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May 2016

Dirk Van Ort, Chairman
Members of the Board of Fire Commissioners
Schodack Valley Fire District
1553 Schodack Valley Road
Castleton, NY 12033

Report Number: 2016M-98

Dear Chairman Van Ort 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 account for and protect their entity's assets.

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

- Were cash disbursements adequately supported, properly authorized and for valid District purposes?

We discussed the findings 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 the results of our audit.

Background and Methodology

The District is a district corporation of the State, distinct and separate from the Town of Schodack, in Rensselaer County. The District's 2016 general fund budgeted appropriations total \$183,837 and are funded primarily by real property taxes.

The Board of Fire Commissioners (Board) is composed of five elected members and is responsible for the District's overall financial management and safeguarding its resources. The Board appoints a Treasurer. The Treasurer acts as the District's chief fiscal officer and is responsible for the receipt and custody of District funds, disbursing and accounting for those funds, preparing monthly and annual financial reports and meeting any other reporting requirements. Additionally, on February 11, 2015, the Board appointed a Deputy Treasurer (Deputy) who is responsible for preparing

warrants¹ and checks for the Board to review and approve. The District does not have any employees.

We examined the internal controls over the District's cash disbursements for the period January 1, 2015 through December 31, 2015. 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. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not our intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Audit Results

To adequately safeguard District money, the Board, in conjunction with the Treasurer, should establish and implement procedures to provide reasonable assurance that cash disbursements are adequately supported, properly authorized and for valid District purposes. Payments should be reviewed by the Board prior to disbursement and, when approved, listed on a warrant.

The Board implemented adequate procedures over cash disbursements and disbursements were adequately supported, properly authorized and for valid District purposes. Because the District does not have employees, it does not process any disbursements on a payroll. As a result, the District processes all disbursements on a warrant. The Deputy compiles invoices, bills or claims against the District and verifies that they are for legitimate purposes and contain adequate documentation. The Deputy then prepares the warrant and checks for the Board to review and approve. The Board approves the warrant and checks at its monthly meeting. The approved warrant is listed in the Board's meeting minutes along with the resolution to approve the disbursements for payment. Upon approval of the warrant, the Deputy signs and the Treasurer mails the checks to the vendors.

To verify that cash disbursements were adequately supported, properly authorized and made for valid District purposes, we reviewed 30 checks with supporting documentation² totaling \$38,283. Except for minor instances that we discussed with District officials, all 30 checks were adequately supported, properly authorized and for valid District purposes. We commend District officials for designing and implementing an effective set of controls over cash disbursements.

¹ Each month, bills to be paid are placed on a warrant (i.e., list) for the Board's consideration. Upon review of the underlying bills on the warrant, the Board approves payment of the bills on the warrant.

² We selected the sample of 30 checks with no expectation that we would find more or fewer errors in the checks we reviewed.

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

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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

Schodack Valley Fire District
Board of Fire Commissioners
1553 Schodack Valley Road
Castleton, NY 12033

May 11, 2016

[REDACTED]
[REDACTED]
State of New York
Office Of The State Comptroller
110 State Street
Albany, NY 12033

Response to Report Number: 2016M-98

Dear [REDACTED],

The Board of Fire Commissioners approves the results of the Audit that was recently completed by your office.

We found your office and staff to be both professional and knowledgeable. We appreciate your patience and guidance throughout the process.

~~Sincerely,~~

Dirk Van Ort
Chairman