

Quaker Street Fire District

Board Oversight

DECEMBER 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Quaker Street Fire District

Audit Objective

Determine whether the Quaker Street Fire District's (District) Board of Fire Commissioners (Board) provided oversight to ensure purchases complied with the District's procurement policy, claims were adequately reviewed, and financial reports (AUDs) were filed timely.

Key Findings

The Board did not ensure all disbursements complied with the procurement policy and claims were for a proper District purpose or adequately supported. Additionally, the Board did not provide adequate oversight to ensure the required AUDs were filed timely.

The Board:

- Did not obtain quotes or bids for two purchases totaling \$27,058, as required by their policy.
- Approved fuel credit card payments of \$4,875 without supporting documentation.
- Did not ensure the Annual Update Documents (AUDs) were completed and submitted timely.

Key Recommendations

- Ensure competitive bidding statutes and purchasing policy requirements are followed.
- Ensure all fuel card charges are sufficiently supported prior to payment.
- Ensure that AUDs are filed in a timely manner.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

The Quaker Street Fire District (District) is located in the Town of Duanesburg (Town) in Schenectady County. The District provides fire protection and emergency rescue services for the southern portion of the Town. District operations are provided by the Quaker Street Fire Company (Company).

An elected five-member Board of Fire Commissioners (Board) governs the District and is responsible for the overall financial management. The Board-appointed Treasurer acts as the chief fiscal officer and is responsible for receiving, maintaining custody of, depositing, disbursing, and accounting for District funds and preparing financial reports.

Quick Facts

2021 Budgeted Appropriations \$134,019

2020 Non-Payroll Disbursements \$189,448

2019 Non-payroll Disbursements \$123,125

Days Late Filing AUDs

Year	Filed Yes/No	Days as of 03/22/21
2015	Yes	511
2016	No	1,482
2017	No	1,117
2018	No	752
2019	No	387
2020	No	21

Audit Period

January 1, 2019 – February 28, 2021. We extended our scope back to 2015 to review AUD filings.

Board Oversight

What Is Effective Board Oversight of Financial Operations?

A fire district board (board) is responsible for managing and overseeing the district's financial affairs and safeguarding its resources. Fire commissioners are required to attend training that addresses the legal, fiduciary, financial, procurement and ethical responsibilities of the board. The board should establish and implement procedures to help ensure transactions are authorized, for a necessary business purpose and comply with applicable laws, rules and regulations.

The board is required to adopt written procurement policies and procedures governing all purchases of goods and services that are not subject to competitive bidding. An effective procurement policy helps ensure that fire district officials purchase goods and services of the desired quality and quantity at the lowest cost in the best interest of district taxpayers. The procurement policy should outline how officials should purchase goods and services, which can include obtaining verbal and/or written quotes or any other method of procurement that furthers the purpose of New York State (NYS) General Municipal Law (GML).

Fire districts may purchase meals for officers, employees and volunteers who are located outside of their work area on official business for extended periods of time or when events prevent fire district volunteers and/or personnel from taking time off to eat during mealtime because of a pressing need to complete business.

The board is required to submit an Annual Update Document (AUD) annually to the Office of the State Comptroller (OSC) within 60 days after the close of the fiscal year, or within 120 days if the district requests an extension.

The District's Procurement Policy Could Be Improved

The Board-adopted procurement policy requires the District to obtain bids for purchases of \$10,000 or greater and public works of \$20,000 or greater, unless the purchase is an emergency acquisition or project, or a professional service agreement. The policy promotes the use of purchasing through State contracts to reduce the need for competitive bidding. The policy requires the Board to solicit alternative proposals or quotations from at least two separate sources for purchases exceeding \$5,000 and public work contracts exceeding \$10,000. The policy does not require written or verbal competitive quotations for purchases under \$5,000 and public works contracts under \$10,000. For example, for purchases below \$5,000, the policy requires "an informal canvassing of prices" but provides no direction on how to document this process. The policy does not address or define emergency purchases or best value options.

The Board Did Not Comply with the District's Procurement Policy

The District made four payments totaling \$95,718 for fire apparatus repairs, rescue tools, turnout gear and self-contained breathing apparatuses. Two of these payments were for purchases of turnout gear for \$12,108 and apparatus repairs totaling \$14,950, which were both subject to competitive bidding per the District's policy. There was no evidence that competition was sought for these purchases nor was there any documented rationale for why the vendors were selected. When we discussed the apparatus repairs with the Chairman, he indicated he had been dissatisfied with other repair shops and selected the vendor because of the high quality of repairs provided in the past. We found that the purchase of the rescue tools totaling \$25,260 were made through a sole source provider and the purchase of self-contained breathing apparatuses totaling \$43,400 were procured in accordance with the District's policies.

The Fire Chief explained that he will obtain quotes when necessary for purchases and services, but he discards the documentation after the purchase is approved by the Board. We reviewed the meeting minutes and did not find any evidence that the discussion of quotes occurred for the purchase of turnout gear or for apparatus repairs.

We also reviewed aggregate purchases of propane fuel made during the audit period totaling \$7,016 in 2019 and \$5,830 in 2020, which required two verbal quotes per the District's policy. While the meeting minutes documented that quotes were obtained in 2019, we were unable to verify the quoted dollar amounts. The District did not maintain supporting documentation for any quotes obtained in 2019 or 2020.

Because the Board did not ensure officials complied with the District's procurement policy, it cannot be certain that goods and services were procured in the most economical way and in the best interest of taxpayers.

The Claims Audit Process Was Not Sufficient

The Treasurer prepares all claims, which include a District voucher and supporting documentation, and presents them for review at the monthly Board meetings. The Board collectively reviews claims by comparing the voucher to the invoice. A Commissioner reviews prepared checks to ensure amounts agree to the approved disbursements. However, the Treasurer does not always ensure detailed receipts are provided for supporting documentation and the Board approves payments without this information.

We reviewed all District disbursements and the corresponding claims to determine if they were adequately supported, audited prior to payment and for appropriate District purposes. We identified 10 non-payroll disbursements totaling

\$3,223 made to Company officers, District officers, Commissioners and their spouses, restaurants and other municipal entities during the audit period. We found that six of these payments totaling \$1,580 did not have sufficient supporting documentation to determine if they were appropriate District expenditures.

For example, \$730 was paid for two dinners held at a local restaurant. One of these payments indicated on the claim that eight District officials attended, and the other had no record of who attended. Based on our discussion with the Board Chairman, these were annual reorganization dinners that took place at a restaurant after the reorganizational business meetings had been completed and were attended by Board members and District officers. The remaining payments were for \$250 of miscellaneous food purchases and \$600 in donations. District officials were unaware payments made for meals and donations may not be an appropriate use of District funds. The Board did not adopt a policy or establish procedures to define the circumstances when it is appropriate to provide meals and the supporting documentation required to justify an expenditure.

The Treasurer also processed, and the Board approved 24 fuel credit card claims totaling \$5,781 for payment. We reviewed all 122 transactions included on those claims and determined that 104 transactions (85 percent) totaling \$4,875 were not supported by itemized receipts. Additionally, because credit card claims were not always paid timely, the District paid \$450 in late fees during the audit period. Payments were not made timely because the Treasurer forgot to make the credit card payments.

Without supporting documentation for claims and itemized receipts for fuel card purchases, there is an increased risk that payments can be made for meals or fuel was purchased that is not for District purposes.

District Officials Did Not File Annual Financial Reports

The AUD is the annual report of the District's financial position and results of operation. Although the District maintains financial records including monthly budget-to-actual reports and a balance sheet, the Treasurer did not file the AUDs timely. The Treasurer submitted the AUD for 2015 511 days late and did not complete or submit the 2016 through 2019 AUDs to our office (Figure 1). As of the end of fieldwork, the AUD for 2020 had not been submitted. The Treasurer told us she had been busy with other obligations and had not prioritized filing the AUDs. Board members told us they were unaware of the requirement for the District to file AUDs. District officials' failure to file AUDs hinders transparency and could compromise their ability to secure financing, if necessary, for upcoming financial needs.

Figure 1: Late Filing of AUDs

Year	Filed Yes/No	Days Late as of 3/22/21
2015	Yes	511
2016	No	1,482
2017	No	1,117
2018	No	752
2019	No	387
2020	No	21

What Do We Recommend?

The Board should:

1. Ensure all Commissioners are aware of the Commissioner responsibilities, as addressed in the required fire commissioner training, and provide appropriate oversight of the Treasurer's duties that fulfill these responsibilities.
2. Update the procurement policy to provide guidance for purchases below bidding thresholds.
3. Ensure officials follow competitive bidding statutes and procurement policy requirements.
4. Adopt a meal and refreshment policy and procedures that define when it is appropriate for the District to provide or reimburse for meals and refreshments, describes the required documentation to justify the direct business purpose for meals and refreshments, and identifies the participants and who authorized the meal or refreshment.
5. Adopt a credit card policy that includes monitoring and oversight procedures for the use of fuel credit cards.
6. Ensure that credit card payments are made timely to avoid late fees.
7. Ensure the AUDs are filed annually with OSC within 60 days after the close of the fiscal year.

Appendix A: Response From District Officials

Jean Frisbee
William Griessler
Dennis Wolfe

QUAKER STREET FIRE DISTRICT #1
Board of Commissioners
P.O. Box 21, Quaker Street, N.Y. 12141

Robert Hyden
Liam Tracy

November 3, 2021

Glens Falls Regional Office

Garry Gifford, Chief Examiner
One Broad Street Plaza
Glens Falls, NY 128014396

Dear Mr. Gifford:

Having reviewed the report of examination, 2021M-96 created by the auditor from the NYS Office of State Comptroller, I am submitting a list of recommendations to be henceforth instituted by the Board of Fire Commissioners at the Quaker Street Fire Company. **This is our response from the district Officials.**

These are the following recommendations:

- * Ensure Commissioners are aware that they must attend commissioner training and provide appropriate oversight of the Treasurer's duties.
- * Update the procurement policy to provide guidance for purchases below bidding thresholds.
- * Ensure officials follow competitive bidding statutes and procurement policy requirements.
- * Adopt a meal and refreshment policy and procedures that define when it is appropriate for the District to provide or reimburse for meals and refreshments. Included in the policy is the creation of the required documentation to justify the direct business purpose for meals and refreshments and the identification of the participants who authorized the meal or refreshments..
- * Adopt a credit card policy that includes monitoring and oversight procedures of the use of fuel credit cards.
- * Ensure the AUDs are filed annually with OSC within 60 days after the close of the fiscal year.

The Quaker Street Board of Fire Commissioners have agreed to create and institute these policies by the end of the calendar year, 2021. The procurement policy is currently being written at this time and completion date is expected by November 15, 2021. The Treasurer has been instructed that she must

comply with the requirement to submit an annual Update Document (AUD) annually to the Office of the State Comptroller (OSC) within 60 days after the close of the fiscal year or within 120 days if the district requests an extension. A resolution was passed by the Board of Commissioners granting the Treasurer permission to make timely payments for utility bills BEFORE the monthly meeting of Commissioners, to avoid late charges..We have also instituted a required receipt policy for fuel credit cards that is currently being intentionally enforced, such a policy includes an agreed upon location for the storing of all receipts. These receipts will also be entered into the monthly invoice eliminating late charges. Lastly, a resolution by the Board of Fire Commissioners on food procurement has been written, It stipulates that food (no alcohol) will only be provided during business meetings,e.g.Organizational Meeting of the Fire Commissioner, and Town Fire Officers Meetings with the firemen. A detailed invoice and receipt will be submitted to the Treasurer, immediately following the meetings. If you have questions please contact me, Dennis L. Wolfe, Chairman [REDACTED]

Sincerely,

Dennis L. Wolfe
Chairman Quaker Street Fire District #1

Appendix B: Audit Methodology and Standards

We conducted this audit 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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed written policies and procedures to gain an understanding of operations, internal controls over purchasing and disbursement activities, fuel card use and oversight of the Treasurer's duties. We determined whether policies complied with required statutory requirements.
- We reviewed Board minutes for the audit period to determine whether there was adequate Board approval for purchases and documentation of quotes and bids received.
- We reviewed all purchase contracts during the audit period, which exceeded the competitive bidding threshold, to determine whether officials procured them in accordance with their policy.
- We reviewed all disbursements and claims included in the accounting records for the audit period.
- We selected all purchase contracts during the audit period, which did not exceed the District's competitive bidding thresholds, to determine whether they were procured in accordance with the procurement policy. Our sample was selected based on purchase contracts that were in excess of \$5,000.
- We reviewed all payments for propane fuel during the audit period that, when aggregated, required quotes per the District's policy, to determine if officials procured propane fuel in accordance with their policy.
- Using our professional judgment, we selected 10 non-payroll disbursement checks totaling \$3,223 that were \$100 or greater issued to Company officers, District officers, fire commissioners and their spouses, restaurants and other municipal entities. We reviewed the associated claims packages to determine whether claims were supported and whether they were a legitimate District expenditure. When food was purchased, we determined whether there was a description of why food was purchased and whether a list of individuals that participated in the meal were listed.
- We selected all fuel credit card charges totaling \$5,781 for our audit period to determine whether they were supported, for a valid District purpose and whether any fees and finance charges were incurred.
- We reviewed AUD filings to determine whether AUDs were filed with our office within 60 days after the close of the fiscal year.

We conducted this performance audit in accordance with GAGAS (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 the 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.

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.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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