD filing is not completed timely District officials and the general public are not able to assess the District's financial operations and financial condition.

¹ Subsequent to field work, District officials provided us with a copy of the contract. The contract indicated that the audit was to begin in March 2012 and be completed by July 2012, however, due to a change in the District's accounting system, the District still needs to provide the CPA firm with additional information. According to discussions with the District Treasurer and the CPA firm, the audit is estimated to be completed in five months.

Recommendation

1. The Treasurer should file the District's AUD with OSC within 60 days after the close of the fiscal year or 120 days after the close of the fiscal year if an extension is granted.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of the Town Law, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The Board should make the CAP available for public review in the Secretary's office.

We thank the officials of the Westmere Fire District for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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



**WESTMERE FIRE DISTRICT
BOARD OF FIRE COMMISSIONERS**

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**Commissioner/Secretary
SEAN M. MAGUIRE**

March 27, 2014

Gabriel F. Deyo, Deputy Comptroller
Office of the State Comptroller
110 State Street
Albany, NY 12236

Dear Mr. Deyo:

On behalf of the Board of Fire Commissioners, thank you for your recent audit and the opportunity to discuss your findings. Your auditors were professional and courteous during their time with us. We are interested in how we can better improve our work on behalf our constituents. This letter serves as our response and corrective action plan.

In your audit, you found that the District was behind in its submission of the Annual Update Document (AUD) and correctly noted that this is due to delays in the annual external audit. Changes to our accounting system, which have provided greater transparency and reflects the state's chart of accounts, has delayed the annual external audit and the filing of the Annual Update Document. The Treasurer has kept the Board aware of the delay and is working towards its resolution.

We have initiated the following corrective action plan pursuant to Town Law. The Secretary is assisting to the Treasurer to complete the AUD. Starting immediately, the Board has directed the Treasurer to file the AUD on time or within an approved time extension if requested by the Treasurer. If our external audit results in adjustments to amounts reported on the AUDs, the Treasurer will submit an amended report of the OSC.

Again, thank you for your time and constructive feedback regarding our fire district. We look forward to your assistance in the future.

Regards,

John Lutz, Chair