



# Sodus Center Fire District Board Oversight

## Report of Examination

Period Covered:

January 1, 2015 – March 13, 2017

2017M-108



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# State of New York Office of the State Comptroller

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## Division of Local Government and School Accountability

May 2020

Dear District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments 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 local government assets.

Following is a report of our audit of the Sodus Center Fire District, entitled Board Oversight. 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 local government 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*



## State of New York Office of the State Comptroller

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# EXECUTIVE SUMMARY

The Sodus Center Fire District (District) is located in the Town of Sodus (Town) in Wayne County. The District serves approximately 1,200 residents. The District has one fire department (Sodus Center Fire Department) with approximately 25 volunteers. The District is a district corporation of the State, distinct and separate from the Town, governed by an elected five-member Board of Fire Commissioners (Board).

District expenditures for 2016 totaled \$108,631, funded primarily with real property taxes. The Board annually appoints the Treasurer as Secretary.

### **Scope and Objective**

The objective of our audit was to examine the Board's oversight of financial operations for the period January 1, 2015 through March 13, 2017. We extended our audit scope period back to January 1, 2014 to review disbursements and deposits. We expanded our audit scope period forward through December 6, 2019 to further review questionable payments. Our audit addressed the following related question:

- Did the Board provide adequate oversight over District financial operations to ensure that assets are safeguarded?

### **Audit Results**

The Board maintained a lax control environment and did not carry out its responsibility to oversee District financial operations and safeguard District assets. For example, the Board allowed the Treasurer to perform all key aspects of District financial operations without providing independent oversight.

The Treasurer was the sole proprietor of an electrical contracting business and also did general contracting work. The Treasurer made \$15,943 in questionable payments to himself and his business and did not provide sufficient documentation for \$6,934 in other questionable disbursements. The Treasurer maintained that some of the payments were for roofing work he performed for the District. However, District officials told us that they hired another contractor to perform the roofing work, not the Treasurer.

The Board did not attend required mandatory Office of the State Comptroller (OSC) prescribed training, properly advertise for elections, take or file oaths of office (required by statute) in a timely manner or establish written policies and procedures to govern District operations. In addition, the

Board conducted business at its meetings without a quorum of Board members in attendance. As a result, we question whether the Board had authority to function absent sufficient evidence that each Board member attained their office by following all required procedures.

Further, the Board did not ensure that the Treasurer submitted the required annual financial reports and tax levy limit calculations to OSC and the District's budgets to the Town.<sup>1</sup> The lack of adequate Board oversight resulted in serious deficiencies in controls, financial reporting and public transparency. District officials and residents have no assurance that District funds are being used economically, prudently and for reasonable purposes.

We reported similar findings in our previous audit report and provided the Board with recommendations to assist them with improving oversight of financial operations.<sup>2</sup> However, the Board failed to file a corrective action plan (CAP) and did not implement corrective action to address these deficiencies.

### **Comments of District Officials**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

<sup>1</sup> The State Legislature and the Governor enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on all local governments, which was effective beginning in the 2012 fiscal year. The law precludes local governments from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, and certain exclusions permitted by law, unless the Board adopts a resolution to override the tax levy limitation.

<sup>2</sup> Refer to our prior audit report, *Sodus Center Fire District – Internal Controls Over Financial Operations (2010M-74)*, issued in August 2010.

# Introduction

## Background

The Sodus Center Fire District (District) is a district corporation of the State, distinct and separate from the Town of Sodus (Town) in Wayne County. The District covers approximately 6.6 square miles and provides fire protection and emergency rescue services to approximately 1,200 residents. The District has one fire department, Sodus Center Fire Department (Department), with 25 volunteer members and is one of three fire districts<sup>3</sup> located in the Town. District expenditures for 2016 totaled \$108,631, funded primarily with real property taxes.

The District is governed by an elected five-member Board of Fire Commissioners (Board). The Board is responsible for managing the District's overall finances, safeguarding its resources and maintaining the firehouse. The Board annually appoints the Treasurer as the Secretary. The Secretary-Treasurer (Treasurer) is responsible for receiving and having custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements. The Treasurer is also responsible for recording all Board meeting proceedings and maintaining custody of all District records.

## Objective

The objective of our audit was to examine the Board's oversight of financial operations. Our audit addressed the following related question:

- Did the Board provide adequate oversight over District financial operations to ensure that assets are safeguarded?

## Scope and Methodology

We examined the Board's oversight of financial operations for the period January 1, 2015 through March 13, 2017. We extended the audit scope period back to January 1, 2014 to review disbursements and deposits. We expanded our audit scope period forward through December 6, 2019 to further review questionable payments.

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 B of this report.

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<sup>3</sup> These districts include the District, Alton Fire District and Wallington Fire District.

**Comments of District Officials  
and Corrective Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 181-b of New York State 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-Treasurer's office.

## Board Oversight

The Board is responsible for managing and overseeing the District's overall fiscal affairs and safeguarding its resources. This responsibility includes establishing a system of internal controls, including written policies and procedures, to provide reasonable assurance that cash and other resources are properly safeguarded; transactions are authorized and properly recorded; financial reports are accurate, reliable and filed in a timely manner; and applicable laws, rules and regulations are followed.

The Board maintained a lax control environment and did not carry out its responsibility to oversee financial operations and safeguard District assets. For example, the Board allowed the Treasurer to perform all key aspects of District financial operations without providing independent oversight.

The Treasurer was the sole proprietor of an electrical contracting business and also did general contracting work. The Treasurer made \$15,943 in questionable payments to himself and his business. In addition, he did not provide sufficient documentation for another \$6,934 in other questionable disbursements. The Treasurer indicated that some of the payments were for work he performed for the District, specifically citing roofing work.

However, we were not provided with any evidence to support that the Treasurer had, in fact, performed any roofing work. Additionally, District officials told us that they hired another contractor to perform the roofing work, not the Treasurer.

The Board did not attend required mandatory OSC prescribed training, properly advertise for elections, take or file oaths of office (required by statute) in a timely manner or establish written policies and procedures to govern District operations. In addition, the Board conducted business at its meetings without a quorum of Board members in attendance. As a result, we question the Board's authority to function absent sufficient evidence that each Board member attained their office by following all required procedures.

Further, the Board did not ensure that the Treasurer submitted the required annual financial reports and tax levy limit calculations to

OSC and the District's budgets to the Town.<sup>4</sup> The lack of adequate Board oversight resulted in serious deficiencies in controls, financial reporting and public transparency. District officials and residents have no assurance that funds are used economically, prudently and for reasonable purposes.

We reported similar findings in our previous audit report and provided the Board with recommendations to assist them with improving oversight of financial operations.<sup>5</sup> However, the Board has not implemented corrective action to address these deficiencies.

## Claims Audit

New York State Town Law (Town Law) requires that the Board audit all claims against the District before the Treasurer makes payments.<sup>6</sup> The Board minutes should indicate the claims the Board audited and approved. The abstract (list of claims approved) should identify each claim and include the vendor, amount, appropriation code and aggregate amount to be paid. The Board should ensure that each claim has sufficient supporting documentation and the Treasurer should maintain this documentation for all payments.

The Board did not audit claims, including those paid to the Treasurer and his business, which resulted in questionable payments. While Board minutes identified vendors and payment amounts, appropriation codes and Board approvals were not included.

Questionable Payments – We initially reviewed all disbursements and supporting documentation for payments made from January 1, 2015 through September 30, 2016 totaling \$191,347. We found that 24 disbursements (16 percent) totaling \$49,121 did not have any supporting documentation and nine disbursements (6 percent) totaling \$1,008 had insufficient support. We also identified questionable disbursements paid to the Treasurer, his business and other vendors that could have been for personal use.

As a result, we expanded our disbursements review to include the periods January 1 through December 31, 2014 and October 1 through December 31, 2016 to determine whether these disbursements were

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<sup>4</sup> The State Legislature and the Governor enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on all local governments, which was effective beginning in the 2012 fiscal year. The law precludes local governments from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, and certain exclusions permitted by law, unless the Board adopts a resolution to override the tax levy limitation.

<sup>5</sup> Refer to our prior audit report, *Sodus Center Fire District – Internal Controls Over Financial Operations (2010M-74)* issued in August 2010.

<sup>6</sup> New York State Town Law (Town Law), Section 176 (4-a)

for appropriate expenditures. We reviewed all 280 disbursements totaling \$299,876 and identified inappropriate and questionable payments.

The Treasurer made five payments totaling \$15,943 to himself or his business. The Treasurer repaid the District \$8,623 of the \$15,943 by depositing personal checks to the District's checking account on September 2, 2016, shortly after we notified District officials that we would be conducting an audit.<sup>7</sup> The Treasurer told us that this repayment was for payments he made to himself with District funds in 2016 for a roofing project.

However, District officials and Department personnel told us that roofing project work was not planned or performed by the Treasurer in 2016, because officials hired another contractor to make roofing repairs that year. The contractor told us that they performed the roofing repairs and provided us with an invoice to support this fact. Further, two Commissioners told us that they hired the contractor, not the Treasurer, to do the roofing project.

Also, we question whether three payments totaling \$7,320 were legitimate expenditures. The Treasurer indicated these payments were for the installation of an exterior door in 2014 (\$1,560), a roofing project in 2015 (\$3,840) and installation of light emitting diode (LED) lights in 2016 (\$1,920). District officials and Department personnel told us that the Treasurer did not do any roof work in 2015 and did not install LED lights. We did not observe any LED lights installed at the fire house and were unable to determine whether the Treasurer performed the door installation in 2014.

We also question another 16 disbursements totaling \$6,934 paid to vendors (e.g., for electrical supplies) for items that the Treasurer could use for his business. Claims for these disbursements did not have sufficient supporting documentation. Furthermore, District officials were unaware of any projects undertaken that would have required these building materials. The other 259 disbursements totaling \$277,000 appeared to be for appropriate purposes and Department officials told us that the District purchased items from these vendors (who sold such items as auto parts and generators). However, officials have no assurance that such items were not purchased for personal use.

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<sup>7</sup> Although these checks were dated August 8, 2016 they were not deposited until shortly after we informed District officials, in a letter dated August 29, 2016, that we would be initiating our audit.

Without sufficient supporting documentation and a thorough claims audit, the Board cannot be sure that all disbursements made are for valid and necessary purposes.

## **Segregation of Duties**

The Board must ensure that cash management duties are adequately segregated so that one individual does not handle all aspects of a cash transaction. This helps ensure that cash is safeguarded and reduces the risk that errors or irregularities could occur without detection or correction. If segregating the Treasurer's financial duties is impractical, the Board should implement compensating controls to provide more oversight, such as requiring dual signatures on all checks and having someone other than the Treasurer receive the bank statements in the mail and perform routine reviews of bank statements, reconciliations and canceled checks, to minimize the associated risks. In addition, it is essential for the Treasurer to prepare and provide to the Board a monthly report with detailed information for all receipts and disbursements.

The Treasurer performed all financial duties with no Board oversight, including receiving and disbursing money, maintaining accounting records and receiving and reconciling bank statements. As Secretary, the Treasurer was responsible for entering a list of Board-approved claims for payment in the minutes. The Board did not review bank statements, canceled checks, reconciliations and accounting records or receive a monthly report of receipts and disbursements. As a result, the Treasurer could pay for inappropriate purchases and enter the unauthorized claims in the minutes. Because the Treasurer held both offices it heightens the risk that errors or irregularities could occur and not be detected.

One Board member told us that the Treasurer read information aloud at Board meetings. Further, the Treasurer maintained most records at his home instead of at the fire house. As a result, District records are not available for review and the Board has no assurance that appropriate records are maintained throughout the year.

When we requested District records, the Treasurer told us that he needed to organize receipts and provided us with a general ledger that appeared new and hardly opened. During our previous audit we recommended to District officials that records be maintained in a secure location at the fire hall. These lack of controls expose District assets and records to theft, loss or damage that could prevent the District from meeting its goals and obligations.

## Control Environment

A vital component of any internal control system is the control environment or “tone at the top.” The control environment is a reflection of the Board’s attitude about internal controls, involvement and scrutiny of financial operations and includes the integrity, ethical values and the competence of organization employees and the Board’s philosophy and operating style. When the control environment is strong, there is an expectation that everyone, including the Board, will conform to established controls and uphold the public’s trust. The foundation of any effective control environment is competent managers, with integrity, who attentively monitor operations to safeguard public resources.

The Board has not established an adequate control environment, resulting in an ineffective “tone at the top.” The Board did not implement corrective action from our previous audit, which identified severe deficiencies in operations. As a result, these deficiencies still exist. Board members did not attend the mandatory training required by Town Law.<sup>8</sup> Additionally, the Board did not adopt the required code of ethics or other policies, provide evidence of election results, take required oaths of office and conducted business at its meetings without a quorum of Board members present. Because of the Board members’ ineffective management, the District’s control environment leaves residents with little or no assurance that funds are being spent appropriately and economically.

Corrective Action – The Board is responsible for implementing corrective action to address weaknesses identified in any audit report no later than the end of the next fiscal year.

The Board did not file a written CAP with OSC or implement any corrective action from our previous audit. As a result, there are still severe deficiencies in District operations. The previous report discussed the following issues that will also be addressed further in this report. The Board has not completed mandatory training, properly conducted elections or filed oaths of office, ensured majority attendance at Board meetings, ensured adequate Board minutes are maintained, adopted required policies, ensured reports are completed and filed or annually audited the Treasurer’s records. The Board was informed of these deficiencies and disregarded recommendations for improving oversight of financial operations.

Commissioner Training – Statutory provisions and sound management practices complement the Board’s guidance and oversight. One way Board members can become aware of proper statutory provisions and sound management practices is to participate in the mandatory

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<sup>8</sup> Town Law, Section 176-e

training as prescribed by OSC. All fire District commissioners are required to complete an OSC approved training course within 270 days of taking office. The training covers legal, fiduciary, financial, procurement and ethical responsibilities. Beyond the mandatory training, OSC provides training and manuals to help Board members develop policies and implement appropriate controls.

Board members did not complete the required training, although certain members were aware of the requirement. The Board members' failure to comply with legal requirements indicates to District members that legal compliance is unimportant. In addition, without proper training, it's difficult to perform these duties effectively and the Board cannot assure residents it possesses the basic knowledge to provide effective management of District financial and non-financial activities to comply with relevant legal requirements. Our last audit made it clear that the Board needed to take a more active approach in managing the District, but Board members still did not take the basic mandatory training or take advantage of the many additional resources provided by OSC to establish appropriate policies and procedures.

Election and Oaths of Office – The Board is required to publish a notice of elections in one or more newspapers having a general circulation in the District between 27 and 34 days before the election date. The notice should specify the time and place that the election will be held, the officers to be elected and their terms of office and the hours during which the polls will be open to receive ballots. The Board must file the election results with the Town Clerk within 72 hours after the election. Additionally, Town Law requires that fire district officers take and file oaths of office with the Town Clerk.<sup>9</sup>

Absent sufficient evidence supporting proper notifications, election results and oaths of office, we question the Board's authority to conduct District business. District officials did not provide evidence that they properly advertised notifications for the annual elections or held elections. Although a notice of election was published in the newspaper for one Board member election, it was not published within the required number of days before the election.

In addition, the Board minutes did not contain sufficient documentation for election results and no results were filed with the Town Clerk. We also found that three Board members did not take or file an oath of office and the two who did were filed significantly late, based on the term dates indicated on the oaths. Further, Department personnel told us that, as of March 2017, there were only four Board members

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<sup>9</sup> Town Law, Section 214

because District officials did not take action to elect a fifth member for the year when the prior member's term expired.

The Treasurer told us that they have a hard time getting individuals to fill positions. However, following proper procedures, such as notifying the public through advertisements, may improve turnout and interest. If the current Board members are not willing or capable of performing the required duties they should step down and allow more active Board members to take office or consider whether the District as it exists today can continue and whether it would be in the residents' best interest to dissolve or consider merging with another district.

Board Meetings – Regular Board meetings throughout the year help ensure that all Board members are fully informed of District activities so that they can properly oversee operations and approve bills for payment. Good business practices require that the Board meet at least monthly and that a majority of Board members are present at each meeting. The Secretary must attend all Board meetings and keep complete and accurate records of the proceedings for each meeting. The minutes are a permanent record of Board actions and key decisions. The Board should review and approve the minutes to ensure all relevant discussions, motions, proposals and resolutions are accurately captured.

Board members did not advertise to notify the public of its meetings and told us that there has been a problem getting a majority of Board members to attend each meeting. We reviewed the attendance as recorded in the minutes for meetings held from January 2015 through August 2016. We found that 7 of the 20 meetings held (35 percent) did not have sufficient Board member attendance to form the quorum necessary for an official Board meeting. Further, those Board members present conducted business at all of these meetings, even though there was not the needed quorum.

Although the Treasurer maintains meeting minutes, they are handwritten on loose paper that would allow pages to be added or removed at any time. Of further concern, a Board member and the fire chief told us that the minutes are not reviewed or approved by the Board because the Treasurer does not provide them for review. As a result, the minutes do not contain sufficient information and there is no assurance that they accurately represent all Board discussions, decisions and actions.

When the Board does not meet regularly, its members are unable to exercise their oversight responsibilities, such as the proper audit and approval of claims before payment as required by statute. Further,

Board members who often miss meetings may not completely understand the issues at hand. Chronic absenteeism sets a poor example for District volunteers that could lead to misuse of District resources. In addition, information to inform the public regarding District operations is limited.

Policies and Procedures – The Board should, and in some cases must, develop and formally adopt policies that establish control procedures and other requirements for daily financial and other operations. New York State General Municipal Law (GML) requires the Board to adopt investment and procurement policies and a code of ethics.<sup>10</sup> The purpose of a code is to guide District officials and firefighters and set a standard of conduct expected in the discharge of official business.

The Board has not adopted a code of ethics or procurement and investment policies as required. Additionally, the Board has not adopted any other financial policies, such as those covering disbursements, required financial reports and budgets. As a result, the Board has not provided guidance for District personnel to adequately perform their financial duties. Further, without a comprehensive code of ethics, the Board has not set a standard of ethical conduct for District business or provided the public with assurance that District officials are expected to perform their duties with high ethical standards.

## **Financial Records and Reports**

The Board has a responsibility to oversee District fiscal activities and safeguard its resources. To fulfill this duty, it is essential the Board establish a system of internal controls to ensure that transactions are authorized and properly recorded; financial reports are accurate, reliable and filed timely; and applicable laws, rules and regulations are followed. The Treasurer must maintain complete, accurate records to properly account for all District financial activities in a timely manner.

The Board did not ensure that all required financial reports were prepared and filed, audit claims or audit the Treasurer’s records. This lack of oversight diminished the Board’s ability to properly monitor financial operations and allowed questionable payments, including those to the Treasurer and his business.

Annual Budget – The District’s spending limit is established by Town Law.<sup>11</sup> The spending limit is the maximum amount that the District may expend without having to obtain voter approval. The District’s budget is a tool used to guide financial transactions. Town Law requires the District to file its annual spending limitation worksheet

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<sup>10</sup> New York State General Municipal Law, Sections 39, 104-b and 806

<sup>11</sup> Town Law, Section 176 (18)

and budget with the Town's budget officer.<sup>12</sup> The property tax levy limit restricts the amount of real property taxes that can be raised. Before adopting a budget for the coming year, District officials must submit the information necessary to calculate the tax levy limit for the coming year to OSC.

The Board did not file their budgets for 2015 or 2016 with the Town and did not calculate their statutory spending limit as required. We also found that the Treasurer has not calculated or filed the District's tax levy limit calculation since 2012. We determined that District officials stayed within the 2016 statutory spending limit and tax levy limit. However, without calculating these limits officials risk levying more taxes than allowed by law. Additionally, residents do not have a transparent view of District finances.

Bank Reconciliations – Reconciling bank account cash balances with the accounting records monthly is an essential control activity that allows District officials to determine whether all cash receipt and disbursement transactions are captured and correctly recorded in a timely manner.

The Treasurer told us that he performed bank reconciliations. However, these reconciliations were inadequate because, while they consider outstanding checks and deposits, there was no comparison with the book balance. Had proper bank reconciliations been performed and reviewed, officials could likely have identified two disbursements totaling \$1,150 that the Treasurer did not record. These disbursements, for reordering checks, gas and electricity, were for proper purposes.

Annual Reports – GML requires that the Treasurer prepare and submit an annual financial report to OSC within 60 days after the close of the fiscal year.<sup>13</sup> This report, known as the annual update document (AUD), is an important fiscal tool which provides the Board with the financial information necessary to monitor District operations and other interested parties with a complete summary of District financial activities. Properly completed and filed AUD's increase the transparency of District financial activity.

The Treasurer did not file annual reports for 2009, 2010 and 2012 through 2015. The 2011 report was filed 133 days late. The Treasurer provided us with a prepared AUD for 2015 but did not file the report. As a result, District officials are not complying with statute and District residents have limited access to financial data to monitor

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<sup>12</sup> Town Law, Section 105

<sup>13</sup> GML, Section 30

District financial activities. The Board's continued inaction to ensure the Treasurer files these annual reports further demonstrates the Board's disregard for their fiscal oversight responsibilities.

Annual Audit – The Board should annually audit the Treasurer's records. Town Law requires the Treasurer to produce all books, records, receipts, vouchers, and canceled checks to the Board annually.<sup>14</sup> Board oversight is particularly important when one employee is able to perform all aspects of a financial transaction. When segregation of duties is impractical, active supervision and oversight become even more important. OSC also provides guidance to help Board members conduct these audits.<sup>15</sup>

An annual audit serves as an important control procedure because it gives the Board an opportunity to verify that cash has been properly accounted for and transactions have been accurately recorded. 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.

The Board did not conduct or contract for an annual audit of the Treasurer's records. This lack of oversight diminished the Board's ability to properly monitor financial operations and allowed the Treasurer to make questionable disbursements without detection.

## Recommendations

The Board should:

1. Take a much more active role in managing the District and understanding the responsibilities of their positions.
2. Audit all claims before payments are made and ensure that all claims have sufficient supporting documentation and are appropriate District expenditures.
3. Review the questionable disbursements identified in this report and seek reimbursement from the Treasurer for any misappropriated money.
4. Ensure that the Treasurer's duties are segregated or implement compensating controls.
5. Implement corrective action to address the severe deficiencies in internal controls and improve oversight of financial operations.

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<sup>14</sup> Town Law, Section 177

<sup>15</sup> [www.osc.state.ny.us/localgov/firedist/internalauditprocess.pdf](http://www.osc.state.ny.us/localgov/firedist/internalauditprocess.pdf)

6. Complete the mandatory training as required within 270 days of taking office.
7. Ensure that all elections are properly advertised, as required, so all eligible District residents have the opportunity to vote.
8. Properly document election results in the Board minutes and provide election results to the Town Clerk within the required timeframe.
9. Institute procedures to ensure that all elected and appointed officers file an oath of office with the Town Clerk.
10. Ensure a majority of Board members meet on a regular basis, at least monthly, to conduct District business and notify the public of meeting time and dates.
11. Review and approve Board minutes that accurately document all its discussions and decisions.
12. Adopt a code of ethics, a procurement policy, an investment policy and other policies related to financial operations. The Board should also ensure that District officials comply with the code and policies.
13. Ensure that the Treasurer completes and files all required calculations, records and reports.
14. Conduct or contract for an annual audit of the Treasurer's records.
15. Actively recruit competent interested Board members or evaluate whether it would be in the residents' best interest to dissolve or merge with another fire district.

The Treasurer should:

16. Annually calculate the statutory spending limit and file it and the District budget with the Town.
17. Prepare and submit accurate annual financial reports and tax levy calculations to OSC in a timely manner.
18. Maintain adequate supporting documentation for all claims.

19. Ensure that the District's books, records and other documents are kept in a secure location in the firehouse.
20. Perform adequate bank reconciliations and provide the reconciliations and bank statements to the Board for review.
21. Prepare and provide the Board with a monthly report containing detailed information for all receipts and disbursements.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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

SODUS CENTER FIRE DISTRICT  
5520 MAIN STREET  
SODUS CENTER, NY 14551

5/4/2020

Attn: [REDACTED]  
RE: Audit Response

Thank you for the audit report. We have reviewed your findings and have begun taking the necessary corrective actions outlined in your report. We presently have a full board of 5 Fire Commissioners. However, there was a period of time when our numbers were reduced because of death and retirement. We are presently revisiting methods necessary to safeguard the assets of the fire district per OSC recommendations. The board of Fire Commissioners has agreed to segregation of duties. Also all disbursements are being signed by both chairman and treasurer. Additionally all board minutes, treasurer report and warrant of disbursements are signed by all attending commissioners. We have completed commissioner trainings and completed oaths of office as required. Currently we have employed our attorney to help us establish the code of ethics and procurement policies. Oversight of monthly claims and annual audits will be performed as prescribed.

Thank you for the opportunity to respond and a detailed corrective action plan will follow this report as required.

Best Regard,  
Chairman  
Sodus Center Fire District

Thomas Horton, Jr.

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, our audit procedures included the following:

- We interviewed District officials and Department personnel to determine the controls and procedures in place and gain an understanding of financial operations.
- We interviewed Town officials to determine the District information filed with the Town.
- We reviewed Board minutes, budgets, oaths of office, financial records, reports and bank reconciliations.
- We compared findings to our previous audit to assess whether the Board implemented adequate corrective action.
- We reviewed claims and supporting documentation provided by the Treasurer for the period January 2015 through September 2016 to assess whether disbursements had proper supporting documentation, were approved by the Board, properly recorded and appropriate District expenditures.
- We obtained bank statements and canceled checks directly from the bank for January 2014 through December 2016. We reviewed all bank documentation to determine whether cash receipts and disbursements cleared the bank and identify any questionable disbursements.
- We interviewed District officials and Department personnel to identify the vendors used and determine whether disbursements were proper District expenditures. We observed the firehouse's contents.
- We calculated the District's 2016 spending limit and tax levy limit.

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

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